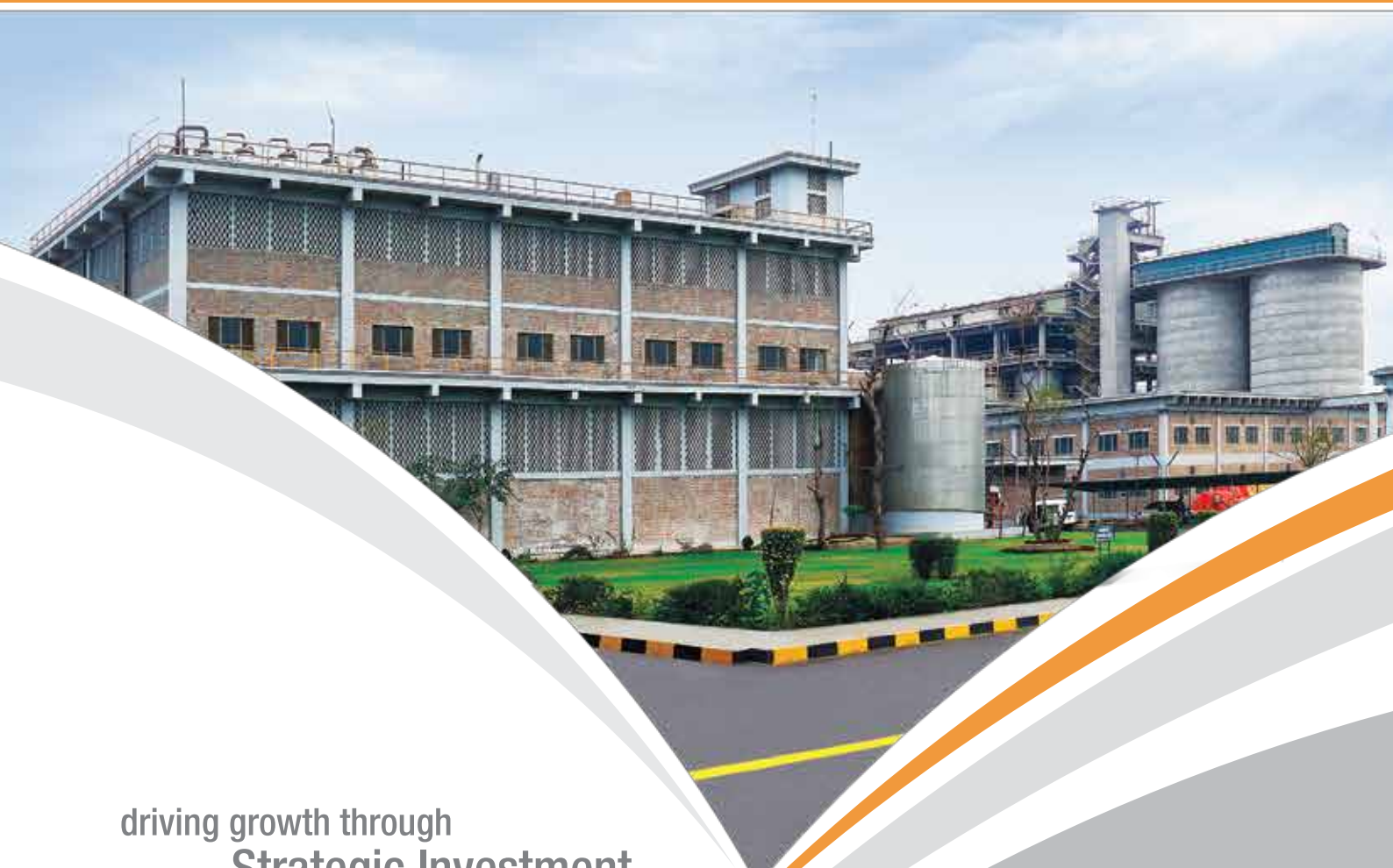


Annual Report
for the year ended December 31, 2013



driving growth through
Strategic Investment



RafhanMaize
PRODUCTS CO LTD

www.rafhanmaize.com



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Company Information

Board of Directors

Chairman

Jorgen Kokke Non-Executive

Vice Chairman

Rashid Ali Non-Executive

Chief Executive & Managing Director

Ansar Yahya Executive

Directors

James P. Zallie	Non-Executive
Jack C. Fortnum	Non-Executive
Christine M. Castellano	Non-Executive
Zulfikar Mannoo	Non-Executive
Mian M. Adil Mannoo	Non-Executive
Wisal A. Mannoo	Non-Executive
Sh. Gulzar Hussain	Independent
Dr. Abid Ali	Executive

Chief Financial Officer

Dr. Abid Ali

Secretary

M. Yasin Anwar

Audit Committee

Sh. Gulzar Hussain	Chairman
Jack C. Fortnum	Member
Rashid Ali	Member
Zulfikar Mannoo	Member

Human Resource & Remuneration Committee

James P. Zallie	Chairman
Rashid Ali	Member
Ansar Yahya	Member

Shares Transfer Committee

Rashid Ali	Chairman
Ansar Yahya	Member
Dr. Abid Ali	Member

Bankers

Citibank, N.A.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Lahore – Karachi

Legal Advisor

M. Ali Seena
C/o Surridge & Beecheno,
Karachi

Shares Registrar

FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi
Tel:(92-21) 34380101-5
Fax: (92-21) 34380106

Registered Office

1st Floor, Finlay House,
I.I. Chundrigar Road,
Karachi-74000, Pakistan
Ph: (92-21) 32442516 – 32410848
Fax: (92-21) 32428651

Head Office & Shares Department

Rakh Canal East Road, Faisalabad,
Pakistan
Ph: (92-41) 8540121-22-23
Fax: (92-41) 8711016 - 8502197
Website: www.rafhanmaize.com
E-mail: corporate@rafhanmaize.com

Plants:

Rakh Canal Plant:

Rakh Canal East Road,
Faisalabad.
Ph: (92-41) 8540121-22-23
Fax: (92-41) 8711016 - 8502197

Cornwala Plant:

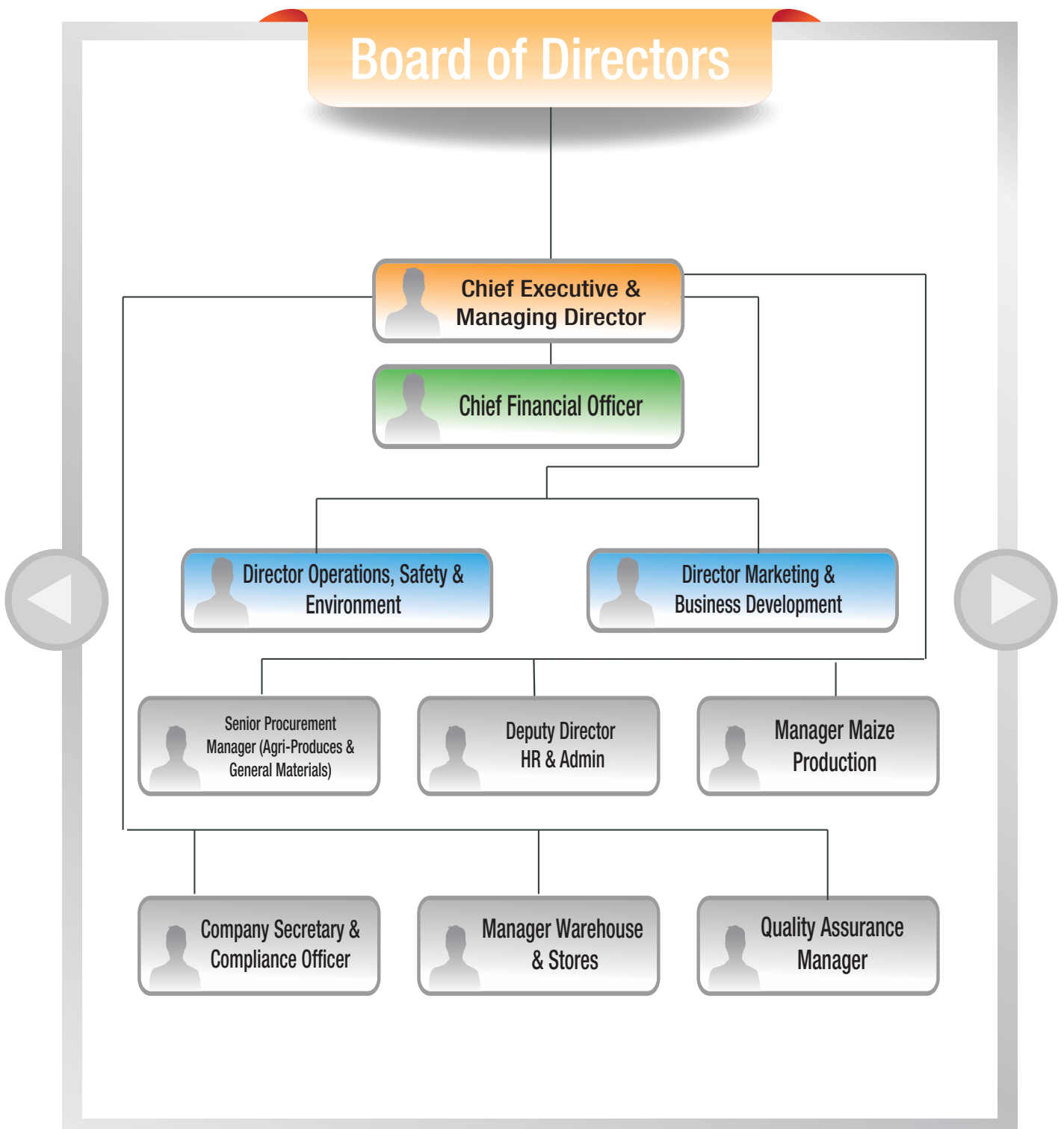
5-KM Jaranwala-Khurrianwala Road,
Jaranwala - Faisalabd.
Ph: (92-41) 4316121 - 26
Fax: (92-41) 4315100

Mehran Plant:

K.B. Feeder Road, Kotri,
Jamshoro, Sindh.
Ph: (92-223) 870894 - 98
Fax: (92-223) 870893

(Note: The above information has been updated up to February 10, 2014)

Organogram





Notice of Meeting

Notice is hereby given that the 122nd General Meeting (Annual Ordinary) of the shareholders of Rafhan Maize Products Co. Ltd. will be held on Saturday, March 22, 2014 at 10:00 a.m. at the Overseas Investors Chamber of Commerce and Industry's Hall, Talpur Road, Karachi to transact the following business:

1. To confirm minutes of the last General Meeting (Annual Ordinary) of the shareholders of the Company held on Friday, March 22, 2013 at Karachi.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2013 together with the Directors and Auditors Reports thereon.
3. To approve final cash dividend @800% for the year ended December 31, 2013 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration. The present auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2014.

Special Business

5. To consider and pass with or without modification the following resolution as a special resolution for amending first sentence in the Article 50 of the Articles of Association of the Company:

"The remuneration of a director other than the regularly paid Chief Executive and full time working Directors for attending meeting of the Board shall be Rs.10,000/- for each meeting attended by him."

A Statement U/S 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business is attached.

By order of the Board

M. Yasin Anwar
Company Secretary &
Compliance Officer

Karachi
March 1, 2014

Notes:

1. The Share Transfer Book of the Company will remain closed from 15th to 22nd March, 2014 (both days inclusive) and no transfer will be accepted for registration during this period.
2. A member entitled to attend, speak and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company. Form of proxy is attached.
3. Shareholders are requested to notify change of address, if any, to Company's Shares Registrar immediately.
4. CDC shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and Participant's ID numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his/her CNIC.

IMPORTANT - DIVIDEND MANDATE & CNIC NO.

- In accordance with SECP's directives, all shareholders, who have not yet opted for dividend mandate, are requested to authorize the company to directly credit all future cash dividends to their bank account by conveying following particulars to our Shares Registrar M/s FAMCO Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e Faisal, Karachi -

Title of Bank Account
Bank Account No.
Bank Name
Branch Name and Address
Cell/Landline Number of Shareholder
CNIC No.

CDC shareholders will reply to their respective Stock Exchange Broker.

- Pursuant to the directives of the SECP, CNIC number is mandatorily required to be mentioned on dividend warrants. In case of non-receipt of the copy of valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders in future. Please submit a copy of your valid CNIC (only Physical Shareholders), if not already provided to the Shares Registrar of the Company. Corporate account holders should submit National Tax Number, if not yet submitted.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

The current fee for attending Board meeting was fixed at the inception of the Company. Keeping in view the increased responsibilities of the Directors as per Code of Corporate Governance and making it justified as compared to other national and multinational companies, it has been decided by the Board through Item 13 of its meeting held on February 10, 2014 to increase the fee to Rs.10,000/- for each meeting attended by Board members other than the regularly paid Chief Executive and full time working Directors. In order to bring this change into effect, following sentence in Article 50 of the Articles of Association of the company shall replace the existing sentence:

"The remuneration of a director other than the regularly paid Chief Executive and full time working Directors for attending meeting of the Board shall be Rs.10,000/- for each meeting attended by him."

CSR Activities



RAFHAN MAIZE CELEBRATES ONE DAY WITH STUDENTS OF KHYBER P.K







Vision

To be the Premier Provider of Refined
Agriculturally Based Products and Ingredients in the Region.

Mission Statement

To grow business consistently through positive relationship with customers to attain full customer satisfaction and to bring continual improvement by adopting only those business practices which add value to our customers, employees and shareholders.

Our Core Values

Safety

Nothing is more important
Our goal: Zero accidents

Quality

Of the products we make, the services we provide,
the relationships we build

Integrity

Honesty & trust are the foundation of our business
We will maintain the highest standards of conduct

Respect

We promote openness, teamwork, trust and mutual
cooperation

Excellence

We will relentlessly pursue excellence in all that we do
and give employees the resources they need to excel

Innovation

Continue to find new customer solutions and share
those breakthroughs around the Ingredient World

Chief Executive's Review



It gives me an immense pleasure to present the Annual Report for the financial year ended Dec 31, 2013. With the blessings of the Almighty Allah, your Company has achieved record turnover figure of Rs.23.6 billion and achieved sustained growth through strong marketing efforts and proactive strategies. Given the challenging economic conditions, the results achieved in 2013 reflect the iconic performance.

Economic Environment

Macroeconomic outlook of the country remained challenging. The ongoing energy crisis severely impacted the industrial sector, substantially increasing the cost of production, affecting both margins as well as demand from downstream industries. Energy has surfaced as one of the biggest concerns for our country which is severely hampering economic growth. An adverse law and order situation affected foreign direct investment, tagged with scheduled repayments to IMF, pulled down the foreign exchange reserves to US\$ 8.07 billion. Falling reserves in turn, exerted pressure on the Pak Rupee which devalued by 8.5% against the US Dollar during the year. Given the foregoing challenges, the GDP growth rate was 3.5% against initial target of 4.5% for the year.

In line with increase in inflation numbers, the State Bank of Pakistan increased the interest rate to 10% which in turn slowed down private sector investment. The performance of the agriculture sector remained weak due to unfavorable weather, while large scale manufacturing witnessed an improvement and managed to post growth of 5.4%. However, the worsening energy crisis continued to plague production activities. Major industrial segments consuming our ingredients faced rises in raw material costs, energy fluctuations, deepened economic recession and declining consumer confidence all of which negatively impacted our volumes, revenues, and profitability in a number of segments.

Facing these challenges, we continued to focus on our agenda of strengthening through continuous improvement, improving our distribution network and by encouraging a strong performance culture within the organization.

Operating Results

		Year ended December 31	
		2013	2012
Net Sales	Rs. (Million)	23,673	19,531
Net Income After Tax	Rs. (Million)	2,781	2,040
Earnings Per Share	Rs.	301.14	220.86

I am pleased to report that your Company continues to maintain positive growth momentum despite sluggish economic activity in the country. The Company has been able to successfully counter the challenges through operating excellence programs pursuing lean sigma methodology and embedding the culture of continuous improvement in our organization. Your Company has made a great achievement by crossing the milestone of Rs.23 billion sales during the year under review.

The biggest challenge in 2013 was the management of spiraling variable costs owing to increased dependence on alternative fuels and a sharp rise in corn prices. However, increases in profitability and growth were achieved through ongoing cost management and controlling initiatives including but not limited to using best management practices, building operational efficiencies, better economies of scale, effective product mix management, strong innovation and focused investment in the key elements of growth.

Business Review

The Company's continued success confirms the effectiveness of its long term business strategy and its firm commitment to meet the targets and objectives. Your Company is making all out efforts to enhance its business profile leading to long term value creation, substantial returns to its shareholders and for the growth of economy as a whole. In fact, across our bright history, we have not only



enhanced our core competencies but also ventured into diversified changing needs of our customers.

Rafhan Maize is the supplier of first choice for a number of customers in Pakistan. Our long-term relationship with our customers is an asset. At Rafhan Maize, our customer satisfaction is the driving force behind our spirit to meet challenges and achieve excellence in all business areas.

With our diverse portfolio of industrial and food ingredients, we practically touch every life in one way or the other. Growth is the essence of our corporate vision and we strive for diversification to deliver our leading role in the industrial and agricultural advancement of the country. All our endeavors start with our core values – Safety, Quality, Integrity, Respect, Excellence and Innovation as an essential part of our culture. Our product portfolio extends to a broad range of ingredients including Industrial, Food and Animal Nutrition & Health.

Your Company will continue to grow its business by ensuring a deeper understanding of customers, developing customer driven feedback system, implementing effective Go-To-Market strategies and responding to market dynamics. This confidence is based on our image and reputation as a supplier of quality products and services over the last 60 years. Our continuous focus is to be the supplier of first choice to all valued customers by understanding their needs and responding to their expectations rapidly and effectively. This is a consequence of an untiring focus on the changing needs of our customers and proactively delivering solutions to their needs.

Industrial Business

Our industrial business consists of a unique range of unmodified and modified starches, dextrans and blends which are marketed under the renowned trade names of Penetrose®, Amisol®, Tex-o-Film® and Coratex®. The energy crisis hit the northern region more than the southern part, and industries shifted to expensive alternative energy sources which increased their cost of production thereby making their finished products uncompetitive for foreign buyers. This translated into restricted growth of value added segments, especially in the textile industry. Our industrial business is predominantly a manufacturing business and caters to more challenging and competitive markets such as

textile, paper, corrugation, chemicals etc. Market conditions are expected to remain tough for the coming year with no immediate solution available for the energy shortage. The key to survive and grow under such conditions is to bring new and innovative solutions to our customers that help the business to stay ahead of competitors. Focused investment and growth through diversified product applications are the key elements in the achievement of results in 2013.

Textile industry – the backbone of Pakistan's economy and our business, continued to face challenges of strong competition from regional players, global slowdown, high cost of production, hike in yarn prices and increase in energy costs. Due to these factors, growth in starches suffered, especially from downstream textile industry.

Textile composite mill sector, however, showed resilience despite the adverse conditions. They focused investments in building alternate captive power arrangements to meet their commitments. We reevaluated our strategy to understand how to be better poised for challenges ahead and how to best capitalize opportunities. The team set itself to task and concentrated their energies on improving efficiencies, conserving resources and setting a new standard of operational excellence.

Paper and Paperboard demand in Pakistan has shown strong growth in line with the overall improvement in educational and industrial consumption. Large investments are being made in this sector to enhance the domestic capacities of quality paper and paperboard to meet the growing appetites. Corrugation and paper sack industries also run at better pace to cover industrial, electronics, fruits, vegetables, cement and food packaging demands and thus stimulating the sale of Tex-o-Film®, Coragum® starches and Dextrin. Our pharmaceutical business market has a strong portfolio of reputed brands – SnowFlake®, Farnal® & Flo-Sweet®. The Company maintains its competitive edge by virtue of being a local manufacturer and major supplier for the domestic industries with short delivery times, consistent quality and excellent customer service.

Food Business

The Company continued its business strategy of growth and diversification and achieved significant volume growth in food business. Demand for food ingredients is growing at a



ANNUAL BUSINESS MEETING 2013

good pace, underpinned by strong consumer trends, growing urbanization, the emerging middle class, high population growth, improved standards of living, and globalization. We have a strong portfolio of well-researched leading brands and are continuously expanding our products range. Despite stiff challenges, we have been successful in improving our food ingredient business with proactive strategies and service excellence, and extending our customer base. Confectionery was first runner in creating demand for liquid glucose on a strong base of increase in exports and consistent growth in demand from local market. However, the small and medium size confectionery sector remained affected due to growing inflationary pressure from rising input costs, hike in utilities prices along with frequent power breakdowns.

This food industry offers a wide spectrum of products, services and solutions to diversified customers including confectionery, baking, desserts, beverages, ketchups and sauces, soups, savoury and many other food processors. Our food ingredients line includes Globe® Snowflake® Starches, Rafhan® Liquid Glucose, Cerelose® Dextrose Monohydrate, Rafhan® Liquid Caramel and Golden Syrup, Flo-Sweet Glucose and High Maltose Syrup consumed in confectionery, baking, energy drinks, pharmaceuticals, and many other food processing industries.

New emerging trends, change in eating habits & lifestyle and increased urbanization facilitated the high consumption of packaged or processed foods and fast foods. Introduction of new products in food for existing and new applications continued to give our Company a competitive edge in the market and helped to maintain position as the supplier of first choice. The ice cream sector depicted downward trend due to the continued energy shortage.

The food business faced many challenges in the form of energy crisis, poor law and order situation and inflationary pressure, impacting overall consumer purchasing power. In this challenging environment, we continued to bring enhanced value benefits to the consumers through product and quality.

Animal Nutrition and Health Business

Animal Nutrition & Health business comprises the significant portion of our revenue. The business offers a wide variety of feed ingredients including Prairie Gold® Maize Gluten Meal, Buffalo® Maize Bran, Rafhan® Maize Gluten Feed, Rafhan® Maize Oil Cake, Enzose® Hydrol and Rafhan® Crude Corn Oil.

The Company continued to strengthen its position in the market by capitalizing growing demand from poultry, dairy cattle, livestock and aquaculture. Livestock sector made tremendous progress due to friendly policy of the government to boost dairy farming which increased the trend for cattle feed formula ration. A large number of dairy farms were established to meet the growing demand for milk and allied products.

The poultry industry remained under pressure during the year and resulted in lower demand for feeds. However, Poultry industry is making large investments for mechanization, integrated farming systems, improving bio-security & processing and value addition. We take pride in our focus on fulfilling customers' needs and provide best services to cater for their requirements. We place the highest emphasis on building strong and lasting relationships with our customers while providing best service. We are engaged



in executing our rigorously devised marketing plans for our existing products and expanding our portfolio by introducing new products.

Exports

Rafhan Maize is engaged in making efforts to explore new possibilities and drive functional excellence. Your Company transformed itself by strengthening core businesses and expanding exports. We believe that there are substantial opportunities in the international market and we can create significant value for our shareholders and business partners. During the year, exports volumes doubled over 2012 despite the economic slow-down in the international market, high corn prices in Pakistan and competition from other regional players. Our export to the ME region greatly helped in expanding our customer base. Our focus will be on pursuing long-term sustainable growth by offering premium quality products, superior services and product innovations. Developing and emerging markets are again the driving force behind this growth. Our Company is determined to explore new export markets and earn valuable foreign exchange for the country.

Raw Material

All our ingredients are produced predominantly from corn. Ensuring a reliable source of corn for our plants is essential. This involves developing long-term, mutually beneficial

relationships with farmers and other commercial partners to secure supply. We apply clear standards both operational and ethical, to our suppliers and work with them to meet our customers' requirements for traceability, quality and ethical standards throughout the supply chain. Food availability needs to keep pace with the expanding populations to ensure survival and healthy growth of human race. We are endeavoring to establish best farming practices and assist the farmers in implementing the latest technology.

Agriculture sector of the country is facing a difficult time marked by shortage of irrigation water, floods in monsoon and abrupt changes in the climate. This adverse situation resulted into abnormal hike in food grain prices, particularly corn prices which increased by 26% over last year. Corn





usage by different sectors has increased manifolds over the years and there is a dire need to improve the yield and quality of seed for sustainable availability. Our long term goal is to make all our products from better corn and good quality corn is highly critical to our core operation.

Putting our customers first and enabling our farming communities in adopting sustainable practices are the drivers behind our approach of serving farmers at grass-root level. Our team is specifically trained on seed technologies as well as good farm management practices. We are well aware of the importance of developing close and equitable relationships with our suppliers. We aim to pay a fair price for their products, materials or services and help them improve their working practices and efficiency through adaptation of good farm management practices.

Capital Investment

We continue to target long term production growth with a balanced, diverse and resilient portfolio investment. Our

focus is about concentrating our resources and investment in areas that will support our objective of delivering long term sustainable growth. The Company has strategically invested to expand production capacity, value addition of its plant and manufacturing systems to meet growing market demand and expected future growth in Pakistan as well as export markets.

Our new plant at Kotri-Hyderabad was successfully commissioned to transform the way we interact with our customers. The new plant will enable us to increase our geographical reach and serve our highly valued customers in the south region. A number of expansion projects were also undertaken at our existing production facilities to meet growing market demand. The Company ensured strong commitment to its consumers through its investment in the best services and products. The Company has been investing on a continuous basis and during the year capital expenditure stood at Rs.457 million. We will continue to pursue appropriate expansion and diversification projects in anticipation to meet the changing market needs.



Operations

The worsening energy crisis in Pakistan had been our biggest challenge during the year with limited gas & electricity availability. Despite continuing gas curtailment, total production was about 10% higher than the last year. The Company continued with necessary investments in its production facilities, aimed to sustain profitability, and improve plant efficiency.

We are continuously improving our manufacturing facilities to achieve the optimum level of efficiency through stringent policies and procedures ensuring sustainability, Continuous Improvement and alignment with the changing business environment. The Company is actively pursuing performance enhancement systems, technology up-gradation and cost reduction programs to optimize cost of operation. The Company actively pursued the policy of embracing measures for reducing production losses and improving overall equipment efficiency throughout the year.

Our manufacturing teams remained a key driver behind the sustained growth of our Company. As our business grows, our investments in plants and production infrastructure continued to steward premium quality for our customers. Moving forward, we are streamlining our operations and improving service levels for leveraging overall business synergies. Multifaceted improvements were also made to enhance the working environment of our manufacturing facilities.

Integrated Quality System

Rafhan Maize is a market-focused, process centered organization delivering successful performance through a strong focus on quality initiatives to achieve overall product excellence. The quality assurance initiatives for the year 2013 were not only a source of inspiration for all our employees but also resulted in reduction in process wastes and controllable costs. During the year, we have been successfully passed through a number of third party and customer audits which illustrate our promise of delivering quality products.

The Company has continuous focus on reassessing the changing needs of its customers by investing in product quality and capabilities. These changes along with inherent strength of its diverse portfolio have helped the Company to attain its overall growth objective. Our commitment to deliver best quality was strengthened in 2013 through customer satisfaction survey. The result showed a high satisfaction level, i.e., above 90%. Your Company is certified for QMS, EMS and OHSAS 18001:2007 and Halal Certifications. We have successfully achieved FSMS which enabled us to raise our standards even higher.

We initiated Lean/Six Sigma at Rafhan Maize to enhance competencies, improve efficiency and create values. Your Company hosted multiple training courses for imparting champion, yellow belt and green belt certifications. This will go long way to help us in determining current and future state of our processes and identifying various opportunities that can be used to improve our ways of working. More than 50 employees were designated as Belts with the aim of building excellence in all our systems and processes and upholding our vision and commitment of bringing the best to





our customers. At Rafhan Maize, quality means creating a lean, cost efficient, borderless organization with an aim of providing right quality products to our esteemed customers.

Research and Development

Our technical strength enables us to extend a leading hand to other industries. Our Technical Training Center continued to extend customized services for our valuable customers and the market. The Company on its part has taken several steps by improving efficiencies in all spheres, capitalizing new opportunities, diversifying product mix, long term customer relations, enhancement in service quality, focusing on the productivity with progressive marketing strategies.

The key focus for the business is to develop products to fill the market gap in our existing product range. Besides modifications to the existing products, new products are being developed for complete customer solution. We resolve to continue to capitalize upon opportunities that enable our businesses to work smarter and serve the market. This is achieved by focusing on our sustainable competitive advantage that is derived by continuously utilizing an appropriate combination of resources and capabilities in response to the changing market conditions.

Listening to the voice of customers is the key for our business for staying a step ahead of competition. We use this insight to drive our own product development, differentiate ourselves from our peers and importantly give our customers a competitive advantage. Rafhan Maize has built one of the strongest pipelines of potential new ingredients during 2013 including Surebond®, Fluidex® and Amijel® products to fulfill customers changing needs and to serve our diverse customer base. Our R&D teams are continuously engaged in developing solutions and offering what our customers need. Collaborative working relationship with our customers and a mutually beneficial business development approach has been the winning concept behind our continuous growth.

Occupational Health and Safety

Your Company places Safety, Health and Environment (SHE) at the heart of its business agenda. The provision of safe working conditions is paramount. Drills are practiced regularly in all three plants. Occupational Health and Safety remained the key focus areas throughout the year including fire safety, road safety, behavior based safety, workforce involvement in safety issues and training & development. Rafhan Maize has been continually improving its management systems and standards not only at workplace



but also through “Off-The-Job Safety” initiatives to create consciousness amongst its employees round the clock.

All our facilities follow the highest standards for ensuring health and safety of all the employees and individuals connected with our businesses. The Company conducts routine overview of operating procedures with specific focus on hazards analysis and safe work practices. Our continuous focus on achieving excellence in health and safety resulted in achievement of zero Total Recordable Injury Rate (TRIR) in 2013.

We also ensure that our products are transported in a safe manner complying with safety standards and legal requirements. We have individual safety plans for all plants. We are encouraged by the progress made in 2013 in terms of the improvements in our safety management and control arrangements. The workplaces are made safer by proactive approach and use of work permit procedures. Accident reporting and analysis mechanism is defined and follow-ups on corrective and preventive actions are being taken to avoid recurrence of incidents. The training sessions on OHS are regularly conducted for employees to enhance the wareness of safety.

Environment Protection

Protecting the environment and conserving natural resources are high priorities for our Company. The Company is highly conscious of its environment protection responsibilities and continued to work relentlessly towards increasing efficiencies and reducing adverse environmental impact from its operations. The Company continued its

endeavors to align environment management systems and processes to international best practices which have been regularly assessed and audited internally as well as by third parties. The Company is committed to reduce its environmental impact, as a result, a number of initiatives have been taken at all stages of production as well as non-manufacturing areas to ensure that we continue to champion environmental stewardship through our efforts. We promote responsible use of natural resources through green work practices.

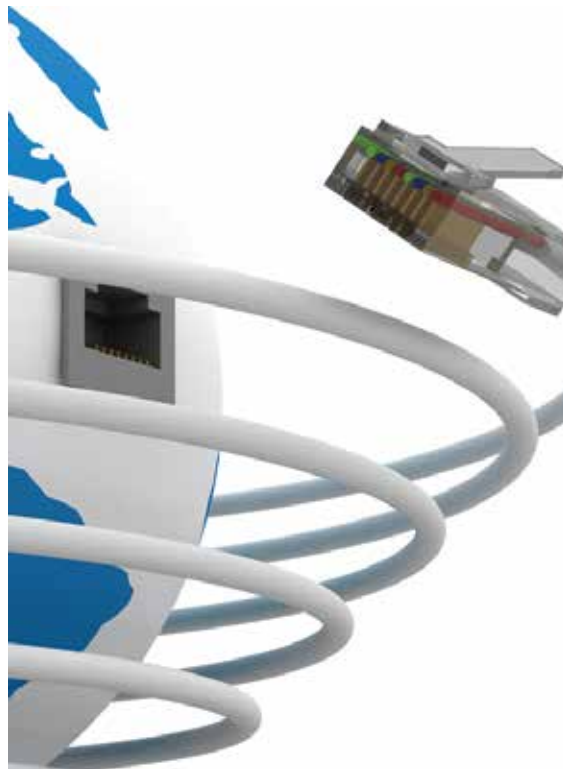
We focus on those aspects of our activities that have the greatest potential impact on the environment. Global Earth Day 2013 was celebrated with enthusiasm and excellent participation from all employees. Sites came up with interesting and innovative activities for the day to reiterate the importance of environment and natural resources. The Company is continually working to promote a culture to maintain eco system and protect environment.

For the consecutive fifth year, Rafhan Maize has won the Annual Environment Excellence Award 2013 on account of its excellent initiatives and successful implementation of environmental management systems.

Waste Water Treatment

Being a responsible corporate citizen and fully cognizant of shouldering of all responsibilities towards clean safe and secure environment, your Company has invested heavily on water treatment plants and allocating huge amount of resources on treating waste water before draining. Our highly trained and experienced engineers and professionals





manage these water treatment plants. Quality Assurance conducts daily samples of water discharge and maintains log of results to ensure compliance of NEQ Standards.

Energy Conservation

Our operations are highly energy intensive and we are striving hard to manage energy cost and conserve the resources wherever possible. Your Company has initiated a blue chip project to conserve energy at each echelon of business. We have initiated energy audits at key facilities to ensure optimum energy utilization. During the audit, energy & HSE aspects at the locations were identified and an action plan for rectification of issues was developed accordingly.

Information Technology

We make full use of IT resources available. IT vision is designed to complement our corporate vision by business transformation through technological innovation. This applies to automation of processes for optimized performance and introduction of best practices to achieve corporate excellence. Your Company has successfully revamped its internal systems and introduced new systems to further improve management oversight and cost controls. Some of the key achievement includes successful life-cycle revamp of its core ERP system and upgrading to the latest version. The production facilities and our offices in different locations are connected through dedicated communication channels. As a part of new technology initiative, old equipment was

replaced with the new machines. It will allow us to gather and interpret information much more quickly and be more responsive as a result.

Information Technology has rendered active contribution by providing strategy-driven solutions and services built around business objectives. Regular coordination meetings are organized to assess and review the overall working of IT and identify gaps for continual improvements. Your Company successfully implemented business intelligent tool for Business Planning and Consolidation, the system will go a long way to help operational and financial management in planning business resources and viewing results in the form of dashboards and graphs.

HR Management and Employees Relations

Human resources management plays a key role in recruiting, promoting and retaining the best employees for every position. We put in place a targeted recruitment strategy for hiring people with the core skills, expertise and values to ensure that we deploy the right people for right positions. We believe in our people and strive hard to enable them to adhere to our values every day and in every interaction. The Company strongly believes that its employees are the primary asset and has remained focused on providing the most conducive environment to all employees through best HR practices. Your Company takes pride in the capabilities and abilities of our people to deliver ambitious results in a sustainable fashion under challenging conditions.



Your Company realigned and restructured key HR functions which resulted in a sense of shared vision amongst employees. We offer a healthy and friendly work environment where people can discover their potential, build career and find new challenges that really excite. We offer an environment where initiative is rewarded, results are recognized and creativity is encouraged. We want to groom our people to take on future managerial roles as we nurture our young talent to be our future leaders. Performance management and annual appraisals are important part of career management. The results of our Company are the true reflection of the commitment and contribution of its pool of talented employees. This is done by identification, development and movement of talent to ensure that the right talent is available to the organization for sustainable value creation.

Our employees benefit from various developmental initiatives including training programs in management excellence, functional and technical competencies which assist them in staying abreast of the changing requirements of their jobs. These programs assist our employees in cultivating their abilities.

We strongly believe in the dignity and value of people. We treat human resources with respect and strive to create an organizational environment in which individuals are fairly treated, encouraged and empowered. We do not tolerate any form of harassment or discrimination. The online recruitment system now incorporates online job portal services which have an international presence with the aim of attracting and facilitating potential candidates for future HR requirements.

Your Company believes in continuity of management strength and proactive approach towards succession planning. We recruit employees, develop their knowledge skills, abilities, and prepare them for advancement or promotion into more challenging roles along with effective succession planning. Succession planning ensures that employees are constantly developed to fill in the gaps. We look for people who exemplify continuous improvement when we are spotting future successors. This process has been instrumental in enhancing teamwork and motivation level among the

Company's staff. We need right people working in the right way and to develop a high performance culture. Your Company is committed to build a strong organization culture that is shaped by empowered and motivated employees.



Training and Management Development

Your Company is committed towards professional grooming of its human resource. During the year 2013, a total of 50 training programs were conducted by focusing on technical & softer skills. More than 250 professionals benefited from these programs. These programs included courses on subjects such as HSE, IT, PM, Marketing and Lean/Six Sigma. We aim to encourage our people to openly and constructively share their observations and to support each other in personal development and growth through sincere feedback as well as recommendations for improvement.

Employee training needs are periodically reviewed and in-house and customized training programs in various disciplines are arranged for production, marketing, human resource, supply chain and finance personnel. Technical as well as managerial trainings, offered both locally and internationally, are provided to make employees aware of the latest trends in their respective areas and to better equip themselves to perform their assigned responsibilities. Additionally, job rotation and job enrichment is continuously done to enhance employees' exposure across different functions. Our organization believes in empowering people by providing them with challenging opportunities to enhance their potential and develop their abilities. Clear roles and job descriptions have been defined commensurate with succession plans of key positions in the Company.

Your Company has been making a sizeable investment in ensuring that employees' skills are developed to bring them at par with the organization's professional requirements and enhance their personal capabilities. Moreover, our internship program is a concrete source of valuable practical experience in corporate environment for students from various prestigious educational institutions. During 2013



more than 300 students from various institutions and universities have benefited from our internship programs. With a strong belief in developing a proactive approach, the Company recruits employees, develops their knowledge, skills, abilities and prepares them for advancement or promotion into even more challenging roles.

We have nourished an organizational culture which provides an opportunity to everyone to learn and express their creative skills and professional expertise in free and open manner. We believe in equality and encourage our employees to excel their individual careers based upon their professional merit. Training plan is formulated on the basis of training need assessment, staff career plans, succession plan and other organizational requirements. We believe that by building a team of people with unparalleled talent and a high performance mindset will be the foundation of our long-term success and to win the marketplace.

Industrial Relations and Employment Opportunities

The Company believes in maintaining cordial industrial relations with its employees and their Collective Bargaining Agent (CBA) based on the principle of mutual trust, respect and open communications. The Company considers its workers as partners in continued success of Rafhan Maize. The Company provides subsidized food at its canteen, entertainment facilities, Eidee packages, annual awards for good performance and long service awards to its employees. Annual Sports are a regular feature at Rafhan Maize. The Company provides all kind of opportunities to its

employees to keep them physically and mentally fit. A large number of employees take part in different games every year and this year about 300 employees participated.

Your Company has also established a Fair Price Shop for its employees to facilitate them in the purchase of their grocery items. Fair Price Shop is also offering other general stores & clothing items to our employees. We offer merit scholarships to children of our employees to appreciate their talent and promote healthy competition in the form of fees reimbursements that vary with the level of education. Every year, Rafhan has the privilege to send 20 of its employees for Hajj and visit to Holy places through balloting. The Company bears all expenses pertaining to the religious offering.

We organized a mobile camp for screening of all employees at Rakh Canal and Cornwala Plants for Hepatitis HBV and HCV virus and anti-virus protective vaccination for Hepatitis B as a part of campaign to create Hepatitis awareness amongst our employees.

Business Ethics

Rafhan Maize is a highly ethical Company and has a well-structured "Pillars" program. Under the program, all the staff members are trained on business ethics, it is a continuous program wherein new appointees get training from CEO of the Company on the business ethics, Company policies on conducting business and corporate values. Two to three refresher courses are conducted every year to impart trainings to employees at all levels on business ethics.

The Company has well-structured whistle blower policy wherein employees are encouraged and protected to highlight unethical events or violation of the Company policies on business conduct.

Corporate Social Responsibility and Sustainability

Our most cherished mission is to create opportunities for people of Pakistan, farmers, business community and general population where they can improve the quality of their life. We consider it our utmost responsibility to make a positive impact in the communities we serve. We strive to contribute to social welfare through providing educational opportunities, employment, sponsoring and organizing various events. Sustainable and responsible development has remained our primary concern since inception. Your Company is running CSR Program covering various sectors requiring foremost attention, including exemplary interventions in the areas of education, healthcare, poverty alleviation and environmental protection.

With a strong sense of corporate social responsibility, we believe in uplifting the economic well-being of the people. We have taken a leadership role in contributing to society through a structured social investment program that aims to integrate the economic, social and environmental needs of the local communities. We are working with healthcare partners to provide information, advice and support to employees on health matters and share best practice across the Company.

We have provided sites to a local bank and a post office to facilitate general public. Fully equipped dispensaries are also maintained at our plants to face any emergency and general healthcare. The Company does not employ any child labor and is an equal opportunity employer. Intensive tree plantation and development of green areas inside and outside the plants also show Company's commitment to the environment. CSR is deeply embedded in Rafhan Maize culture. We aim to play a positive role in the communities in which we operate.

The Company is responsible corporate citizen and extending millions of Rupees on social welfare and community uplifting. Our contributions towards community activities include but are not limited to making donations to the following organizations/institutions to support the noble causes under Corporate Social Responsibility Policy of the Company:

- As per previous years practice, your Company donated the Liver Foundation Trust, Faisalabad this year also for the treatment of poor patients suffering from Hepatitis.
- Harman Miner's 'Save our Souls' (SOS) Children Village is in our neighborhood to provide family based care and education to abandoned, destitute and orphaned children. Your Company has donated for renovation of a cottage for children.
- Talented and needy students of corn growing farmers in Swabi, KPK were selected to provide them stationery items, school bags, lunch boxes & thermos etc.



- Contribution was made for the relief of earthquake victims of Baluchistan through Kotri Association of Trade & Industry.
- Donation was given to District Anti Tuberculosis (T.B.) Association for providing medicines free of cost to the needy patients.
- Sindh Institute of Urology & Transplantation (SIUT) was provided donation for dialysis and medical care of kidney patients.
- Your Company donated Rotary Club of Faisalabad for educational scholarships to the less privileged but intelligent students.
- The Company donated patient trolleys and wheel chairs to Allied Hospital, Faisalabad.

We have added one additional crop in the cropping pattern of central Punjab farmers and they are harvesting bumper spring crop. The Company has introduced new varieties of Hybrids which have increased per acre corn yield. Also, the Company engaged and collaborated with large seed manufacturing companies for the development of corn crop in Pakistan.

Your Company has setup a new green field plant at Kotri (near Hyderabad) and our teams of agronomists are extending agri services to farmer community for corn cropping. Sindh province has unique atmospheric conditions where corn can be grown and harvested all over the year. With our extended efforts, the area under corn cropping in the Sindh province has already crossed 10,000 acres which will further increase during the coming years.

Your Company is providing unique mechanism to farmer community for the marketing of their corn crop. We directly



Farmers and Rural Development

The Company is fully cognizant of crucial challenges agriculture in Pakistan might face in the coming years and the role corn might play in securing sustainable grain supply chain to food, feed and livestock industry. With the aid of our talented workforce and R&D platform, we stand committed with farming community to help them not only for producing more corn but also better through the adoption of efficient post-harvest handling practices.

We take the pride for bringing revolution in corn cropping in Pakistan. The country, which had been producing less than one million tons of corn for decades, now with our coordinated efforts is producing over 5 million tons of corn.

enter into contracts with the farmers for lifting of their crop in cobs as well as grains form. The Company subsidizes millions of Rupees by directly lifting corn produce from the fields at premium prices. Rafhan Maize provides premium quality seeds to the farmers on credit basis to induce them to grow high quality corn.

Our agronomists teams regularly conduct farmers gathering, where the latest information about good farming practices is delivered to the farmers and help them to improve farm economics/qualities. The Company conducts farmers meetings to impart awareness on latest development in agriculture field particularly on new seeds, sowing/harvesting technologies, crop protection and soil enrichment.



Contribution to National Exchequer and Economy

During the period, the Company has contributed an amount of Rs.2,845 million towards national exchequer in the shape of taxes, duties, cess and levies. The Company has also contributed through earnings of valuable foreign exchange amounting to Rs.1,346 million. This is an increase of 96% against last year.

Business Risks and Mitigations

Macroeconomic outlook of the country indicates low GDP growth with stagnant disposable incomes. Domestic industry is likely to face severe energy shortages, leading to a loss of productivity and an increased cost of production owing to usage of expensive alternative fuels. The devaluation of Pakistani currency will increase overall cost of production.

Your Company maintains a strong positive outlook on the country due to rise of the middle class, increasing urbanization and a youthful population. The management of the Company continues to have a long term optimistic outlook for our business. We are confident in the strong potential of Pakistan fuelled by its growing youthful population. The Company aims to counter unfavorable market conditions through customer engagement initiatives targeted towards new business development and through effective cost management. A long term strategic plan has been developed to sustain growth.

Our strong portfolio, intelligent management of the value equation and appropriate cost reduction measures may help to maintain growth. The management team at Rafhan Maize continued to focus on key controllable variables and ensured that operations remain robust and responsive against impending challenges. We will continue to adopt proactive and cautious approach to address paradoxes and have to establish and maintain a high performance culture based on a disciplinary approach.

The Company is spending on capacity enhancement, improving capabilities, developing new innovative products and focusing on geographic spread. Our strategic plans envisage growth in business during years ahead and we have strong belief on people, processes and products to maintain our existing growth rate and deliver strong values to shareholders.

Outlook

We will also increase investment in technology and R&D for deeper customer understanding, continuous innovation, agility and stronger focus in the fast-growing emerging market segments. Our strategic initiatives will help to mitigate the adverse impacts of currency devaluation, rising input cost, usage of costlier alternate fuels. Our well structured strategic blue prints will go long to streamline our volume growth; cost optimization, value addition, price rationalization and efficient working capital management.

The increases in the price of corn, our major raw material, along with upward trend in fuel and utility prices may affect our profit margins. The Company will continue to take proactive measures to mitigate potential risks and cope with challenges to Company's profitability arising from the current economic and business environment.

Acknowledgment

We greatly value and recognize the support and cooperation received from our esteemed suppliers, trading partners, bankers and all stakeholders who are helping and contributing towards the continued growth of our Company.

We are also thankful for the excellent support and guidance provided to us by our parent Company and the trust reposed by the shareholders on the Management and the Board. This continued support gives us confidence and encouragement and we remain committed to achieve excellence in all areas

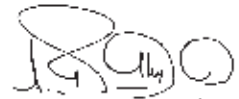
of activity. We believe in a transparent relationship with our investors and dissemination of sensitive information to our investors is given foremost priority.

Our key priority is long-term responsible and sustainable resource management. We take this opportunity to thank our Board of Directors for their visionary guidance and incessant support throughout the year. Their leadership has been the driving force which gave us an outlook for a brighter future for the Company. The Board acknowledges the meritorious services and valuable contribution rendered by Ms. Cheryl K. Beebe as Director for the Company's growth and success in business and prays for her long and prosperous retirement life.

My sincere thanks to all employees for their hard working and relentless efforts which have been instrumental in driving the solid operational and financial performance of the Company. The Company's achievement and impressive results could not have been possible without their contributions and the Company is immensely proud of its highly motivated human resource.

May Allah give us success in our future endeavors and prosperous growth in coming years. A'meen!

On behalf of the Board



Ansar Yahya
Chief Executive &
Managing Director

February 10, 2014

Board & Chief Executive's Performance Review

Board Performance Review

Rafhan Maize Board is composed of highly astute professionals from diversified business echelons. Most of the directors are requisitely certified under code of corporate governance. The board has one independent director who is also chairman of audit committee of the board.

The Board met quarterly during the year, twice in Pakistan and twice abroad to have direct interaction with its principal's nominated directors.

The Board remained vigilant about Company's going concern. It's highly cautious about selection and appointment of the Chief Executive, delegation of responsibilities, governance of the company by effective policies, acquire sufficient resources for its operations, move the company in accordance with its vision, mission and core values. The board leveraged the requisite emphasis on effective organizational planning, enhancing public image of the company and fostering business performance.

The Board's Audit Committee, HR&R Committee and Shares Transfer Committee; all are well structured and assisting the board with their valuable reviews and recommendations.

Chief Executive Performance Review

The Chief Executive has a clear understanding of the vision, mission, core values and strategy of the organization and plays pivotal role in translating them into realistic action. The Chief Executive smartly discharged his duties and accomplished the objectives and priorities as conferred on him by the Board.

The Chief Executive effectively and efficiently cascaded business objectives down the order with a smart mechanism of responsibility and accountability. He developed a very effective team of leaders capable of making business turnarounds and dare to accept stretched challenges for performance delivery.

The Chief Executive worked congenially with the Board and maintained consistent communications with collegial and professional acumen. He responded appropriately to unanticipated situations, and to those specific challenges associated with the unique mission of this organization.

The principals or Parent Company based at US have very well structured performance evaluation criteria of the Chief Executive for periodic review.



Directors' Profile

JORGEN KOKKE

Chairman
Non-Executive Director

He joined the Board in 2011. Presently, he is Chairman of the Board. He is representing Ingredion Incorporated, the parent company on the Board.

At Ingredion, he is VP & GM APAC. He holds Master's Degree in Economics from University of Amsterdam.

Office Address

National Starch & Chemical GmbH,
Gruener Deich-110, Hamburg-20097,
Germany.

ANSAR YAHYA

Chief Executive & Managing Director
Executive Director

He joined the Board in 2001. Presently he is holding the position of Chief Executive of the Company. He is also member of the Board's HR&R Committee.

Office Address

Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad.

RASHID ALI

Vice Chairman
Non-Executive Director

He joined the Board in 1985. Presently, he is the Vice Chairman of the Board. He is Ph.D and has Master's Degree in Chemistry and Business Administration. His business experience spans over 52 years. He is also member of Board's Audit Committee, HR&R Committee and Shares Transfer Committee.

He was director on the Board of Faisalabad Electric Supply Company for 10 years and Chairman of its Audit Committee. Recently, he has been elected Board Member of Employers' Federation of Pakistan.

Office Address

Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad.

JACK C. FORTNUM

Non-Executive Director

He has recently joined the Board in 2014. He is a member of Board's Audit Committee. He is representing Ingredion Incorporated, the parent company, on the Board. At Ingredion, he is Chief Financial Officer. Prior to Elevation as Chief Financial Officer, he was Executive Vice President and President, North America since February 1, 2012.

He holds a Bachelor degree in Economics from the University of Toronto and completed the Senior Business Administration Course offered by McGill University.

Office Address

Ingredion Incorporated,
5 Westbrook Corporate Center,
Westchester, IL 60154,
U.S.A.

CHRISTINE M. CASTELLANO

Non-Executive Director

She joined the Board in 2013. She is representing Ingredion Incorporated, the parent company, on the Board. At Ingredion, she is Senior Vice President, General Counsel and Corporate Secretary since October 1, 2012.

She holds a Bachelor of Arts degree in political science from the University of Colorado and a Juris Doctor degree from the University of Michigan School of Law.

Office Address

Ingredion Incorporated,
5 Westbrook Corporate Center,
Westchester, IL 60154,
U.S.A.

DR. ABID ALI

Executive Director

He joined the Board in 2012. He is Ph.D and FCMA with over 21 years of experience in diversified business disciplines. Presently he is holding the position of Chief Financial Officer of the Company.

He is also member of the Board's Shares Transfer Committee.

Office Address

Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad.

JAMES P. ZALLIE

Non-Executive Director

He joined the Board in 2011. He is representing Ingredion Incorporated, the parent company, on the Board. At Ingredion, he is Executive Vice President and President, Global Ingredient Solutions since October 1, 2010.

He is Chairman of Board's Human Resource & Remuneration Committee.

He holds Master's degrees in Food Science and Business Administration from Rutgers University and a Bachelor of Science degree in Food Science from Pennsylvania State University.

Office Address

Ingredion Incorporated,
5 Westbrook Corporate Center,
Westchester, IL 60154,
U.S.A.

ZULFIKAR MANNOO

Non-Executive Director

He joined the Board in 1990. He is alumni of The Wharton School, University of Pennsylvania and Aitchison College, Lahore. He is member of the Board's Audit Committee and is representing minority shareholders on the Board.

He also holds directorship of Unilever Pakistan Foods Ltd.

Office Address

Pakwest Industries (Pvt.) Ltd.,
1st Floor, Ghani Chambers,
Patiala Ground, Link McLeod Road,
Lahore.

MIAN M. ADIL MANNOO

Non-Executive Director

He joined the Board in 1985. He is a graduate and alumni of Aitchison College, Lahore. He is engaged in textile business for the last 21 years. He is representing minority shareholders on the Board.

He also holds directorship of Unilever Pakistan Foods Ltd.

Office Address

H.N. Enterprises
Rakh Canal, East Road,
Opp: Rafhan Maize Products Co. Ltd.,
Faisalabad.

WISAL A. MANNOO

Non-Executive Director

He joined the Board in 2006. He is engaged in textile business for the last 21 years. He is representing minority shareholders on the Board.

He is also Member, Executive Committee of All Pakistan Textile Mills Association (APTMA).

Office Address

Wisal Kamal Fabrics
11E-2, Main Gulberg,
Lahore.

SH. GULZAR HUSSAIN

Independent Director

Sh. Gulzar Hussain, a Business Executive, is a graduate from Punjab University. He served Rafhan Maize from 1965 to 1998 in different high profile positions. His last title was Deputy Managing Director.

He has been on Rafhan Board on several terms, the latest one as Independent Director from September, 2012. He is Chairman of Board's Audit Committee. He also remained a member of parent Company's Board in Yugoslavia from 1987-2001.

Office Address:

5-Hockey Stadium,
Madina Town,
Faisalabad.



Forward-Looking Statements

This Annual Report contains or may contain forward-looking statements. The Company intends these forward-looking statements to be covered by the safe harbor provisions for such statements. These statements include, among other things, any statement regarding the Company's prospects or future financial condition, earnings, revenues, tax rates, capital expenditures, expenses or other financial items, any statement concerning the Company's prospects or future operations, including management's plans or strategies and objectives therefor and any assumptions, expectations or beliefs underlying the foregoing. These statements can sometimes be identified by the use of forward looking words such as "may," "will," "should," "anticipate," "believe," "plan," "project," "estimate," "expect," "intend," "continue," "pro forma," "forecast," "outlook" or other similar expressions or the negative thereof. All statements other than statements of historical facts in this report or referred to in or incorporated by reference into this report are "forward-looking statements." These statements are based on current expectations, but are subject to certain inherent risks and uncertainties, many of which are difficult to predict and are beyond our control. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations expressed in or implied by these statements, based on various factors, including energy availability and alternate fuel costs, corn prices, sociopolitical conditions, and their impact on our sales volumes and pricing of our products; our ability to

collect our receivables from customers and our ability to raise funds at reasonable rates; fluctuations in the markets and prices for our co-products, particularly crude corn oil; fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates; the commercial and consumer credit environment; general political, economic, business, market and weather conditions of the country; future financial performance of major industries which we serve, including, without limitation, the textile, food and beverage, pharmaceuticals, paper and corrugated industries; freight and shipping costs, and changes in regulatory controls regarding quotas, tariffs, duties, taxes and income tax rates; operating difficulties; availability of raw materials, including corn upon which our products are based; our ability to achieve budgets and to realize expected synergies; sugar prices; labor disputes; genetic and biotechnology issues; changing consumption preferences; increased competitive and/or customer pressure in the starch processing industry; and the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement as a result of new information or future events or developments. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections.



Rafhan Calendar of Major Events – 2013

January 01	Annual Managers' Meeting
January 10	Distribution of eye glasses to the students of Government Girls High School, Dhudiwala, Faisalabad.
January 12	Annual Sales Meeting.
January 13	Workers Picnic at Gatwala Park, Faisalabad.
January 13	Task Force Meeting at Mehran Plant.
January 18	Rakh Canal Plant: Annual Operations & OHSE Meeting.
January 19	Cornwala Plant: Annual Operations & OHSE Meeting
February 18-19	Management Development Training Program (Mod-I People Management) at Rakh Canal Plant conducted by IMS Knowledge Pakistan.
March 08	Hajj Draw - 2013
March 14	Safety & Environment Training for Employees/Contractors at Mehran Plant.
March 16	"Train the Trainer" Course on Ethics at Rakh Canal Plant.
March 28	Rafhan Maize received "2nd CSR Business Excellence Award 2013" and "Certificate of Business Excellence" in a competition arranged by "National Forum for Environment and Health" Karachi.
March 29	In-house training session on Lean Six Sigma (Yellow Belt) conducted by Pakistan Institute of Quality Control (PIQC) at Rakh Canal Plant.
March 29	Participated in Spring Festival at University of Agriculture, Faisalabad.
April 03	Annual Purchase Meeting at Rakh Canal Plant.
April 06	Quarterly Sales Meeting at Rakh Canal Plant.
April 08	Quarterly Production & Engineering Meeting at Rakh Canal Plant.
April 13	Dengue Epidemic Control Awareness Session at Rakh Canal Plant.
April 17	Participated in Farmer's Field Day for Awareness of Mechanization in Sowing and Phosphorus Fertilizer Application in Maize for Conserving Farm Inputs at Nuclear Institute for Agriculture & Biology, Faisalabad.
April 27	Received 8th EFP-OSH&E Award in the category of Food FMCG and Pharmaceutical Sector in a competition arranged by The Employers Federation of Pakistan.
May 16	Meeting on Lean Six Sigma at Rakh Canal Plant.
May 17	RCP & CWP: GMO Certification Stage-1 Audit by BVQI.
May 25	Best Maize Growers of Sindh Award Distribution Ceremony held at Mehran Plant.
May 27	Maize Suppliers Meeting
June 03	Agronomists Meeting
June 05	Arrival of First Maize Truck at Mehran Plant
June 10	Inauguration of ATM at MCB Bank, Rafhan Branch
June 20	Won "Safety Excellence Award" from Ingredion Incorporated, USA. RafhanMaize also remained finalist in the category of "Business Excellence" and "Sustainability Excellence".
June 22	Received 1st FPCCI Achievement Award (Gold Medal in Marketing Excellence) from Federation of Pakistan Chambers of Commerce & Industry, Karachi.
July 05	Won "10th Annual Environment Excellence Award" in a competition organized by National Forum for Environment & Health, Karachi.
August 22	Received 29th Excellence Award from Management Association of Pakistan, Karachi.

August 22	Received Best Corporate & Sustainability Report Award from Joint Committee of Institute of Chartered Accountants of Pakistan and Institute of Chartered & Management Accountants of Pakistan.
August 25	Safety Training Session for Contractors and Employees at Mehran Plant.
September 25-27	Training Session on "Leading to High Performance Culture" at Rakh Canal Plant.
September 26	Rafhan Maize won "1st EFP Employer of the Year Award-2012" in the category of Human Resource Development for the Large Sector organized by Employers Federation of Pakistan, Karachi.
September 28	Workshop on "New Developments in the Field of Agriculture – Pakistan" at Cornwala Plant.
Sep. 30-Oct. 05	Lean Six Sigma Green Belt Training (Phase-I) by Pakistan Institute of Quality Control, Lahore.
October 05	Distribution of School Bags, Text Books and Stationery to the students of Government Primary School, Kaniza Punj Peer, Swabi.
October 06	Managers/Officers/Staff Picnic at Daman-e-Koh, Islamabad.
October 07-10	Lean Six Sigma Green Belt Training (Phase-I) by Pakistan Institute of Quality Control.
October 07	Sales Meeting at Rakh Canal Plant
October 26	Lean Six Sigma White Belt Training at Rakh Canal Plant.
November	November was observed as OSHE Month.
November 20-21	Screening for HVB/HCV and vaccination for HBV for all employees at Rakh Canal Plant.
November 25	Screening for HVB/HCV and Vaccination for HBV for all employees at Cornwala Plant.
November 30	Bomb Disposal Mock Exercise in coordination with District Officer, Civil Defence, Faisalabad at Rakh Canal Plant.
December 10	Safety & Environment Training Program for Employees & Contractors at Cornwala Plant.
December 23-28	Rafhan Sports Week.
December 29	Camp for Diabetic Patients at Amin Town, Faisalabad.



Horizontal Analysis of Profit and Loss Account

	2013	2012	2011	2010	2009	2008
Sales	21%	7%	31%	22%	6%	42%
Cost of sales	25%	8%	36%	18%	12%	46%
Gross profit	6%	5%	15%	35%	-11%	31%
Distribution cost	-39%	152%	11%	13%	-27%	-16%
Administrative expenses	5%	19%	20%	13%	13%	8%
Operating profit	11%	-3%	15%	39%	-12%	38%
Other operating income	119%	-5%	28%	5%	-13%	45%
Finance cost	3%	-3%	83%	-35%	35%	206%
Other operating expenses	6%	-3%	12%	38%	-12%	37%
Profit before taxation	15%	-3%	15%	39%	-12%	37%
Taxation	-25%	-8%	23%	35%	-11%	36%
Profit after taxation	36%	0%	11%	42%	-13%	37%

Horizontal Analysis of Balance Sheet

	2013	2012	2011	2010	2009	2008
NON CURRENT ASSETS						
Property, plant and equipment	31%	64%	5%	23%	14%	3%
Intangible assets	-32%	-11%	-20%	-	-	-
Capital work-in-progress	-82%	-28%	86%	-2%	96%	466%
EMPLOYEES RETIREMENT BENEFITS	-67%	16%	-33%	311%	-78%	-25%
LONG TERM LOANS	-1%	88%	-27%	-18%	351%	-46%
CURRENT ASSETS						
Stores and spares	25%	20%	18%	12%	-1%	28%
Stock in trade	63%	3%	-4%	168%	-52%	77%
Trade debts	4%	38%	43%	20%	-8%	5%
Loans and advances	-49%	260%	-43%	955%	-52%	43%
Trade deposits and prepayments	19%	104%	155%	15%	-15%	23%
Other receivables	64%	86%	-30%	91%	19%	35%
Cash and bank balances	-89%	704%	59%	-94%	4805%	-96%
TOTAL ASSETS	16%	25%	14%	38%	0%	33%
CURRENT LIABILITIES						
Trade and other payables	-2%	92%	22%	51%	-4%	30%
Mark up accrued on short term running finances	-56%	-2%	38%	-4%	1%	13870%
Short term running finances - secured	-	-100%	-37%	-	-100%	-
Provision for taxation	-49%	10%	28%	-14%	60%	88%
NON CURRENT LIABILITIES						
Deferred taxation	26%	50%	6%	35%	11%	-7%
SHARE CAPITAL AND RESERVES						
Share capital	0%	0%	0%	0%	0%	0%
Reserves	23%	17%	19%	24%	12%	19%
TOTAL LIABILITIES	16%	25%	14%	38%	0%	33%

Note: No percentage has been worked out where there were no figures in current or corresponding year.

Vertical Analysis of Profit and Loss Account

	2013	2012	2011	2010	2009	2008
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	82.2%	79.7%	79.2%	76.3%	78.7%	74.5%
Gross profit	17.8%	20.3%	20.8%	23.7%	21.3%	25.5%
Distribution cost	0.9%	1.9%	0.8%	0.9%	1.0%	1.5%
Administrative expenses	1.3%	1.5%	1.4%	1.5%	1.6%	1.5%
Operating profit	15.5%	16.9%	18.6%	21.2%	18.6%	22.5%
Other operating income	0.9%	0.5%	0.6%	0.6%	0.7%	0.8%
Finance cost	0.2%	0.3%	0.3%	0.2%	0.4%	0.3%
Other operating expenses	1.0%	1.2%	1.3%	1.5%	1.3%	1.6%
Profit before taxation	15.2%	16.0%	17.6%	20.1%	17.6%	21.4%
Taxation	3.4%	5.5%	6.5%	6.9%	6.3%	7.5%
Profit after taxation	11.7%	10.4%	11.1%	13.2%	11.3%	13.9%

Vertical Analysis of Balance Sheet

	2013	2012	2011	2010	2009	2008
NON CURRENT ASSETS						
Property, plant and equipment	41.2%	36.3%	27.6%	29.9%	33.7%	29.7%
Intangible assets	0.1%	0.2%	0.3%	0.4%		
Capital work-in-progress	2.0%	12.7%	21.9%	13.4%	18.8%	9.6%
EMPLOYEES RETIREMENT BENEFITS	0.1%	0.5%	0.5%	0.9%	0.3%	1.4%
LONG TERM LOANS	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
CURRENT ASSETS						
Stores and spares	4.6%	4.2%	4.4%	4.3%	5.3%	5.4%
Stock in trade	42.4%	30.0%	36.3%	43.1%	22.2%	46.0%
Trade debts	6.5%	7.2%	6.5%	5.2%	6.0%	6.6%
Loans and advances	1.1%	2.5%	0.9%	1.7%	0.2%	0.5%
Trade deposits and prepayments	1.3%	1.3%	0.8%	0.4%	0.4%	0.5%
Other receivables	0.2%	0.2%	0.1%	0.2%	0.1%	0.1%
Cash and bank balances	0.5%	4.9%	0.8%	0.5%	12.8%	0.3%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
CURRENT LIABILITIES						
Trade and other payables	21.5%	25.2%	16.4%	15.3%	14.0%	14.6%
Mark up accrued on short term running finances	0.0%	0.1%	0.1%	0.1%	0.2%	0.2%
Short term running finances - secured	0.7%	0.0%	4.8%	8.7%	0.0%	9.4%
Provision for taxation	1.2%	2.8%	3.1%	2.8%	4.5%	2.8%
NON CURRENT LIABILITIES						
Deferred taxation	5.9%	5.4%	4.5%	4.8%	5.0%	4.5%
SHARE CAPITAL AND RESERVES						
Share capital	0.8%	0.9%	1.1%	1.3%	1.8%	1.8%
Reserves	69.9%	65.6%	69.9%	67.0%	74.6%	66.7%
TOTAL LIABILITIES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: No percentage has been worked out where there were no figures in current or corresponding year.

Corporate Achievements



FCCI Export Trophy Award



Corporate Excellence Award - MAP



Best Corporate and Sustainability Report Award

Corporate Achievements



Marketing Excellence Gold Medal-FPCCI



EFP/LO OHSE Award



1st EFP Employer of the Year Award

Directors' Report



The Directors of your Company feel pleasure in presenting the annual audited accounts along with auditors' report thereon for the year ended December 31, 2013.

Financial Results

Profit and Appropriations

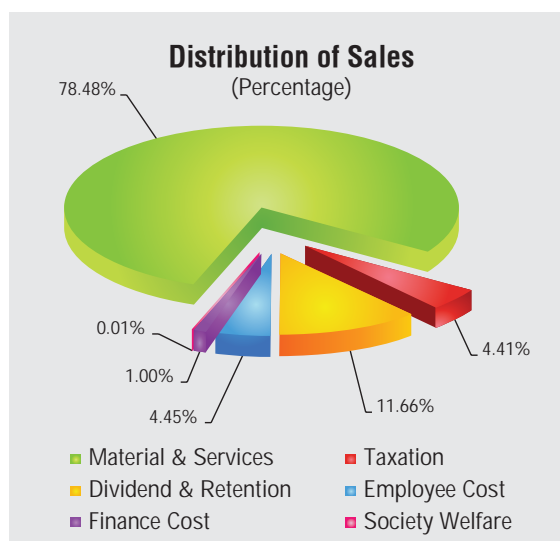
	Year ended December 31	
	2013	2012
	(Rupees in thousands)	
Profit after taxation	2,781,481	2,039,930
Actuarial gains/(losses) of employees retirement benefits	(21,639)	4,527
Un-appropriated profit brought forward	6,733,400	5,751,132
	<u>9,493,242</u>	<u>7,795,589</u>
Appropriations		
Final Dividend 2012 @750% (2011: @650%)	692,732	600,367
1st Interim Dividend 2013 @250% (2012: @250%)	230,911	230,911
2nd Interim Dividend 2013 @300% (2012: @250%)	277,093	230,911
	<u>1,200,736</u>	<u>1,062,189</u>
Un-appropriated Profit	<u>8,292,506</u>	<u>6,733,400</u>
Earnings per Share (Rupees)	301.14	220.86

Chief Executive's Review

The Directors of the Company endorse the contents of the Chief Executive's Review which covers your Company's business review, salient activities in different fields of operations, outlook, investment plans for strategic growth and disclosures under corporate social responsibilities.

Corporate Governance

Your Company is fully abreast of improved standards of corporate governance. The Directors are pleased to state that your Company is compliant with the provisions of the Code of Corporate Governance 2012 as required by SECP and formed as part of stock exchanges listing regulations. The statement of compliance with Code of Corporate Governance is annexed.

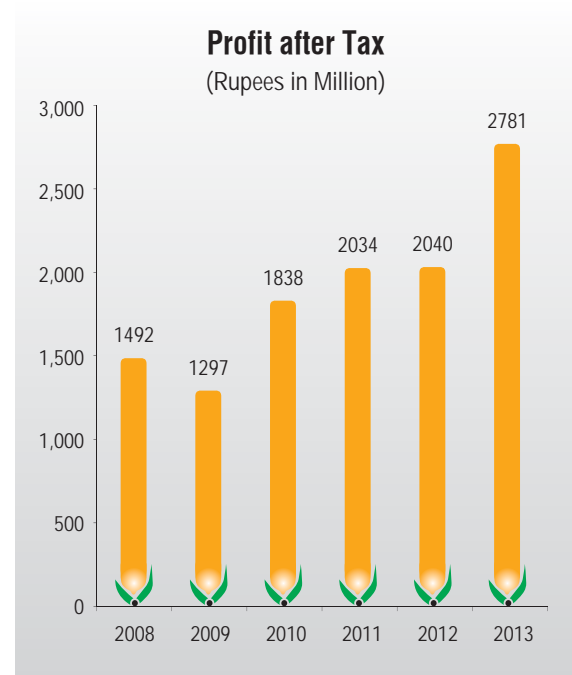
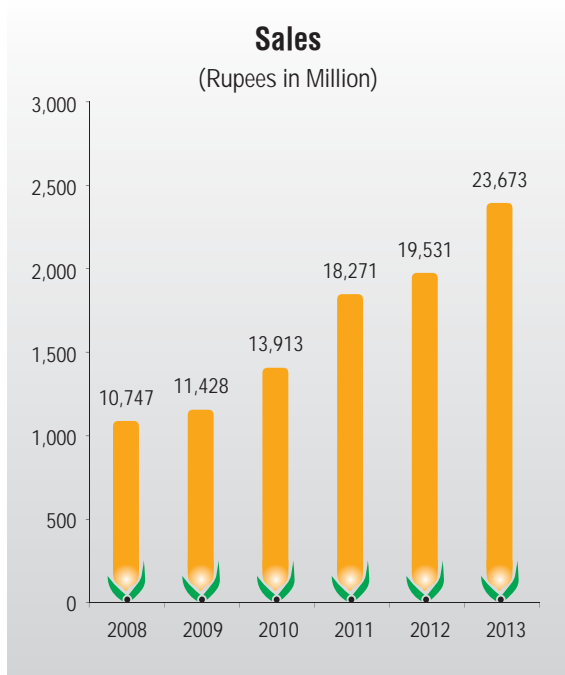




Disclosures under Code of Corporate Governance

Corporate and Financial Reporting Framework

- (a) The financial statements, prepared by the management of the listed company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- (b) Proper books of accounts of the listed company have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored; and
- (f) There are no significant doubts upon the listed Company's ability to continue as a going concern.

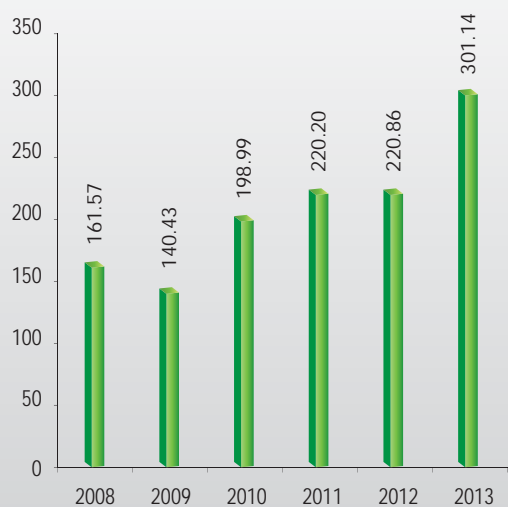


Key operating and financial data of last six years are as follows:

		2013	2012	2011	2010	2009	2008
Net Sales	Rs. Million	23,673	19,531	18,271	13,913	11,428	10,747
Cost of Sales	Rs. Million	19,460	15,557	14,471	10,615	8,993	8,006
Gross Profit	Rs. Million	4,213	3,975	3,800	3,298	2,435	2,741
% of Sales		18	20	21	24	21	26
Operating Profit	Rs. Million	3,652	3,304	3,400	2,955	2,131	2,415
% of Sales		15	17	19	21	19	22
Profit Before Tax	Rs. Million	3,593	3,123	3,216	2,800	2,012	2,299
Profit After Tax	Rs. Million	2,781	2,040	2,034	1,838	1,297	1,492
Earnings per Share	Rupees	301.14	220.86	220.20	198.99	140.43	161.57
Dividend Amount	Rs. Million	1,201	1,062	1,062	924	831	924
Dividend Percentage		1,300	1,150	1,150	1,000	900	1,000
Capital Expenditure	Rs. Million	453	1,185	1,122	582	848	606

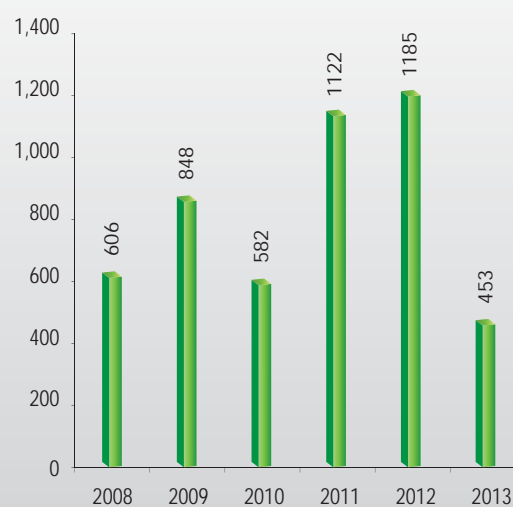
Earnings per Share

(Rupees)



Capital Expenditure

(Rupees in Million)



Value of investments of employees retirement funds:

Rs. Million

		2013	2012
Provident Fund	as at June 30	813.868	737.537
Gratuity Fund	as at December 31	667.984	610.088
Superannuation Fund	as at December 31	449.129	414.664

Board of Directors

The Board consists of eleven members which include nine non-executive and two executive directors. Out of nine non-executive directors, one is independent non-executive director and three directors represent minority shareholders. The current members of the Board of Directors have been listed in the Company Information. During the year under review, one casual vacancy occurred on the Board which was filled up within stipulated time.

During the year, two Directors have obtained certification under the program offered by Institute of Cost & Management Accountants of Pakistan. Total certified Directors now become six. One Director qualifies for exemption from Directors' Training Program as he has 14 years of education and 15 years of experience on the Board of the Company.

Attendance at Board Meetings

During the year, four meetings of the Board of Directors were held and attended as follows:

Name of Director	Meetings attended in person	Meetings attended by Alternate Director
Jorgen Kokke	2	2
Rashid Ali	4	
Ansar Yahya	4	
James P. Zallie	1	2
Cheryl K. Beebe	2	2
Mary A. Hynes*	-	-
Christine M. Castellano	1	2
Zulfikar Mannoo	3	
Mian M. Adil Mannoo	4	
Wisal A. Mannoo	4	
Dr. Abid Ali	4	
Sh. Gulzar Hussain	3	

*Mary Ann retired during the year and replaced by Christine Castellano.

Transactions in Company's Shares

CEO, Directors, CFO, Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year except as stated below -

		No. of shares sold
Sh. Gulzar Hussain	Director	140

Parent Company

Ingredion Incorporated, USA is holding majority shares of the Company.

Auditors

The retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2014.

Audit Committee

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance comprising four Board members. Four meetings of the Audit Committee were held during the year and attended as under—

			No. of Meetings Attended
Sh. Gulzar Hussain	Chairman	Independent Director	4
Cheryl K. Beebe	Member	Non Executive Director	-
Rashid Ali	Member	Non Executive Director	4
Zulfikar Mannoo	Member	Non Executive Director	4

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. CFO, Head of Internal Audit and a representative of external auditors attended all the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance. The Audit Committee also discussed with the external auditors their letter to the management. Related Parties Transactions

were also placed before the Audit Committee. The Audit Committee has fully adopted the terms of reference as specified in Code of Corporate Governance 2012.

Human Resource & Remuneration Committee

The Board of Directors has established a Human Resource & Remuneration Committee comprising four Board members. During the year, one meeting of the Committee was held -

			No. of Meeting Attended
Jorgen Kokke	Chairman	Non Executive Director	1
Cheryl K. Beebe	Member	Non Executive Director	1
Rashid Ali	Member	Non Executive Director	1
Ansar Yahya	Member	Executive Director	1

The Committee is responsible for –

- i) recommending human resource management policies to the board
- ii) recommending to the board the selection, evaluation, compensation (including retirement benefits and succession planning) of the CEO
- iii) recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

Shares Transfer Committee

The Board of Directors has established a Shares Transfer Committee comprising three Board members. Ten meetings of the Shares Transfer Committee were held during the year and attended as under -





Corporate Social Responsibility & Sustainability

Your Company has a strong belief in and endeavors to be a responsible corporate citizen in the community without any political affiliation. The management is well aware of its social obligations and has used a proactive approach to achieve the goodwill and respect for the Company within the areas of its operations. The Company focuses on community development through sustained investment in education, health, environment, infrastructural development and disaster relief initiatives.

Our major contribution towards community activities include but are not limited to:

Donations were made to the following organizations / institutions to support the noble causes under Corporate Social Responsibility Policy of the Company:

- As per previous years practice, your company donated to the Liver Foundation Trust, Faisalabad this year also for the treatment of poor patients suffering from Hepatitis.
- Harman Miner's 'Save our Souls' (SOS) Children Village, in our neighborhood to provide family based care and education to abandoned, destitute and orphaned children.
- 60 talented and needy students of Government Primary School, SWABI-KPK were selected to provide them stationary items, school bags, lunch boxes & thermos etc.
- Donation was given to Kotri Press Club for renovation expenses.
- Contribution was made for the relief of earthquake victims of Baluchistan through Kotri Association of Trade & Industry and also through Prime Minister Earthquake Fund separately.
- Donation was given to District Anti Tuberculosis (T.B.) Association.
- Your company donated Rotary Club, Faisalabad for promotion of education amongst the less privileged, but intelligent students.
- Donation was given to Sindh Institute of Urology and Transplantation (SIUT), Karachi, a welfare organization to provide free of cost medicines.
- Promote the children education in less privileged rural areas of the Punjab with the help of donation given to Galaxy Welfare Foundation, Faisalabad.

No. of Meetings Attended

Rashid Ali	Chairman	4
Ansar Yahya	Member	10
Dr. Abid Ali	Member	10

The Committee met from time to time to consider and approve valid transfers and transmissions of shares or any business related thereto.

Pattern of Shareholding

Pattern of Shareholding as on December 31, 2013, according to requirements of Code of Corporate Governance and a statement reflecting distribution of shareholding appears at the end of this report.

Contribution to National Exchequer

Your Company has contributed Rs.2,654 million (2012 : Rs.2,267 million) during the year 2013 to the national exchequer on payments towards sales tax, income tax, import duties and statutory levies. An amount of Rs.187 million (2012 : Rs.290 million) was also paid as withholding income tax deducted by the Company from shareholders, employees, suppliers and contractors.

- To facilitate the patients facing inconvenience / hardship due to scarcity of Wheel Chairs and Patient Trolleys, your Company donated 10 Wheel Chairs & Patient Trolleys for Allied Hospital (PMC) Emergency Department.
- 37 students of different professional institutions were provided internship training in different departments of the Company.
- Apprenticeship training is provided to the young aspiring students for 2-3 years.
- The Company arranged for their employees HBV/HCV screening and vaccination of HBV facility provided by Liver Foundation Trust, Faisalabad through their Mobile Health Care Unit at Rakh Canal Plant and Cornwala Plant.
- One day Free Diabetic Diagnostic Camp was organized for the willing visitors of neighboring areas of Faisalabad.
- A fully equipped dispensary is also available to meet emergency and general health care of the employees and their dependents.
- Your Company is recognized as an equal opportunity employer with reasonable compensation, benefits and working conditions.
- Extended 100 Scholarships to talented students for the facilitation and promotion of higher education.
- Employees participation in community welfare and development activities is encouraged.

The Company celebrates with great fervor various internationally commemorative days for creating awareness among employees:

- World Water Day
- Earth Hour
- World Health Day
- Earth Day
- World Day for Safety and Health at Work
- International Firefighters Day
- World No Tobacco Day
- World Environment Day
- World Heart Day
- Global Hand-washing Day
- World Diabetes Day

Dividend

The Company has already paid two interim dividends @250% and 300%. The Directors now propose a final dividend of 800% making the total 1350% for the year.

On behalf of the Board



Ansar Yahya
Chief Executive &
Managing Director

February 10, 2014

Comments on Analysis Results

- We are successful in converting challenges into opportunities and weakness into strength though extravagant increase in corn prices and electricity rates posed dip in gross margins. Yet our cost saving initiatives and austerity drive helped us to make up the decrease and post better results. The company has done excellent to improve other profitability ratios over 2012.
- The current ratios have been considerably improved over last year. The company availed the opportunity to procure more corn during winter harvest as the corn prices were almost 16% lower than the spring crop, thus quick / acid test ratios deteriorated a bit as compared to last year.
- The Company maintained cash conversion cycle below 50 days with significant improvement in receivables recovery. We strategically build Finished Good Inventory to cater for supplies during anticipated natural gas shut down period. Lower procurement of alternate fuel helped to reduce outstanding payables.
- EPS of the company has considerably improved over the last year and post a very healthy increase (48 %) in P/E ratio over 2012. Dividend cover increased by 21% over the last year which is also another positive sign. Market price of the share has sharply increased during the year 2013, which caused the decrease in dividend yield by 1%, whereas cash dividend per share improved by 13% over the last year.
- The company is fully operating on equity capital hence debts to equity ratios is zero.

SWOT Analysis

Strengths

- Organic growth 6% in last 5 years
- Technological advancement and multinational background
- Efficient logistics and supply chain management
- Availability of financial and technical support
- Strong market orientation and relevant capability
- Plants situated in proximity to major industrial cities
- Presence of efficient sales force on geographical lines
- Broader product line with stronger brands
- Effective segment management

Weaknesses

- Energy crises
- High Cost of Production due to usage of expensive alternative fuel
- Security concerns- Global buyers

Opportunities

- Other segments are growing - competencies to capitalize potential
- Capability in basic R&D of new products
- Implementation of adoptive strategies for expansion
- Multi service practices in promoting and executing sale
- Effective communications with customers
- Practices of key customer management

Threats

- Presence of Idle capacity in Glucose
- Multiple sweetener lines of Rice based competition
- Entry of new competition
- MFN status – India
- Low prices of other corn refiners
- Growing awareness & bargaining
- Saturation in investment

Stakeholders' Information

Performance Indicators for Six Years

		2013	2012	2011	2010	2009	2008
Profit and Loss Account							
Net turnover	Rs. Million	23,672.63	19,531.40	18,270.99	13,912.77	11,428.10	10,746.83
Gross profit	Rs. Million	4,212.81	3,974.51	3,799.82	3,297.74	2,435.36	2,741.25
Operating profit	Rs. Million	3,670.48	3,304.12	3,399.87	2,954.88	2,130.94	2,415.17
Profit before tax	Rs. Million	3,593.50	3,122.80	3,216.19	2,799.99	2,011.86	2,299.07
Profit after tax	Rs. Million	2,781.48	2,039.93	2,033.83	1,837.94	1,297.08	1,492.37
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Rs. Million	4,029.96	3,398.56	3,453.23	2,989.07	2,211.54	2,475.27
Balance Sheet							
Share capital	Rs. Million	92.36	92.36	92.36	92.36	92.36	92.36
Reserves	Rs. Million	8,330.60	6,771.49	5,789.23	4,861.52	3,915.37	3,486.08
Shareholders funds	Rs. Million	8,422.96	6,863.86	5,881.59	4,953.89	4,007.73	3,578.44
Property, plant and equipment	Rs. Million	4,909.26	3,749.06	2,283.49	2,174.15	1,765.37	1,553.16
Net current assets / (liabilities)	Rs. Million	3,953.42	2,289.13	2,091.54	2,061.37	1,495.49	1,684.25
Long term / deferred liabilities	Rs. Million	708.05	562.06	373.68	351.75	260.32	235.27
Total assets	Rs. Million	11,920.48	10,320.45	8,280.18	7,259.95	5,245.91	5,228.76
Profitability Ratios							
Gross profit ratio	Percentage	17.80	20.35	20.80	23.70	21.31	25.51
Net profit to sales	Percentage	11.75	10.44	11.13	13.21	11.35	13.89
EBITDA margin to sales	Percentage	17.02	17.40	18.90	21.48	19.35	23.03
Operating leverage	Percentage	0.52	(0.41)	0.48	1.78	(1.86)	0.90
Return on equity	Percentage	36.39	32.01	37.54	41.02	34.20	45.20
Return on capital employed	Percentage	30.46	27.47	32.51	34.64	30.39	39.13
Liquidity Ratios							
Current ratio	Times	2.42	1.79	2.03	2.05	2.53	2.19
Quick/ Acid test ratio	Times	0.41	0.57	0.37	0.30	1.05	0.29
Cash to current liabilities	Times	0.02	0.17	0.03	0.02	0.69	0.01
Cash flow from operations to sales	Times	0.05	0.16	0.13	0.02	0.25	0.07
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.47	4.41	4.29	3.09	6.23	2.98
No. of days in inventory	Days	105.19	82.77	85.08	118.12	58.59	122.48
Debtors turnover ratio	Times	30.71	26.31	33.97	36.91	36.24	31.28
No. of days in receivables	Days	11.89	13.87	10.74	9.89	10.07	11.67
Creditors turnover ratio	Times	7.61	5.99	10.68	9.58	12.25	10.45
No. of days in payables	Days	47.96	60.93	34.18	38.10	29.80	34.93
Total assets turnover ratio	Times	1.99	1.89	2.21	1.92	2.18	2.06
Fixed assets turnover ratio	Times	4.82	5.21	8.00	6.40	6.47	6.92
Operating cycle	Days	48.98	46.57	63.92	61.31	63.89	77.78
Investment / Market Ratios							
Earnings per share	Rupees	301.14	220.86	220.20	198.99	140.43	161.57
Price earning ratio	Times	26.79	18.10	11.41	10.60	10.57	14.74
Dividend yield ratio	Percentage	2.00	3.00	5.00	5.00	6.00	4.00
Dividend payout ratio	Percentage	43.17	52.07	52.23	50.25	64.09	61.89
Dividend cover ratio	Times	2.32	1.92	1.91	1.99	1.56	1.62
Cash dividend per share	Rupees	130.00	115.00	115.00	100.00	90.00	100.00
Stock Dividend (Bonus) per share	Percentage	-	-	-	-	-	-
Market value per share at the end of the year	Rupees	8,067.38	3,998.38	2,513.28	2,109.87	1,485.00	2,381.42
Market value per share during the year (High)	Rupees	8,450.00	4,625.00	3,016.00	2,298.00	2,262.35	2,940.00
Market value per share during the year (Low)	Rupees	3,485.00	2,405.00	2,010.00	1,100.00	1,286.87	2,300.00
Break-up value per share - Refer note below							
- Without surplus on revaluation of fixed assets	Rupees	911.93	743.13	636.78	536.34	433.91	387.43
- Including the effect of surplus on revaluation of fixed assets	Rupees	911.93	743.13	636.78	536.34	433.91	387.43
Capital Structure Ratios							
Financial leverage ratio	Times	0.01	-	0.07	0.13	-	0.14
Weighted average cost of debt	Percentage	11.09	11.87	13.88	13.35	13.73	12.66
Debt : Equity ratio	Times	-	-	-	-	-	-
Interest cover	Times	62.90	56.67	56.70	89.75	42.26	64.65

Stakeholders' Information

Performance Indicators for Six Years

		2013	2012	2011	2010	2009	2008
Reconciliation of Weighted average number of shares for calculating EPS and diluted EPS							
Opening balance	Nos.	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428
Add: Bonus shares issued during the year	Nos.	-	-	-	-	-	-
Total	Nos.	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428

Note: The Company has not carried out any revaluation, hence there is no surplus on revaluation of fixed asset

Summary of Cash Flow Statement

	2013	2012	2011	2010	2009	2008
	(Rupees in thousands)					
Cash flow from operating activities	1,133,428	3,088,555	2,440,132	232,457	2,830,047	741,549
Cash flow from investing activities	(448,813)	(1,180,865)	(1,116,204)	(577,499)	(846,392)	(604,368)
Cash flow from financing activities	(1,119,567)	(1,459,253)	(1,298,041)	(288,480)	(1,324,451)	(429,291)
	(434,952)	448,437	25,887	(633,522)	659,204	(292,110)
Opening cash and cash equivalents	506,520	63,026	39,741	673,409	13,730	305,420
Effect of exchange rate fluctuations	(14,246)	(4,943)	(2,602)	(146)	475	420
Closing cash and cash equivalents	57,322	506,520	63,026	39,741	673,409	13,730

Cash Flow Statement - Direct Method

	2013	2012	2011	2010	2009	2008
	(Rupees in thousands)					
Cash flows from operating activities						
Cash received from customers	23,644,067	19,326,826	18,110,107	13,851,211	11,456,343	10,731,611
Cash paid to suppliers and employees	(21,623,395)	(15,236,202)	(14,484,335)	(12,653,053)	(7,964,546)	(9,231,427)
Finance cost paid	(95,575)	(133,764)	(93,579)	(52,602)	(84,145)	(37,625)
Interest income received	2,281	2,083	3,614	6,685	4,303	25,420
Taxes paid	(793,950)	(870,388)	(1,095,675)	(919,784)	(581,908)	(746,430)
Net cash flows from operating activities	1,133,428	3,088,555	2,440,132	232,457	2,830,047	741,549
Cash flows from investing activities						
Property, plant and equipment	(452,894)	(1,184,502)	(1,122,352)	(581,897)	(847,507)	(606,325)
Sale proceeds of property, plant and equipment	4,421	6,186	5,411	3,587	4,822	707
Disbursement of long term loans	(3,600)	(4,746)	(2,943)	(1,500)	(4,826)	(230)
Repayment from long term loans	3,260	2,197	3,680	2,311	1,119	1,480
Net cash flows from investing activities	(448,813)	(1,180,865)	(1,116,204)	(577,499)	(846,392)	(604,368)
Cash flows from financing activities						
Dividend paid	(1,199,955)	(1,061,351)	(1,061,483)	(922,940)	(830,742)	(923,000)
Increase / (Decrease) in short term running finances	80,388	(397,902)	(236,558)	634,460	(493,709)	493,709
Net cash flows from financing activities	(1,119,567)	(1,459,253)	(1,298,041)	(288,480)	(1,324,451)	(429,291)
Net increase / (Decrease) in cash and cash equivalents	(434,952)	448,437	25,887	(633,522)	659,204	(292,110)
Cash and cash equivalents at the beginning of the year	506,520	63,026	39,741	673,409	13,730	305,420
Effect of exchange rate fluctuations	(14,246)	(4,943)	(2,602)	(146)	475	420
Cash and cash equivalents at the end of the year	57,322	506,520	63,026	39,741	673,409	13,730





Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance



We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Rafhan Maize Products Co Ltd. ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company 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 system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation No. 35 notified by the respective stock exchanges where the Company is listed, requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

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 as applicable to the Company for the year ended 31st December 2013.

KPMG Taseer Hadi's Co.

KPMG Taseer Hadi & Co.

Chartered Accountants
(Bilal Ali)

Lahore
10th February, 2014

Statement of Compliance with the

Code of Corporate Governance - Year Ended December 31, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No.35 of Karachi Stock Exchange (Guarantee) Limited and Chapter XI 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 company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present, the board includes :


Category	Names
Independent Director	Sh. Gulzar Hussain
Executive Directors	Mr. Ansar Yahya Dr. Abid Ali
Non-Executive Directors	Mr. Jorgen Kokke Mr. Rashid Ali Ms. Cheryl K. Beebe Ms. Christine M. Castellano Mr. James P. Zallie Mr. Zulfikar Mannoo Mian M. Adil Mannoo Mr. Wisal A. Mannoo

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. One casual vacancy, occurred on the Board during the year under review, was filled up within 30 days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by the Vice Chairman and in their absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the Board were apprised of their duties and responsibilities from time to time during Board meetings. In accordance with mandatory requirement of SECP and Stock Exchanges, two Directors got certification under the program offered by Institute of Cost & Management Accountants of Pakistan. Total certified Directors now become six.
10. The board has approved/ratified appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment after implementation of CCG 2012.

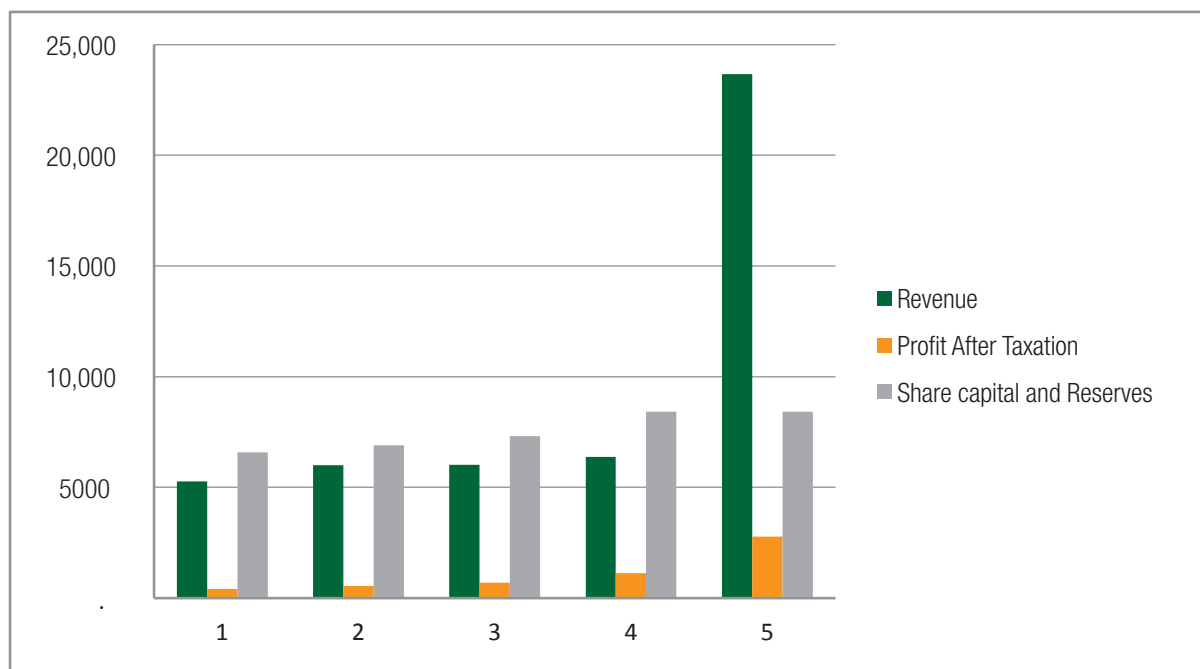
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises four members. All are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors. The chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function. The Internal Auditor is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Ansar Yahya
Chief Executive &
Managing Director

February 10, 2014

Quarterly Analysis



	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Rs Million.....				
Revenue	5,269	6,002	6,022	6,380	23,673
Profit after Taxation	416	545	689	1,131	2,781
Share Capital and Reserves	6,587	6,901	7,313	8,423	8,423
Earning per share	45.04	59.03	74.60	122.47	301.14

Sale - Net

Sales revenue continued to be improved quarter over quarter. The Company performed excellently during quarter. 105% increase in exports volume helped to increase total sales by 21% over the last year.

ended December 31, 2012. Thereafter resources continued to increase owing to better profitability as compared to Interim Dividend percentage

Profit after Taxation

Profit after Taxation increased by 31% in second quarter due to timely taking cost saving initiatives at micro level. Moreover, in the third and fourth quarter. The Company has to revise prices of major products to cover extravagant increase in corn and utility prices thus dip in margin was recorded during Q4.

Earning per Share

Earning per share is persistently increasing due to increase in Profit After Tax during the year.

Share Capital and Reserves

Share capital and reserves Rs 6,863 Million at the start of the year, which has decreased at the end of first quarter due to payment of final dividend on ordinary shares for the year

Sensitivity Analysis

The company is mainly dealing in US Dollars, hence sensitivity analysis has been made against USD only. At reporting date, if PKR had strengthened by 10% against USD with all other variables remained constant, Profit Before Tax for the year 2013 would have been lower by the Rs.13,168k as against Rs.18,310k of 2012, mainly as a result of net foreign exchange gain on translation

of foreign debtors, foreign currency bank account and other payables. Correspondingly, weakening of the PKR against USD would have had an equal but opposite impact on the Profitability. This sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Statement of Value Added and its Distribution

	2013	(Rupees in thousands)		2012
VALUE ADDED				
Net sales	23,672,632			19,531,398
Material and services	(18,561,873)			(15,074,994)
Other income	220,563			100,769
	5,331,322			4,557,173
DISTRIBUTION		%		%
EMPLOYEES AS REMUNERATION				
Salaries, wages and amenities	1,060,522	19.9		930,237
				20.4
FINANCIAL CHARGES TO PROVIDERS OF FINANCE				
Finance Cost	58,055	1.1		56,099
				1.2
GOVERNMENT AS TAXES				
Tax	812,017	15.1		1,082,874
Workers profit participation fund	189,132	3.5		167,633
Workers welfare fund	50,357	0.9		58,357
	1,051,506	19.7		1,308,864
				28.7
SHAREHOLDERS AS DIVIDEND				
Cash dividend	1,200,736	22.5		1,062,189
				23.3
SOCIETY WELFARE				
Donations	1,356	-		2,390
				0.1
RETAINED WITHIN THE BUSINESS				
Depreciation/amortization	378,402	7.1		219,653
Retained profit	1,580,745	29.7		977,741
	1,959,147	36.8		1,197,394
				26.4
	5,331,322	100		4,557,173
				100

Auditors' Report to the Members



We have audited the annexed balance sheet of Rafhan Maize Product Company Limited ("the Company") as at 31 December 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the 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 balance sheet and profit and 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 accounting policies consistently applied;
 - ii) The expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the 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 31 December 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore
10th February, 2014

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Balance Sheet

As at 31 December 2013

	Note	2013 (Rupees in thousands)	2012
NON CURRENT ASSETS			
Property, plant and equipment	5	4,909,256	3,749,062
Intangible assets	6	14,087	20,799
Capital work in progress	7	233,469	1,312,568
Employees retirement benefits	8	16,778	50,328
Long term loans - secured considered good	9	3,999	4,032
		5,177,589	5,136,789
Current assets			
Stores and spares	10	545,310	437,899
Stock in trade	11	5,055,296	3,093,207
Trade debts	12	770,947	742,382
Loans and advances	13	129,699	255,025
Trade deposits and short term prepayments	14	158,255	132,767
Other receivables	15	26,058	15,860
Cash and bank balances	16	57,322	506,520
		6,742,887	5,183,660
Current liabilities			
Trade and other payables	17	2,557,080	2,596,483
Mark up accrued on short term running finances		4,979	11,199
Short term running finances - secured	18	80,388	-
Taxation - net		147,017	286,852
		2,789,464	2,894,534
Working capital		3,953,423	2,289,126
Total capital employed		9,131,012	7,425,915
NON CURRENT LIABILITIES			
Deferred taxation	19	708,048	562,057
NET CAPITAL EMPLOYED		8,422,964	6,863,858

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


Dr. Abid Ali
 Director


Ansar Yahya
 Chief Executive and
 Managing Director


Zulfikar Mannoo
 Director

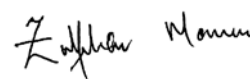
	Note	2013 (Rupees in thousands)	2012
Represented by:			
Share capital and reserves			
Share capital	20	92,364	92,364
Reserves	21	8,330,600	6,771,494
Contingencies and commitments			
	22		
		<u>8,422,964</u>	<u>6,863,858</u>



Dr. Abid Ali
Director



Ansar Yahya
Chief Executive and
Managing Director



Zulfikar Mannoo
Director

Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 (Rupees in thousands)	2012
Sales - net	23	23,672,632	19,531,398
Cost of sales	24	(19,459,818)	(15,556,892)
Gross profit		4,212,814	3,974,506
Distribution expenses	25	(223,836)	(368,192)
Administrative expenses	26	(318,499)	(302,190)
Other income	27	220,563	100,769
Other operating expenses	28	(239,489)	(225,990)
		(561,261)	(795,603)
Operating profit		3,651,553	3,178,903
Finance cost	29	(58,055)	(56,099)
Profit before taxation		3,593,498	3,122,804
Taxation	30	(812,017)	(1,082,874)
Profit after taxation		2,781,481	2,039,930
Earnings per share - basic and diluted (Rupees)	31	301.14	220.86

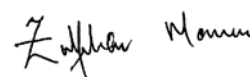
The annexed notes 1 to 41 form an integral part of these financial statements.



Dr. Abid Ali
Director



Ansar Yahya
Chief Executive and
Managing Director



Zulfikar Mannoo
Director

Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 (Rupees in thousands)	2012
Profit for the year	2,781,481	2,039,930
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit and loss	-	-
Items that will not be reclassified to profit and loss		
Actuarial gain / (loss) of retirement benefits recognized directly in equity	(33,550)	6,966
Deferred tax on actuarial (gain) / loss recognized directly in equity	11,408	(2,439)
Reduction in tax rate	503	-
	(21,639)	4,527
Total comprehensive income for the year	2,759,842	2,044,457

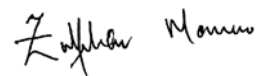
The annexed notes 1 to 41 form an integral part of these financial statements.



Dr. Abid Ali
Director



Ansar Yahya
Chief Executive and
Managing Director



Zulfikar Mannoo
Director

Cash Flow Statement

For the year ended 31 December 2013

	Note	2013 (Rupees in thousands)	2012
Cash flows from operating activities			
Profit before tax		3,593,498	3,122,804
Adjustment for non-cash charges and other items:			
Depreciation		371,690	213,369
Amortization of intangible asset		6,712	6,284
Provision for employees retirement benefits		40,747	53,177
(Reversal) / Provision for doubtful debts		(16,028)	2,156
Provision for slow moving and obsolete items		6,524	425
Profit on sale of property, plant and equipment		(4,312)	(5,534)
Liabilities no longer payable written back		(2,344)	-
Interest income		(2,281)	(2,083)
Finance cost		58,055	56,099
Gain on foreign exchange transactions		14,246	4,943
Markup capitalized		31,300	77,406
Operating profit before working capital changes		4,097,807	3,529,046
(Increase) / decrease in current assets:			
Stores and spares		(113,935)	(73,209)
Stock in trade		(1,962,089)	(87,217)
Trade debts		(12,537)	(206,728)
Loans and advances		125,699	(183,491)
Trade deposits and short term prepayments		(25,488)	(67,672)
Other receivables		(15,551)	(6,498)
		(2,003,901)	(624,815)
Increase / (decrease) in current liabilities:			
Trade and other payables		(33,280)	1,240,401
Net decrease / (increase) in working capital		(2,037,181)	615,586
Cash generated from operations		2,060,626	4,144,632
Taxes paid		(793,950)	(870,388)
Employees retirement benefits paid		(40,747)	(53,177)
Interest received		3,074	1,252
Finance cost paid		(95,575)	(133,764)
		(927,198)	(1,056,077)
Net cash generated from operating activities		1,133,428	3,088,555
Cash flows from investment activities			
Capital expenditure incurred		(452,894)	(1,184,502)
Proceeds from sale of property, plant and equipment		4,421	6,186
Long term loans disbursed		(3,600)	(4,746)
Repayment from long term loans		3,260	2,197
Net cash used in investing activities		(448,813)	(1,180,865)
Cash flows from financing activities			
Dividend paid		(1,199,955)	(1,061,351)
Short term running finances - secured		80,388	(397,902)
Net cash used in financing activities		(1,119,567)	(1,459,253)
Net (decrease) / increase in cash and cash equivalents		(434,952)	448,437
Cash and cash equivalents at the beginning of the year		506,520	63,026
Effect of exchange rate fluctuations on cash and cash equivalents		(14,246)	(4,943)
Cash and cash equivalents at the end of the year	16	57,322	506,520

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


Dr. Abid Ali
Director


Ansar Yahya
Chief Executive and
Managing Director


Zulfikar Mannoo
Director

Statement of Changes in Equity

For the year ended 31 December 2013

	Capital Reserves			Revenue Reserves		
	Share capital	Share premium	Other	General	Unappropriated profit	Total
(Rupees in thousands)						
Balance as at 31 December 2011	92,364	36,946	941	207	5,751,132	5,881,590
Total comprehensive income for the year	-	-	-	-	2,044,457	2,044,457
	92,364	36,946	941	207	7,795,589	7,926,047
Transactions with owners of the Company, recognized directly in equity						
Final dividend 2011 @ Rs. 65 per share	-	-	-	-	(600,367)	(600,367)
1st interim dividend @ Rs. 25 per share	-	-	-	-	(230,911)	(230,911)
2nd interim dividend @ Rs. 25 per share	-	-	-	-	(230,911)	(230,911)
	-	-	-	-	(1,062,189)	(1,062,189)
Balance as at 31 December 2012	92,364	36,946	941	207	6,733,400	6,863,858
Total comprehensive income for the year	-	-	-	-	2,759,842	2,759,842
	92,364	36,946	941	207	9,493,242	9,623,700
Transactions with owners of the Company, recognized directly in equity						
Final dividend 2012 @ Rs. 75 per share	-	-	-	-	(692,732)	(692,732)
1st interim dividend @ Rs. 25 per share	-	-	-	-	(230,911)	(230,911)
2nd interim dividend @ Rs. 30 per share	-	-	-	-	(277,093)	(277,093)
	-	-	-	-	(1,200,736)	(1,200,736)
Balance as at 31 December 2013	92,364	36,946	941	207	8,292,506	8,422,964

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


Dr. Abid Ali
Director


Ansar Yahya
Chief Executive and
Managing Director


Zulfikar Mannoo
Director

Notes to the Financial Statements

For the year ended 31 December 2013

1 The Company and its operations

Rafhan Maize Products Company Limited ("the Company") is incorporated in Pakistan and is listed on the Karachi and Lahore Stock Exchanges. Ingredion Inc. (formerly Corn Products International Inc.) Chicago, U.S.A., holds majority shares of the Company. The registered office of the Company is located at Finlay House, I.I. Chundrigar Road, Karachi.

The Company uses maize as the basic raw material to manufacture and sell a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board and Islamic Financial Reporting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 New Standards, amendments to approved accounting standards and interpretations which became effective during the year ended 31 December, 2013

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) interpretations which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards and amendments to published approved International Financial Reporting Standards not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014:

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendment has no impact on financial statements of the Company.
- Amendments to IAS 27 "Consolidated and Separate Financial Statements" – consolidation relief for investments funds (effective for annual periods beginning on or after 1 January 2014). A qualifying investment entity is required to account for investments in controlled entities - as well as investments in associates and joint ventures - at fair value through profit or loss (FVTPL); the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. The consolidation exception is mandatory - not optional. The amendment has no impact on financial statements of the Company.
- "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36) - (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment has no impact on financial statements of the Company. The amendment has no impact on financial statements of the Company.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge

Notes to the Financial Statements

For the year ended 31 December 2013

accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. This amendment has no impact on financial statements of the Company.

- Amendments to IAS 19 “Employee Benefits” Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. This amendment has no impact on financial statements of the Company.
- IFRIC 21- Levies ‘an Interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This amendment has no impact on financial statements of the Company.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 ‘Share-based Payment’. IFRS 2 has been amended to clarify the definition of ‘vesting condition’ by separately defining ‘performance condition’ and ‘service condition’. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
- IFRS 3 ‘Business Combinations’. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- IFRS 8 ‘Operating Segments’ has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment’s assets to the entity assets is required only if this information is regularly provided to the entity’s chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- Amendments to IAS 16 ‘Property, plant and equipment’ and IAS 38 ‘Intangible Assets’. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 ‘Related Party Disclosure’. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 ‘Investment Property’. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards that became effective for accounting periods beginning on or after 1 January 2014, they have no significant impact on Company’s financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employees retirement benefits at present value.

4 Summary of significant accounting policies

4.1 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.2 Revenue recognition

Sale of goods

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sales is recognized upon transfer of significant risks and rewards of ownership of the goods to buyers i.e. dispatch of goods to customers.

Interest

Income from bank deposits and loans is recognized on accrual basis.

4.3 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.4 Earning per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the

Notes to the Financial Statements

For the year ended 31 December 2013

Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.5 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.15.

Depreciation on property, plant and equipment is provided on a straight-line-basis. Rates of depreciation, which are disclosed in note 5, are designed to write off the cost over the estimated useful lives of the assets. Depreciation methods, residual values and useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense.

4.6 Intangible assets

An intangible asset is an identifiable non - monetary asset a without physical substance.

Cost associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are recognized when it is probable that the expected future economic benefits will for to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment. Amortization on intangible assets is provided on a straight-line-basis on rates disclosed in note 6.

4.7 Capital work-in-progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equip

Notes to the Financial Statements

For the year ended 31 December 2013

ment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.8 Retirement and termination benefits

Defined contributions scheme

The Company operates a defined contribution approved provident fund for all its eligible employees, in which the Company and the employees make equal monthly contributions at the rate of 14% of basic salary including dearness allowance of employees.

Defined benefits schemes

The Company also maintains an approved gratuity fund for all its employees and an approved pension fund for officers and above-grade employees, having a service period of minimum 10 years.

The contributions are made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2013.

The future contribution rates of these funds include allowances for deficit and surplus. Projected unit credit method is used for valuation of these funds based on the following significant assumptions:

	Gratuity Fund		Pension Fund	
	2013	2012	2013	2012
Annual discount rate	13.00%	12.00%	13.00%	12.00%
Expected return on plan assets	13.00%	11.50%	13.00%	11.50%
Contribution rates (% of basic salaries)	15.04%	10.40%	8.95%	30.20%
Annual increase in pension rate	-	-	4%	3%
Expected rate of growth per annum in future salaries	13.00%	12.00%	13.00%	12.00%

The actuarial gains and losses are recognized in the period in which they occur directly in shareholders' equity and presented in the statement of comprehensive income.

4.9 Compensated absences

The Company accounts for compensated absences on the basis of unavailed earned leave balance of each employee at the end of the year.

4.10 Stores and spares

These are valued at lower of cost, which is calculated according to moving average method, and net realizable value. Stores in transit are valued at invoice value including other charges, if any, incurred thereon.

4.11 Stocks in trade

Stocks in trade have been valued at the lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated costs to complete and to make the sale.

Cost has been determined as follows:

Raw materials	Moving average cost
Work in process	Moving average cost
Finished goods	Moving average cost

4.12 Research and development cost

Research and development costs are charged to profit and loss account in the year in which these are incurred.

Notes to the Financial Statements

For the year ended 31 December 2013

4.13 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

4.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

4.15 Borrowing costs

Borrowing costs incurred on related property, plant and equipment are capitalized till the date of commissioning. All other borrowing costs are included in the profit and loss of the period on an accrual basis.

4.16 Provisions

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

4.17 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.18 Off-setting of financial assets and financial liabilities

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

4.19 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.20 Impairment losses

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Notes to the Financial Statements

For the year ended 31 December 2013

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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

Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis.

4.21 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. Derivatives are carried as assets when fair value is positive and liabilities when the fair value is negative.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedging items will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

4.22 Related party transactions

Transactions with related parties are priced at comparable uncontrolled market price except for the assets sold to employees under the employees' car scheme as approved by the board of directors.

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

4.23 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

Notes to the Financial Statements

For the year ended 31 December 2013

5 Property, plant and equipment

	COST			DEPRECIATION			Book value			Rate %
	As at 01 Jan 2013	Additions / transfers	Disposals	As at 31 Dec 2013	As at 01 Jan 2013	On disposals	Charge for the year	As at 31 Dec 2013	As at 31 Dec 2013	
	(Rupees in thousands)									
Free - hold land	352,187	-	-	352,187	-	-	-	-	352,187	
Factory building on free - hold land	1,390,928	602,686	-	1,993,614	574,552	-	164,127	738,679	1,254,935	10
Plant, machinery and equipment	4,022,836	919,416	(39,561)	4,902,691	1,522,457	(39,480)	181,710	1,664,687	3,238,004	5
Furniture, fixture and office equipment	86,627	4,327	(3,030)	87,924	53,198	(3,002)	10,101	60,297	27,627	20
Automobiles	114,012	5,564	(3,752)	115,824	67,321	(3,752)	15,752	79,321	36,503	20
2013	5,966,590	1,531,993	(46,343)	7,452,240	2,217,528	(46,234)	371,690	2,542,984	4,909,256	

	COST			DEPRECIATION			Book value			Rate %
	As at 01 Jan 2012	Additions / transfers	Disposals	As at 31 Dec 2012	As at 01 Jan 2012	On disposals	Charge for the year	As at 31 Dec 2012	As at 31 Dec 2012	
	(Rupees in thousands)									
Free - hold land	352,187	-	-	352,187	-	-	-	-	352,187	
Factory building on free - hold land	778,045	612,883	-	1,390,928	503,136	-	71,416	574,552	816,376	10
Plant, machinery and equipment	3,008,219	1,020,615	(5,998)	4,022,836	1,408,735	(5,850)	119,572	1,522,457	2,500,379	5
Furniture, fixture and office equipment	65,886	20,994	(253)	86,627	45,638	(253)	7,813	53,198	33,429	20
Automobiles	96,772	25,105	(7,865)	114,012	60,114	(7,361)	14,568	67,321	46,691	20
2012	4,301,109	1,679,597	(14,116)	5,966,590	2,017,623	(13,464)	213,369	2,217,528	3,749,062	

5.1 The cost of fully depreciated assets which are still in use is Rs. (thousands) 778,258 (2012: Rs. (thousands) 800,263).

	Note	2013 (Rupees in thousands)	2012 (Rupees in thousands)
5.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	24	356,612	199,538
Distribution expenses	25	5,043	5,259
Administrative expenses	26	10,035	8,572
		371,690	213,369

5.3 Disposal of property, plant and equipment

Description	Sold to	Book value		Sale Proceeds		Gain	Mode of disposal
		Cost	value	Proceeds	Gain		
(Rupees in thousands)							
Assets with book value less than Rs. (thousand) 50.	Miscellaneous	46,343	109	4,421	4,312		Tender and negotiations
2013		46,343	109	4,421	4,312		
2012		14,116	652	6,186	5,534		

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 (Rupees in thousands)	2012
6 Intangible assets			
SAP and other computer softwares			
Cost			
As at 01 January		33,567	29,899
Additions		-	3,668
As at 31 December		33,567	33,567
Amortization			
As at 01 January		12,768	6,484
Charge for the year	26	6,712	6,284
As at 31 December		19,480	12,768
Book value as at 31 December		14,087	20,799
Rate of amortization		20%	20%

7 Capital work in progress

	Cornwala / Mehran projects	Plant expansion projects	Others	2013	2012
(Rupees in thousands)					
Civil works and buildings	19,865	-	-	19,865	533,129
Plant and machinery	104,147	102,643	-	206,790	772,625
Advance for land - note 7.2	-	-	6,814	6,814	6,814
2013	124,012	102,643	6,814	233,469	1,312,568
2012	1,305,754	-	6,814		

7.1 Cornwala/Mehran projects includes markup amounting to Rs.(thousands) 31,300 (2012: Rs. (thousands) 77,406) capitalized during the year at the rate ranging from 9.02 % to 11.09 % per annum (2012: 9.6% to 13.6%).

7.2 This represents full payment of Rs. (thousands) 1,814 (2012: Rs. (thousands) 1,814) and legal cost incurred Rs. (thousands) 5,000 (2012: Rs. (thousands) 5,000) for the Company's factory land in Faisalabad which was acquired from the government in 1953 but registration of title is still pending in the name of Company.

	Note	2013 (Rupees in thousands)	2012
8 Employees retirement benefits			
Gratuity	8.1	36,901	63,291
Pension	8.1	(20,123)	(12,963)
		16,778	50,328

Notes to the Financial Statements

For the year ended 31 December 2013

8.1 Movements in the net assets / (liabilities) recognized in the balance sheet are as follows:

	Gratuity		Pension	
	2013	2012	2013	2012
	(Rupees in thousands)			
Net assets / (liabilities) at the beginning of the year	63,291	78,098	(12,963)	(34,736)
Expenses recognized	(25,546)	(17,407)	(15,201)	(35,770)
Contribution paid during the year	25,546	17,407	15,201	35,770
Actuarial (loss) / gain recognized	(26,390)	(14,807)	(7,160)	21,773
Net assets / (liabilities) at the end of the year	36,901	63,291	(20,123)	(12,963)
8.2 The amounts recognized in the profit and loss account are as follows:				
Current service cost	31,076	24,506	12,392	9,727
Interest cost	63,613	64,634	49,797	51,833
Interest income on plan assets	(72,150)	(71,733)	(49,031)	(45,790)
Impact of special contribution paid by employer	3,007	-	2,043	20,000
	<u>25,546</u>	<u>17,407</u>	<u>15,201</u>	<u>35,770</u>
8.3 The amounts recognized in the balance sheet are as follows:				
Present value of the obligation	(631,083)	(546,797)	(469,252)	(427,627)
Fair value of plan assets	667,984	610,088	449,129	414,664
Net asset / (liability)	<u>36,901</u>	<u>63,291</u>	<u>(20,123)</u>	<u>(12,963)</u>
8.4 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at the beginning of the year	546,797	491,586	427,627	390,523
Current service cost	31,076	24,506	12,392	9,727
Interest cost	63,613	64,634	49,797	51,833
Actual benefits paid during the year	(32,048)	(43,659)	(25,368)	(24,075)
Actuarial loss / (gain) on obligation	21,645	9,730	4,804	(381)
Present value of defined benefit obligation as at the end of the year	631,083	546,797	469,252	427,627
8.5 Movement in fair value of plan assets				
Fair value of plan asset as at the beginning of the year	610,088	569,684	414,664	355,787
Interest income on plan assets	72,150	71,733	49,031	45,790
Actual benefits paid during the year	(32,048)	(43,659)	(25,368)	(24,075)
Actual contribution by the employer- normal	22,539	17,407	13,158	15,770
Actual contribution by the employer- special	3,007	-	2,043	20,000
Net return on plan assets over interest income	(7,752)	(5,077)	(4,399)	1,392
Fair value of plan asset as at the end of the year	667,984	610,088	449,129	414,664

Notes to the Financial Statements

For the year ended 31 December 2013

	Gratuity		Pension	
	2013	2012	2013	2012
(Rupees in thousands)				
8.6 Actual return on plan assets				
Expected return on plan assets	72,150	71,733	49,031	45,790
Net return on plan assets over interest income	(7,752)	(5,077)	(4,399)	1,392
	<u>64,398</u>	<u>66,656</u>	<u>44,632</u>	<u>47,182</u>
(Percentage)				
8.7 Plan assets consist of the following				
Debt instruments	75%	83%	81%	85%
Cash and other deposits	7%	2%	6%	12%
Mutual funds	18%	15%	13%	3%

8.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions	Impact on defined benefit obligation			
		Gratuity		Pension	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
(Rupees in thousands)					
Discount rate	0.5%	(20,948)	22,523	(22,547)	24,640
Salary growth rate	0.5%	23,058	(21,636)	8,255	(7,764)
Pension increase rate	0.5%	-	-	17,686	(16,675)

8.9 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the

	2013	2012	2011	2010	2009
(Rupees in thousands)					
8.10 Historical information - gratuity					
Present value of defined benefit obligation	(631,083)	(546,797)	(491,586)	(415,553)	(380,565)
Fair value of plan assets	667,984	610,088	569,684	507,583	464,553
Surplus in the plan	<u>36,901</u>	<u>63,291</u>	<u>78,098</u>	<u>92,030</u>	<u>83,988</u>
Experience adjustment arising on plan liabilities loss / (gain)	21,645	9,730	9,676	(9,281)	2,489
Experience adjustment arising on plan assets loss / (gain).	(7,752)	(5,077)	(4,256)	(1,239)	(3,269)

Notes to the Financial Statements

For the year ended 31 December 2013

	2013	2012	2011	2010	2009
	(Rupees in thousands)				
8.11 Historical information - pension					
Present value of defined benefit obligation	(469,252)	(427,627)	(390,523)	(325,703)	(339,240)
Fair value of plan assets	449,129	414,664	355,787	298,473	271,036
Deficit in the plan	(20,123)	(12,963)	(34,736)	(27,230)	(68,204)
Experience adjustment arising on plan liabilities loss / (gain)	4,804	(381)	32,815	(43,885)	43,879
Experience adjustment arising on plan assets gain / (loss)	(4,399)	1,392	(4,691)	(2,911)	(6,536)

	Note	2013	2012
		(Rupees in thousands)	
9 Long term loans - secured considered good			
Staff loans outstanding:			
Executives	9.1	5,143	3,600
Other employees		1,479	2,682
		6,622	6,282
Less: Current maturity	13	2,623	2,250
		3,999	4,032
9.1 Loans to executives			
Opening balance		3,600	2,149
Disbursement during the year		3,600	2,700
Recoveries during the year		(2,057)	(1,249)
Closing balance		5,143	3,600

9.2 Maximum aggregate balance during the year, at the end of any month, of loans to executives was Rs. (thousands) 5,945 (2012: Rs. (thousands) 4,306).

9.3 No loans were granted to the directors and chief executive of the Company.

9.4 Loans to other employees represent house building loans provided to employees in accordance with Company's policy and are repayable over a period of five years. These loans are secured against the employees provident fund. Loans to employees carry interest at the rate of approximately 8% per annum (2012: 8 % per annum).

9.5 These loans have not been discounted to their present value as the financial impact thereof is not material.

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 (Rupees in thousands)	2012
10 Stores and spares			
Stores		426,126	359,244
Spares		154,174	118,051
		580,300	477,295
Less: Provision for slow moving and obsolete items	10.1	(54,071)	(47,547)
		526,229	429,748
Stores in transit		19,081	8,151
		545,310	437,899
10.1 Provision for slow moving and obsolete items			
Opening balance		47,547	47,122
Provision for the year		6,524	425
Closing balance		54,071	47,547
11 Stock in trade			
Raw materials - corn and cobs		3,013,056	1,949,558
Work in process		57,403	66,065
Finished goods	11.1	1,984,837	1,077,584
		5,055,296	3,093,207

11.1 This includes imported finished goods amounting to Rs. (thousands) 40,567 (2012: Rs. (thousands) 37,733) out of which goods in transit amounts to Rs. (thousand) 13,974 (2012: Rs. (thousands) 11,524).

	Note	2013 (Rupees in thousands)	2012
12 Trade debts			
Secured - against security deposits and bank guarantees		543,714	418,376
Unsecured - considered good			
Related parties	12.1	115,751	241,474
Others		111,482	82,532
		227,233	324,006
Considered doubtful		3,365	19,531
		230,598	343,537
Less: Provision for doubtful balances	12.2	(3,365)	(19,531)
		227,233	324,006
		770,947	742,382

Notes to the Financial Statements

For the year ended 31 December 2013

12.1 Aging analysis of the amounts due from related parties is as follows:

	2013					
	Not past due	Past due 0 - 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due 91-365 days	Past due 366 & above
	(Rupees in thousands)					
Corn Products Thailand Co. Ltd	3,691	-	-	-	-	-
Ingredion Holding LLC Kenya	43,809	129	-	-	-	-
Inter- National Starch Inc. Philippines	5,351	5,515	-	-	-	-
National Starch PTE LTD .Singapore	1,393	-	-	-	-	-
National Starches Specialities China	3,693	-	-	-	-	-
National Starch SDN BHD Malaysia	1,306	-	-	-	-	-
Unilever Pakistan Food Limited	50,806	-	-	-	58	-
	110,049	5,644	-	-	58	-
2012						
	Not past due	Past due 0 - 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due 91-365 days	Past due 366 & above
	(Rupees in thousands)					
Ingredion Holding LLC Kenya	171,395	-	-	-	-	-
Unilever Pakistan Food Limited	46,077	24,002	-	-	-	-
	217,472	24,002	-	-	-	-
	Note				2013	2012
					(Rupees in thousands)	

12.2 Provision for doubtful balances

Opening balance		774,312	761,913
(Reversal) / Provision for the year	25	19,531	18,271
Bad debts written off during the year		(16,028)	2,156
Closing balance		(138)	(896)
		3,365	19,531

13 Loans and advances

Loans and advances - considered good			
Suppliers of goods and services		121,362	247,575
Employees	13.1	5,714	5,200
Current maturity of long term loans	9	2,623	2,250
		129,699	255,025

13.1 No advances were given to executives, directors and chief executive of the Company during the year.

	Note	2013	2012
(Rupees in thousands)			
14 Trade deposits and short term prepayments			
Security deposits		34,154	34,603
Prepayments		124,101	98,025
L/C margin		-	139
		158,255	132,767
15 Other receivables			
Other receivables - Farmers balances			
Considered good		8,376	5,574
Considered doubtful		1,675	1,675
Less: Provision for doubtful balances	15.1	10,051	7,249
		(1,675)	(1,675)
		8,376	5,574
Others		17,682	5,726
		26,058	11,300

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 (Rupees in thousands)	2012
15.1 Provision for doubtful balances			
Opening balance		1,675	1,675
Provision for the year		-	-
Closing balance		1,675	1,675
16 Cash and bank balances			
Cash at banks			
- current accounts	16.1	9,318	106,505
- saving accounts		2,451	374,750
		11,769	481,255
Cash in hand			
- local currency		5,488	3,845
- foreign currency		415	849
		5,903	4,694
Cheques in hand		39,650	20,571
		57,322	506,520

16.1 These carry profit at rates ranging from 5.15 % to 9.12 % per annum (2012: 5% to 8.25% per annum).

	Note	2013 (Rupees in thousands)	2012
17 Trade and other payables			
Creditors	17.1	1,455,255	1,456,983
Advances from customers		103,809	93,085
Security deposits from dealers and contractors	17.2	494,818	434,207
Other deposits	17.3	968	949
Accrued liabilities		323,995	529,211
Workers' welfare fund	17.4	63,277	63,894
Workers' profit participation fund	17.5	14,325	(4,560)
Employees provident fund	17.6	8,221	6,686
With holding tax payable		3,767	5,389
Sales tax payable		81,959	174
Unclaimed dividend		6,686	5,905
		2,557,080	2,591,923

17.1 This includes Murabaha payable amounting to Rs. (thousands) 934,709 (2012: Rs. (thousands) 1,028,640) secured against ranking charge over current assets of the Company.

17.2 As per the terms of agreement between dealers and contractors, the Company can utilize these deposits in the normal course of business.

17.3 These represent deposits held against tenders for the sale of scrap.

	Note	2013 (Rupees in thousands)	2012
17.4 Workers' welfare fund			
Opening balance		63,894	65,795
Provision for the year	28	50,357	58,550
Payment to the fund		(50,974)	(60,451)
Closing balance		63,277	63,894

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 (Rupees in thousands)	2012
17.5 Workers' profit participation fund			
Opening balance		(4,560)	(3,189)
Provision for the year	28	189,132	167,440
Payment to the fund		(170,247)	(168,811)
Closing balance		14,325	(4,560)

17.6 Provident fund related disclosures:

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un - audited financial statements of the provident fund as at 31st December 2013:

	2013 (Rupees in thousands)	2012
Size of the fund - total assets	844,983	781,211
Cost of investments made	687,210	650,333
Percentage of investments - (% of total assets)	81.33%	83.25%
Fair value of investments	704,420	666,655

	2013 (Rupees in thousands)		2012 (Rupees in thousands)	
		%		%
17.6.1 The break-up of investments is as follows:				
Pakistan Investment Bonds	458,300	65.06%	458,300	68.75%
Treasury Bills	211,844	30.07%	51,727	7.76%
Meezan Mutual funds	30,803	4.37%	12,217	1.83%
Bank Placements	3,473	0.49%	144,411	21.66%
	704,420	100%	666,655	100%

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

18 Short term running finances - secured

18.1 The aggregate financing facility available from commercial banks is Rs. (thousands) 3,000,000 (2012: Rs. (thousands) 3,000,000).

18.2 The rate of markup ranges from 9.02% to 11.71% per annum (2012: 9.60% to 13.60% per annum). These facilities are secured by joint pari passu hypothecation charge on current assets of the Company and are subject to repricing on monthly/quarterly basis.

18.3 The unutilized facility for letters of credit as on 31 December 2013 amounts to Rs. (thousands) 637,682 (2012: Rs. (thousands) 529,752).

19 Deferred taxation

The details of the tax effect of taxable and deductible temporary differences are as follows:

	2013 (Rupees in thousands)	2012
Taxable temporary difference on		
Accelerated tax depreciation	735,978	628,901
Employees retirement benefits	5,704	17,615
	741,682	646,516
Deductible temporary difference on:		
Others	(33,634)	(84,459)
	708,048	562,057

Notes to the Financial Statements

For the year ended 31 December 2013

	2013			
	Opening	Charged to Profit and loss	Charged to Other comprehensive income	Closing
(Rupees in thousands)				
19.1 Taxable temporary difference				
Accelerated tax depreciation	628,901	107,077	-	735,978
Employees retirement benefits	17,615	-	(11,911)	5,704
Deductible temporary difference				
Others	(84,459)	50,825	-	(33,634)
	<u>562,057</u>	<u>157,902</u>	<u>(11,911)</u>	<u>708,048</u>

	2012			
	Opening	Charged to Profit and loss	Charged to Other comprehensive income	Closing
(Rupees in thousands)				
Taxable temporary difference				
Accelerated tax depreciation	382,724	246,177	-	628,901
Employees retirement benefits	15,176	-	2,439	17,615
Deductible temporary difference				
Others	(24,218)	(60,241)	-	(84,459)
	<u>373,682</u>	<u>185,936</u>	<u>2,439</u>	<u>562,057</u>

	2013	2012	2013	2012
	(Number of shares)		(Rupees in thousands)	
20 Authorized, issued, subscribed and paid up capital				
Authorized share capital ordinary shares of Rs.10 each	<u>20,000,000</u>	<u>20,000,000</u>	<u>200,000</u>	<u>200,000</u>
20.1 Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each fully paid up for cash	1,858,991	1,858,991	18,590	18,590
Issued other than cash - plant and machinery	36,294	36,294	363	363
Issued as bonus shares	7,341,143	7,341,143	73,411	73,411
	<u>9,236,428</u>	<u>9,236,428</u>	<u>92,364</u>	<u>92,364</u>

Notes to the Financial Statements

For the year ended 31 December 2013

20.2 Ingredion Inc. (formerly Corn Products International Inc.) Chicago, U.S.A., holds 6,494,243 (2012: 6,494,243) ordinary shares of Rs. 10 each as at 31 December 2013.

	Note	2013 (Rupees in thousands)	2012
21 Reserves			
Capital			
Share premium	21.1	36,946	36,946
Other	21.2	941	941
		<u>37,887</u>	<u>37,887</u>
Revenue			
General reserve		207	207
Unappropriated profit		8,292,506	6,733,400
		<u>8,292,713</u>	<u>6,733,607</u>
		<u>8,330,600</u>	<u>6,771,494</u>

21.1 This reserve can be utilized in accordance with the provision of section 83(2) of the Companies Ordinance, 1984.

21.2 This reserve was created under section 15BB of the Income Tax Act, 1922 to avail the tax exemption in prior years.

22 Contingencies and commitments

22.1 The Income Tax Department has charged tax of Rs. (thousands) 81,078 for the assessment year 2001-2002 (financial year ended 30 September 2000) under section 12(9A) of the Income Tax Ordinance, 1979 (Repealed) on the allegation that the dividend distribution by the Company was less than 40% of its after tax profits. Against this levy, the Company filed an appeal with the Commissioner of Income Tax (Appeals), which was rejected. The Company preferred an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals). The ITAT vide order dated 21 April 2006 decided the case in favor of the Company and confirmed that levy of tax under section 12(9A) was against the provisions of the law and directed the assessing officer for decision in accordance with the provisions of amended clause 59 of Part IV, Second Schedule to the repealed Income Tax Ordinance, 1979. The Income Tax Department has moved to Lahore High Court on 17 October 2006, against the orders of ITAT. The case has not been fixed for hearing so far.

The Company has paid PKR 58,613 (thousands) in prior years and made provision of the remaining amount in the financial statements and the management believes that this case will be decided in the favor of the company. The legal advisors of the Company have concurred with the management's view.

22.2 The Income Tax Return of the Company for Tax year 2011 was selected for audit under section 177 of the Income Tax Ordinance, as a result of audit proceedings; Deputy Commissioner Inland Revenue passed the amended order under section 122(1) of the Ordinance and raised demand amounting to Rs. 31,855 (thousands).

The company has paid Rs. 8,000 (thousands) and made provision of the remaining balance in the financial statements in this respect. The Company has filed the appeal against order passed before the Commissioner Inland Revenue (Appeals) which is pending adjudication.

22.3 Certain labor cases are pending before the labor courts and their financial effect cannot be reasonably determined due to their nature and uncertainty surrounding them. The possibility of any outflow for settlement of these claims is considered remote.

Notes to the Financial Statements

For the year ended 31 December 2013

22.4 Land registration fee as per Note 7.2.

22.5 Commitments in respect of capital expenditure contracted but not provided amounts to Rs. (thousands) 89,850 (2012: Rs. (thousands) 236,530).

22.6 Commitments in respect of purchase of corn amounts to Rs. (thousands) 7,162,293 (2012: Rs. (thousands) 4,377,404).

22.7 Commitments in respect of counter guarantees given to banks in consideration of their guarantees in the normal course of business amount to Rs. (thousands) 112,300 (2012: Rs. (thousands) 122,400).

	Note	2013	2012
(Rupees in thousands)			
23 Sales - net			
Domestic		23,944,876	20,018,652
Export		1,346,494	684,641
		<u>25,291,370</u>	<u>20,703,293</u>
Less: Sales tax		1,608,658	1,159,019
Trade discount and commission		10,080	12,876
		<u>1,618,738</u>	<u>1,171,895</u>
		<u>23,672,632</u>	<u>19,531,398</u>
24 Cost of sales			
Raw material consumed			
Corn		12,812,137	9,926,306
Stores		463,524	338,752
Packing material		415,527	339,416
		<u>13,691,188</u>	<u>10,604,474</u>
Factory expenses:			
Salaries, wages and amenities	24.1	792,199	676,280
Spares consumed		196,167	156,019
Fuel and power		4,542,495	3,462,346
Rent, rates and taxes		5,950	7,561
Repairs and maintenance		28,939	17,743
Depreciation	5.2	356,612	199,538
Insurance		9,522	8,990
Factory general expenses		642,896	463,740
		<u>6,574,780</u>	<u>4,992,217</u>
		<u>20,265,968</u>	<u>15,596,691</u>
Add: Opening work in process stock		66,065	68,178
		<u>20,332,033</u>	<u>15,664,869</u>
Less: Closing work in process stock	11	(57,403)	(66,065)
Cost of production		<u>20,274,630</u>	<u>15,598,804</u>
Add: Opening finished goods stock - own manufactured		1,039,851	927,345
		<u>21,314,481</u>	<u>16,526,149</u>
Less: Closing finished goods stock - own manufactured		(1,944,270)	(1,039,851)
Cost of goods sold -own manufactured products		19,370,211	15,486,298
Cost of goods sold -purchased products		89,607	70,594
Cost of goods sold		<u>19,459,818</u>	<u>15,556,892</u>

Notes to the Financial Statements

For the year ended 31 December 2013

- 24.1** Salaries, wages and amenities include Rs. (thousands) 21,509 (2012: Rs. (thousands) 25,847) in respect of contribution to pension and gratuity fund and Rs. (thousands) 16,499 (2012: Rs. (thousands) 14,474) in respect of contributions to provident fund.

	Note	2013	2012
(Rupees in thousands)			
25 Distribution expenses			
Salaries and amenities	25.1	61,488	59,543
Traveling and automobile expenses		10,895	9,606
Provision of technical support fee	25.2	-	170,113
Freight and distribution		151,815	113,047
Insurance		2,213	2,103
Rent, rates and taxes		1,681	1,822
Repair and maintenance		74	33
Electricity charges		1,101	753
Printing and stationery		239	212
Telephone and postage		2,479	1,697
Advertising and sales promotion		793	910
Depreciation	5.2	5,043	5,259
Market research and development		23	46
(Reversal) / provision for doubtful debts	12.2	(16,028)	2,156
Miscellaneous expenses		2,020	892
		<u>223,836</u>	<u>368,192</u>

- 25.1** Salaries and amenities include Rs. (thousands) 4,369 (2012: Rs. (thousands) 6,306) in respect of contribution to pension and gratuity fund and Rs. (thousands) 2,376 (2012: Rs. (thousands) 2,110) in respect of contributions to provident fund.

- 25.2** The Board of Directors in their meeting held on February 14, 2012 had approved to account for technical support fee (TSF) computed on the basis of 1% of net sales payable to Corn Products Development Inc. During the year, the Company has revised the basis of calculation of TSF in accordance with State Bank of Pakistan (SBP) instructions which has allowed TSF on net sales of new products only. The revised terms have been approved by the Board of Directors. Accordingly, excess provision for TSF amounting to Rs. 133,151 thousands has been reversed during the year.

	Note	2013	2012
(Rupees in thousands)			
26 Administrative expenses			
Salaries and amenities	26.1	206,835	194,414
Traveling and automobile expenses		24,672	21,049
Insurance		899	1,189
Rent, rates and taxes		1,613	1,809
IT, networking and data communication		49,199	47,290
Repair and maintenance		313	301
Electricity charges		1,789	1,588
Printing and stationery		2,020	1,523
Telephone and postage		3,374	4,347
Legal and professional charges		1,986	5,754
Depreciation	5.2	10,035	8,572
Amortization of intangible assets	6	6,712	6,284
Auditors' remuneration	26.2	2,500	2,321
Miscellaneous expenses		5,196	3,359
Donation and charity	26.3	1,356	2,390
		<u>318,499</u>	<u>302,190</u>

Notes to the Financial Statements

For the year ended 31 December 2013

- 26.1** Salaries and amenities include Rs. (thousands) 14,869 (2012: Rs. (thousands) 21,025) in respect of contribution to pension and gratuity fund and Rs. (thousands) 8,358 (2012: Rs. (thousands) 6,866) in respect of contributions to provident fund.

	2013	2012
	(Rupees in thousands)	
26.2 Auditors' remuneration		
Statutory audit fee	990	900
Review of half yearly accounts	330	300
Services in connection with review and reporting of accounts to Ingredion Inc. (formerly CPI Inc.)	908	825
Audit of gratuity and pension funds	110	100
Inspection of share records for Central Depository Company	-	50
Miscellaneous certifications	40	36
Out of pocket expenses reimbursed	122	110
	<u>2,500</u>	<u>2,321</u>

- 26.3** This represents donation to different associations and trusts. None of the Directors has any interest in them.

	Note	2013	2012
		(Rupees in thousands)	
27 Other income			
Mark up on staff loans and profit on bank deposits		2,281	2,083
Profit on sale of scrap		38,041	65,888
Profit on sale of property, plant and equipment		4,312	5,534
Profit on sale of pesticides and seeds		14,030	18,577
Commission received		22	-
Foreign exchange gain		14,246	4,943
Miscellaneous income		14,480	3,744
Reversal of technical support fee	25.2	133,151	-
		<u>220,563</u>	<u>100,769</u>

28 Other operating expenses			
Workers' welfare fund	17.4	50,357	58,550
Workers' profit participation fund	17.5	189,132	167,440
		<u>239,489</u>	<u>225,990</u>

	Note	2013	2012
		(Rupees in thousands)	

29 Finance cost			
Mark up on short term running finances		44,361	47,613
Bank charges and commission		13,694	8,486
		<u>58,055</u>	<u>56,099</u>

30 Taxation			
Current Taxation			
- for the year		915,254	896,938
- prior year		(245,583)	-
Deferred Taxation			
- for the year	19.1	157,902	185,936
- prior year		(15,556)	-
		<u>812,017</u>	<u>1,082,874</u>

Notes to the Financial Statements

For the year ended 31 December 2013

	2013	2012
	Percentage	
30.1 Numerical reconciliation between average effective tax rate and applicable tax rate:		
Applicable tax rate	34.00	35.00
Tax effect of inadmissible expenses	-	0.19
Tax effect of admissible expenses	-	(0.34)
Effect of prior period adjustments	(6.39)	-
Reduction in tax rate	(0.43)	-
Effect of presumptive tax regime and others	(1.32)	(0.17)
Average effective tax rate (tax expense divided by profit before tax)	25.86	34.68

	2013	2012
31 Earnings per share - basic and diluted		
31.1 Earning per share - basic		
Profit attributable to ordinary shareholders	(Rupees in thousands) 2,781,481	2,039,930
Weighted average number of ordinary shares	(Numbers) 9,236,428	9,236,428
Earnings per share - basic	(Rupees) 301.14	220.86

31.2 Earning per share - diluted

There is no dilution effect on basic earnings per share as the Company has no such commitments.

32 Financial instruments

The Company's financial liabilities mainly comprise trade and other payables and short term running finances. The main purpose of financial liabilities is to raise finance for the Company's financial assets which comprise long term loan, trade debts, Loans and advances, trade deposits, other receivables and Cash and bank balances.

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

- Credit risk
- Liquidity risk
- Market risk

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

32.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term loans, trade debts, loans and advances, trade deposits, other receivables and cash and bank balances. Out of the total financial assets of Rs. 1,142,281 thousand (2012: Rs. 1,647,994 thousand) financial assets which are subject to credit risk amount to Rs. 883,954 thousand (2012: Rs. 1,325,823 thousand)

Notes to the Financial Statements

For the year ended 31 December 2013

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through security deposits, bank guarantees and letters of credit. To manage exposure to credit risk, the company applies credit limits to its customer and obtains advances from certain customers.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2013	2012
	(Rupees in thousands)	
Long term loans	6,622	6,282
Trade debts	774,312	761,913
Loans and advances	5,714	5,200
Trade deposits	34,154	34,742
Other receivables	11,733	15,860
Cash and bank balances	51,419	501,826
	<u>883,954</u>	<u>1,325,823</u>
Secured	550,336	424,658
Unsecured	333,618	901,165
	<u>883,954</u>	<u>1,325,823</u>

The company has placed its funds with banks which are rated A1+ and P1 by PACRA, JCR VIS and Moody's.

The maximum exposure to credit risk for trade debts as at 31 December 2013 by geographic regions was:

	2013	2012
	(Rupees in thousands)	
Domestic	643,058	579,465
Foreign	131,254	182,448
	<u>774,312</u>	<u>761,913</u>

The aging of trade receivables at the reporting date is:

Notes to the Financial Statements

For the year ended 31 December 2013

	2013			2012		
	Gross debtors	Provision	Net debtors	Gross debtors	Provision	Net debtors
(Rupees in thousands)						
Past due 0 - 30 days	754,531	-	754,531	747,349	4,967	742,382
Past due 31 - 60 days	10,392	-	10,392	11,243	11,243	-
Past due 61 - 90 days	6	-	6	-	-	-
Past due 91 - 365 days	9,246	3,228	6,018	2,796	2,796	-
Past due 366 & above	137	137	-	525	525	-
	<u>774,312</u>	<u>3,365</u>	<u>770,947</u>	<u>761,913</u>	<u>19,531</u>	<u>742,382</u>

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained overdraft facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The table below summarizes the maturity profile of the Company's financial liabilities as at reporting date:

	31 December 2013				
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months to 12 months	More than 1 year
(Rupees in thousands)					
Financial liabilities					
Trade and other payables	2,304,268	2,304,268	2,304,268	-	-
Mark up accrued on short term running finances	4,979	4,979	4,979	-	-
Short term running finances - secured	80,388	80,388	80,388	-	-
	<u>2,389,635</u>	<u>2,389,635</u>	<u>2,389,635</u>	<u>-</u>	<u>-</u>

	31 December 2012				
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months to 12 months	More than 1 year
(Rupees in thousands)					
Financial liabilities					
Trade and other payables	2,429,381	2,429,381	2,394,087	35,294	-
Mark up accrued on short term running finances	11,199	11,199	11,199	-	-
Short term running finances - secured	-	-	-	-	-
	<u>2,440,580</u>	<u>2,440,580</u>	<u>2,405,286</u>	<u>35,294</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2013

32.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

32.3.1 Currency risk

The Company is exposed to currency risk on import of project related and stores and spares items and export of goods mainly denominated in US dollars and on foreign currency cash and bank balances. The Company's exposure to foreign currency risk for US Dollars is as follows:

	USD 2013	USD 2012
Foreign debtors	1,246,122	1,878,245
Foreign currency cash and bank balance	3,940	8,740
Gross financial assets exposure	1,250,062	1,886,985
Trade and other payables	135	(2,127)
Net exposure	1,250,197	1,884,858

The following significant exchange rates have been applied:

	2013 Average rate for the year	2012	2013 Reporting date rate	2012
USD to PKR	106.99	93.42	105.33	97.14

Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, before tax profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors, foreign currency bank account and trade and other payables.

	2013 (Rupees in thousands)	2012
Effect on profit and loss		
US Dollar	13,168	18,310
	13,168	18,310

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax loss.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

32.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Notes to the Financial Statements

For the year ended 31 December 2013

	2013	2012	2013	2012
	Effective rate (in Percentage)		Carrying amount (Rupees in thousands)	
Financial assets				
Fixed rate instruments:				
Long term loans	8	8	6,622	6,282
Variable rate instruments:				
Cash and bank balances - saving	5.15 to 9.12	5.0 to 8.25	2,451	374,750
Financial liabilities				
Variable rate instruments:				
Short term borrowings	9.02 to 11.71	9.60 to 13.60	80,388	-

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees in thousands)	
As at 31 December 2013	444	(444)
As at 31 December 2012	476	(476)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

32.3.3 Other price risk

Other price risk is 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 rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

32.3.4 Fair value of financial instruments

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

Notes to the Financial Statements

For the year ended 31 December 2013

32.3.5 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders and issue new shares.

For working capital requirement and capital expenditure, the Company primarily relies substantially on short term borrowings.

33 Ramuneration of Chief Executive, paid Directors and Executives

	Chief Executive & MD		Executive Director		Non Executive Director		Executives	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousands)							
Managerial remuneration	15,029	10,893	2,806	3,283	-	-	74,554	59,636
Rent, medical and other allowances	2,755	1,997	2,625	3,071	-	-	76,915	61,063
Bonus and leave encashment	7,318	7,791	1,668	5,915	-	-	26,823	25,070
Retirement benefits	4,172	4,423	779	1,333	-	-	20,695	24,215
Club subscription	46	34	-	13	-	-	36	22
	29,320	25,138	7,878	13,615	-	-	199,023	170,006
Number	1	1	1	1	-	-	85	69

33.1 Meeting fees aggregating to Rs. (thousands) 10 (2012: Rs (thousands) 3) were paid to 3 (2012: 4) non-executive directors for attending board meetings. In addition Chief Executive and Managing Director, full time working director and some executives are also provided with Company maintained car.

34 Transactions with related parties and associates

The related parties comprise parent company, related group companies, local associated company, directors of the company, key management personnel and staff retirement funds. Details of transactions with related parties, other than those disclosed else where in these financial statements are as follows:

Notes to the Financial Statements

For the year ended 31 December 2013

Name of parties	Nature of relationship	Nature and description of related Party transaction	2013		2012	
			Total value of transaction	Closing balance	Total value of transaction	Closing balance
			(Rupees in thousands)		(Rupees in thousands)	
Unilever Pakistan Food Limited	Associate	Sales	972,808	50,864	1,009,628	70,080
Ingredion Inc. (formerly Corn Products International Inc.) Chicago, U.S.A.	Holding company	Services received	35,490	-	29,340	-
Corn Products Development Inc. Ingredion Inc. (formerly Corn Products International Inc.) Chicago, U.S.A.	Associate	Technical support fee	(133,151)	36,962	170,113	170,113
Corn Products Thailand Co. Ltd	Associate	Export Sales	58,938	3,691	22,697	-
Corn Products Kenya Ltd.	Associate	Export sales	-	-	61,437	-
Ingredion Holding LLC Kenya	Associate	Export sales	262,851	43,938	224,782	171,395
National Starch SDN BHD Malaysia	Associate	Export sales	2,786	1,306	-	-
CP Ingredion India Private Ltd.	Associate	Export sales	-	-	108	-
National Starches Specialities China	Associate	Export sales	17,520	3,693	1,580	-
Inter- National Starch Inc. Philippines	Associate	Export sales	39,714	10,866	-	-
National Starche & Chemicals Thailand	Associate	Export sales	232	-	-	-
National Starches Germany	Associate	Imports	116	-	555	68
National Starches Thailand	Associate	Imports	22,933	2,913	29,605	2,048
National Starch PTE LTD .Singapore	Associate	Export Sales	7,534	1,393	-	-
PT National Starch Indonesia	Associate	Export Sales	132	-	-	-
Corn Products Kenya Ltd.	Associate	Imports	4,791	-	-	-
National Starches Singapore	Associate	Imports	48,861	10,833	47,500	6,762
Employees benefits	Other related parties	Contribution to funds	67,980	8,557	76,627	43,642

The transactions were carried out at an arm's length basis, in accordance with the accounting policy as stated in Note 4.22.

No buying and selling commission has been paid to any associated undertaking.

	2013	2012
(Metric tons)		
35 Plant capacity and production		
Average grind capacity per day	1,841	1,616
Grind capacity for 350 working days	644,350	565,600
Actual days worked	295	288
Actual grind	529,601	461,743

The reduction in grind days was attributable to acute energy crisis in the country.

36 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	2013	2012
(Number of persons)		
Total number of employees as at 31 December	2,029	2,017
Average number of employees during the year	2,021	1,842

Notes to the Financial Statements

For the year ended 31 December 2013

37 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Taxation- (note 4.3 & 30)
- Useful life of depreciable assets- (note 4.5 & 5)
- Useful life of intangible assets- (note 4.6 & 6)
- Employees retirement benefits- (note 4.8 & 8)
- Provision and contingencies- (note 4.16 & 21)

38 Dividends

The Board of Directors have proposed a final dividend for the year ended 31 December 2013 of Rs.80 per share, amounting to Rs. (thousands) 738,914 at their meeting held on 10th February 2014, for approval of the members at the Annual General Meeting to be held on 22nd March, 2014 (2012: Rs. 75 per share amounting to Rs. (thousands) 692,731).

39 Operating segments

The financial statements have been prepared on the basis of a single reportable segment.

94.32% (2012: 96.51%) out of total sales of the Company relates to customers in Pakistan.

All non current assets of the Company as at 31 December 2013 are located in Pakistan.

40 Date of authorization of issue

These financial statements were authorized for issue on 10th February,2014 by the Board of Directors of the Company.

41 General

41.1 Figures in these financial statements have been rounded off to the nearest thousands of rupees.

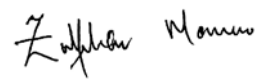
41.2 Comparative figures have been reclassified and re arranged where necessary in order to facilitate comparison.



Dr. Abid Ali
Director



Ansar Yahya
Chief Executive and
Managing Director



Zulfikar Mannoo
Director

Pattern of Shareholding

As at December 31, 2013

Number of Shareholders		Shareholding		Total Shares Held
683	1	-	100	33,058
147	101	-	500	36,490
47	501	-	1,000	36,522
40	1,001	-	5,000	100,973
3	5,001	-	10,000	22,275
2	15,001	-	20,000	35,747
1	25,001	-	30,000	29,000
2	30,001	-	35,000	66,874
2	40,001	-	45,000	84,219
1	50,001	-	55,000	53,347
1	55,001	-	60,000	58,252
1	60,001	-	65,000	63,822
3	65,001	-	70,000	199,798
1	85,001	-	90,000	89,989
1	100,001	-	105,000	100,131
2	110,001	-	115,000	226,265
2	140,001	-	145,000	283,066
1	150,001	-	155,000	152,139
2	165,001	-	170,000	332,964
1	200,001	-	205,000	200,085
1	235,001	-	240,000	236,578
1	300,001	-	305,000	300,595
1	6,490,001	-	6,495,000	6,494,239
946				9,236,428

Sr. No.	Shareholders Category	Number of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer and their Spouse and minor Children	11	587,210	6.36
2	Associated Companies, undertakings and related parties.	1	6,494,239	70.31
3	NIT and ICP	-	-	-
4	Banks, Development Finance Institutions, Non Banking Financial Institutions.	1	15,747	0.17
5	Insurance Companies	3	124,742	1.35
6	Modarabas and Mutual Funds	5	72,359	0.78
7	General Public:			
	a. Local	902	1,936,962	20.97
	b. Foreign	-	-	-
8	Others	23	5,169	0.06
	TOTAL	946	9,236,428	100.00

The above two statements include 386 shareholders holding 413,435 shares through Central Depository Company of Pakistan Limited.

Pattern of Shareholding

As at December 31, 2013 as required under Code of Corporate Governance

Shareholders' category	Number of	
	Shareholders	Shares Held
i. Associated Companies, Undertakings and Related Parties (name wise details)		
Ingredion Incorporated	1	6,494,239
Total :	1	6,494,239
ii. Mutual Funds (name wise details)		
CDC - Trustee AKD Index Tracker Fund	1	95
CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	1	1,093
CDC - Trustee JS Pension Savings Fund - Equity Account	1	1,092
MC FSL - Trustee JS Growth Fund	1	41,079
MCB-FSL - Trustee JS Value Fund	1	29,000
Total :	5	72,359
iii. Directors, their Spouse(s) and minor children (name wise details)		
Directors:		
Mr. Jorgen Kokke	1	1
Mr. Rashid Ali	1	865
Mr. Ansar Yahya	1	82
Ms. Cheryl K. Beebe	1	1
Ms. Christine M. Castellano	1	1
Mr. James P. Zallie	1	1
Mr. Zulfikar Mannoo	1	238,263
Mian Muhammad Adil Mannoo	1	155,994
Mr. Wisal A. Mannoo	1	177,198
Sh. Gulzar Hussain	1	5,434
Directors' Spouse(s)		
Mrs. Sarwat Zulfikar W/O Mr. Zulfikar Mannoo	1	9,370
Directors' Minor Children		
	-	-
Total :	11	587,210
iv. Executives		
	3	1,712
Total :	3	1,712
v. Public Sector Companies and Corporations		
	1	58,252
Total :	1	58,252
vi. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds		
	3	82,237
Total :	3	82,237
vii. Shareholders holding five percent or more voting rights in the listed company (name wise details)		
Ingredion Incorporated	1	6,494,239
Total :	1	6,494,239

Proxy Form

122nd General Meeting (Annual Ordinary)

The Company Secretary,
Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road,
Faisalabad.

I/We
of
being shareholder(s) of Rafhan Maize Products Company Limited hereby appoint
.....
..... of
or failing him
as my/our proxy to vote for me/us and on my/our behalf at the 122nd General Meeting (Annual Ordinary) of the Company
to be held at Karachi on Saturday, March 22, 2014 at 10:00 a.m. and/or at any adjournment thereof.

Dated this day of 2014.

(Signature of Proxy)

Affix Revenue
Stamp of
Rs.5/-

Witness Signature of Shareholder

Place Folio No./CDC No.

No. of Shares held

NOTES:

- a) This Form of Proxy, duly completed and signed across a revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the meeting.
- b) A proxy need not be a member of the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Rafhan Maize Products Co. Ltd;
Rakh Canal East Road, P. O. Box 62,
Faisalabad.

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RafhanMaize
PRODUCTS CO LTD
FAISALABAD-PAKISTAN