



**Habib-ADM Ltd.**

**1st Quarter  
Unaudited Accounts  
September 30, 2017**

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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

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

Managing Director

#### **Non Executive Directors**

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

Chairman

### **BOARD OF AUDIT COMMITTEE**

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

### **BOARD OF HR AND REMUNERATION COMMITTEE**

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

### **CHIEF EXECUTIVE OFFICER**

Mr. Owais G. Habib

### **CHIEF FINANCIAL OFFICER**

Mr. Muhammad Yaseen Haroon

### **COMPANY SECRETARY**

Mr. Ali Asghar Rajani

### **AUDITORS**

EY Ford Rhodes  
Chartered Accountants

### **SHARE REGISTRAR**

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

### **REGISTERED OFFICE**

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

### **ADMINISTRATIVE OFFICES & FACTORY**

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



## CHAIRMAN'S REVIEW / DIRECTORS' REPORT

1ST QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

Dear Shareholders,

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

During the period under review, we had an increased production v/s the 1st Quarter of last year. Unfortunately, our sale mix did not match that of last year, we had higher local sales which are at money losing values and lower export sales - which bring in the money to subsidize local sales - hence a terrible bottom line. Efforts are underway to increase sales on both fronts.

Water - Further beneficial rains helped raise the Hub Dam Lake level to 302.2 (v/s 305.5) allowing a gross storage of 194,000 acre feet of water and live storage of 150,000 acre feet allowing about 210 days of full rate of draw down (v/s 260 days last year). This would mean a rationing of water for a couple of months before the next monsoon rains.

In closing, please join in my prayers to Allah the Provider to bless us with bounties as befits His Glory, Aameen.

On behalf of the Board

**Gaffar A. Habib**  
Chariman

Karachi: 13 October 2017

# Habib-ADM Ltd.

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017 (UNAUDITED)

		SEPTEMBER 30, 2017 (Un Audited) RUPEES	JUNE 30, 2017 (Audited) RUPEES
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	291,431,447	296,696,253
Long-term deposits		4,303,181	4,342,681
		295,734,628	301,038,934
Deferred taxation - net		1,414,308	-
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		58,776,645	53,736,910
Stock-in-trade	6	195,361,372	213,748,336
Trade debts		23,574,919	42,284,882
Loan and Advances		4,925,458	3,523,192
Trade deposits and prepayments		21,877,111	15,847,893
Interest Accrued		1,789,640	965,611
Short-term investments	7	200,254,450	200,254,450
Taxation - net		79,371,839	69,840,372
Cash and bank balances		66,210,535	34,396,418
		652,141,969	634,598,064
<b>TOTAL ASSETS</b>		949,290,905	935,636,998
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
60,000,000 (June 30, 2017: 60,000,000)			
ordinary shares of Rs.5/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital		200,000,000	200,000,000
Reserves		60,000,000	60,000,000
Unappropriated profit		477,337,163	488,030,985
		737,337,163	748,030,985
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net		-	2,929,912
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	211,953,742	184,676,101
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		949,290,905	935,636,998

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

Karachi: 13 October 2017

# Habib-ADM Ltd.

## CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	SEPTEMBER 30, 2017 RUPEES	SEPTEMBER 30, 2016 RUPEES
Turnover - net	286,171,911	264,731,101
Cost of Sales	(261,248,025)	(206,262,439)
<b>Gross Profit</b>	<b>24,923,886</b>	<b>58,468,662</b>
Distribution costs	(15,519,070)	(23,316,622)
Administrative Expenses	(24,053,480)	(18,547,738)
Other Expenses	-	(1,499,258)
Other Income	3,163,418	5,287,931
Finance costs	(74,478)	(163,848)
(Loss) / Profit before Taxation	(11,559,724)	20,229,127
Taxation		
- Current	(3,478,318)	(2,654,549)
- Deferred	4,344,220	(2,671,286)
Provision for Taxation	865,902	(5,325,835)
<b>(Loss) / Profit for the period</b>	<b>(10,693,822)</b>	<b>14,903,292</b>
Earning per share basic and diluted	-0.27	0.37

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	SEPTEMBER 30, 2017 RUPEES	SEPTEMBER 30, 2016 RUPEES
Net (loss) / profit for the period	(10,693,822)	14,903,292
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	<u>(10,693,822)</u>	<u>14,903,292</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer

Karachi: 13 October 2017



**GAFFAR A. HABIB**  
Chairman

# Habib-ADM Ltd.

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	SEPTEMBER 30, 2017 RUPEES	SEPTEMBER 30, 2016 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(11,559,724)	20,229,127
Adjustment for non-cash items:		
Depreciation	6,609,074	7,024,178
Gain on disposal of fixed assets	-	(723,765)
Finance costs	74,478	163,848
Operating (loss)/profit before working capital changes	(4,876,172)	26,693,388
Working capital changes	10 51,079,320	(2,688,328)
Cash generated from operations	46,203,148	24,005,060
Taxes paid	(13,009,785)	(7,292,544)
Finance costs paid	(74,478)	(163,848)
Net cash generated from operating activities	33,118,885	16,548,668
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(1,344,268)	(103,451)
Short-term Investments	-	(50,000,000)
Proceeds from disposal of operating fixed assets	-	3,182,647
Long term deposits	39,500	(150,000)
Net cash (used in) investing activities	(1,304,768)	(47,070,804)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(40,000,000)
Net increase / (decrease) in cash and cash equivalents	31,814,117	(70,522,136)
Cash and cash equivalents at the beginning of the period	34,396,418	111,682,159
Cash and cash equivalents at the end of the period	66,210,535	41,160,023

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer

Karachi: 13 October 2017



**GAFFAR A. HABIB**  
Chairman

# Habib-ADM Ltd.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

PARTICULARS	RESERVES					TOTAL RESERVES	TOTAL
	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVE - SHARE PREMIUM	GENERAL RESERVE	UNAPPROPRIATED PROFIT			
Balance as at July 01, 2016	200,000,000	10,000,000	50,000,000	489,379,900		549,379,900	749,379,900
Final dividend @ 20% for the year ended June 30, 2016	-	-	-	(40,000,000)		(40,000,000)	(40,000,000)
Profit for the period	-	-	-	14,903,292		14,903,292	14,903,292
<b>Balance as at September 30, 2016</b>	<b>200,000,000</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>464,283,192</b>		<b>524,283,192</b>	<b>724,283,192</b>
<b>Balance as at July 01, 2017</b>	<b>200,000,000</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>488,030,985</b>		<b>548,030,985</b>	<b>748,030,985</b>
(Loss) for the period	-	-	-	(10,693,822)		(10,693,822)	(10,693,822)
<b>Balance as at September 30, 2017</b>	<b>200,000,000</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>477,337,163</b>		<b>537,337,163</b>	<b>737,337,163</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

Karachi: 13 October 2017

  
**OWAIS G. HABIB**  
Chief Executive Officer

  
**GAFFAR A. HABIB**  
Chairman



# Habib-ADM Ltd.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

Habib-ADM Limited (the Company) is a public listed company limited by shares, incorporated in Pakistan on July 10, 1980 under the repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 2nd Floor, UBL Building, I.I Chundrigar Road, Karachi. The Company is engaged in the production of rice based starch sugar and proteins.

The Company's primary production facilities are located at its industrial complex at Hub Industrial Area, District Lasbela, Balochistan, Pakistan.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are unaudited and are being presented to the shareholders as required under Section 245 of the repealed Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2017 except for the adoption of new and amended standards and interpretations as follows:

#### **New/revised standards, interpretations and amendments**

The Company has adopted the following amendments and interpretations of IFRS which became effective for the current period:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities - Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

# Habib-ADM Ltd.

In addition to the above standards and interpretation, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The adoption of above amended standard / improvements and interpretation did not have any material effect on the condensed interim financial statements.

#### 4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed financial statements requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the financial statements as at and for the year ended June 30, 2017. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

		SEPTEMBER 30 2017 (Un-Audited) RUPEES	JUNE 30 2017 (Audited) RUPEES
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	283,248,991	289,802,490
Capital work-in-progress	5.2	8,182,456	6,893,763
		291,431,447	296,696,253
<b>5.1 Operating fixed assets</b>			
Book value at the beginning of the period / year		289,802,490	308,649,782
Additions during the period / year	5.1.1	55,575	12,743,205
Transfer from CWIP during the period / year	5.1.2	-	-
		289,858,065	321,392,987
Less:			
Disposal during the period / year - vehicles		-	5,952,480
Depreciation charged during the period / year		6,609,074	25,638,017
		6,609,074	31,590,497
		283,248,991	289,802,490
<b>5.1.1 Additions during the period / year</b>			
Plant and Machinery		55,575	6,172,095
Furniture and fixtures		-	69,110
Vehicles		-	6,502,000
		55,575	12,743,205

# Habib-ADM Ltd.

	SEPTEMBER 30 2017 (Un-Audited) RUPEES	JUNE 30 2017 (Audited) RUPEES
<b>5.1.2 Capital work-in-progress</b>		
At the beginning of the period / year	6,893,763	1,472,572
Additions during the period / year	1,288,693	5,421,191
	8,182,456	6,893,763
Transfer to operating assets during the period / year	-	-
	8,182,456	6,893,763
<b>6. STOCK-IN-TRADE</b>		
Raw and Packing Material - in hand	127,571,703	139,571,914
Raw material - in transit	1,449,455	4,104,811
Work-in-process	1,697,023	58,273
Finished goods	64,643,191	70,013,338
	195,361,372	213,748,336
<b>7. SHORT-TERM INVESTMENTS</b>		
Held to maturity		
Term deposit receipts (TDR)	7.1 200,254,450	200,254,450

7.1 These carry profit rate ranges from 5.5% to 6.15% (June 30, 2017: 5.50% to 6.00%) per annum and will mature in October to December 2017.

## 8. TRADE AND OTHER PAYABLES

Includes provision for GIDC and fuel charges amounting to Rs. 83.94 million and Rs. 39.64 million respectively as explained in note 8.1 and 8.2 below.

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

The Company had challenged the GIDC Act, 2015 and filed writ petition in the High Court of Sindh (HCS) including retrospective treatment of the provision of the GIDC Act. The Court vide its order dated October 26, 2016 has held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act, 2015 as ultra vires and unconstitutional on the grounds mentioned above. The Government and Sui Southern Gas Company Limited (SSGC), however, has filed an appeal in the Appellate Tribunal of HCS which is at the stage of hearing as of the balance sheet date. Due to the inherent uncertainties involved in the matter, the Company, on a prudent basis, has provided Rs.83.94 million as of the balance sheet date which includes Rs.10.08 million for the period in these financial statements.

# Habib-ADM Ltd.

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**8.2** In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas on the basis of notification dated 31 August 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector have increased from Rs. 488 to Rs. 600 per MMBTU whereas those for the captive power sector have been increased from Rs. 573 to Rs. 600 per MMBTU and the Company falls within both categories. The Company challenged the OGRA notification and filed writ petition in the HCS. The Court had granted stay against charging of the increase tariff resulting in the operation of impugned notification to remain suspended. HCS vide its order dated May 18, 2016, decided the case in Company's favor and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the Oil and Gas Regulatory Authority Ordinance 2002. Subsequently, SSGC filed an appeal in the HCS against the judgement dated 18 May 2016. HCS has dismissed the appeal on August 15, 2017.

Further, OGRA in suppression of its Notification No. SRO 876(1)2015 dated August 31, 2015 notified the sale price and minimum charges, in respect of natural gas to industrial customers with effect from December 15, 2016 being flat rate of Rs.600 per MMBTU. The Company challenged the impugned notification dated December 30, 2016 before the HCS. HCS has passed ad-interim orders dated January 20, 2017 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount in terms of impugned notification as security till further orders. Due to the inherent uncertainties involved in the matter, the Company, on a prudent basis, has provided Rs.39.64 million as of the balance sheet date which includes Rs.5.41 million for the period in these financial statements.

## **9. CONTINGENCIES AND COMMITMENTS**

### **9.1 Contingencies**

Through the Finance Acts of 2006 and 2008, certain amendments were brought in the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) including the levy of WWF which had been originally calculated at the rate of 2% of the total (taxable) income of the industrial establishment in a particular year, was amended to charge on higher of total (taxable) income or profit before tax as per account. During the last year, the Honorable Supreme Court of Pakistan through its judgement dated 10 October 2016, in Civil Appeals No. 1049 to 1055/2011 decided that amendments in WWF Ordinance made through Finance Acts were un-constitutional. Accordingly, the Company has not provided WWF in these financial statements. We understand in respect of the above, the review petition has been filed by Federal Board of Revenue and others, which is pending adjudication till date.

### **9.2 Commitments**

Guarantees have been issued by a scheduled commercial bank on behalf of the Company to Sui Southern Gas Company Limited in the normal course of business amounting to Rs. 35.794 million (June 30, 2017: 35.794 million).

# Habib-ADM Ltd.

	JUL-SEP 2017 (Un-Audited) RUPEES	JUL-SEP 2016 (Un-Audited) RUPEES
<b>10. WORKING CAPITAL CHANGES</b>		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(5,039,735)	(3,472,387)
Stock-in-trade	18,386,964	9,444,563
Trade debts	18,709,963	486,918
Loan and Advances	(1,402,266)	(6,692,020)
Trade deposits and prepayments	(6,029,218)	(1,197,500)
Interest Accrued	(824,029)	(1,961,061)
	23,801,679	(3,391,487)
Increase in current liabilities		
Trade and other payables	27,277,641	703,159
	51,079,320	(2,688,328)

## 11. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions		
Staff provident fund	Contributions made	2,018,573	2,018,531

## 12. PROPOSED DIVIDEND

The Board of Directors in their meeting on August 23, 2017 have recommended for the approval of the Stockholders a Final Cash Dividend @ 25% i.e. Rs. 1.25 Per Share of Rs. 5/- each for financial year ended June 30, 2017. As this is to be approved by the Stockholders in the Annual General Meeting scheduled on October 27, 2017 no provision have been made in these accounts.

## 13. GENERAL

**13.1** These Condensed Interim Financial Statements have been authorized for issue on 13 October 2017 by the Board of Directors of the Company.

**13.2** Figures have been rounded off to the nearest rupee.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

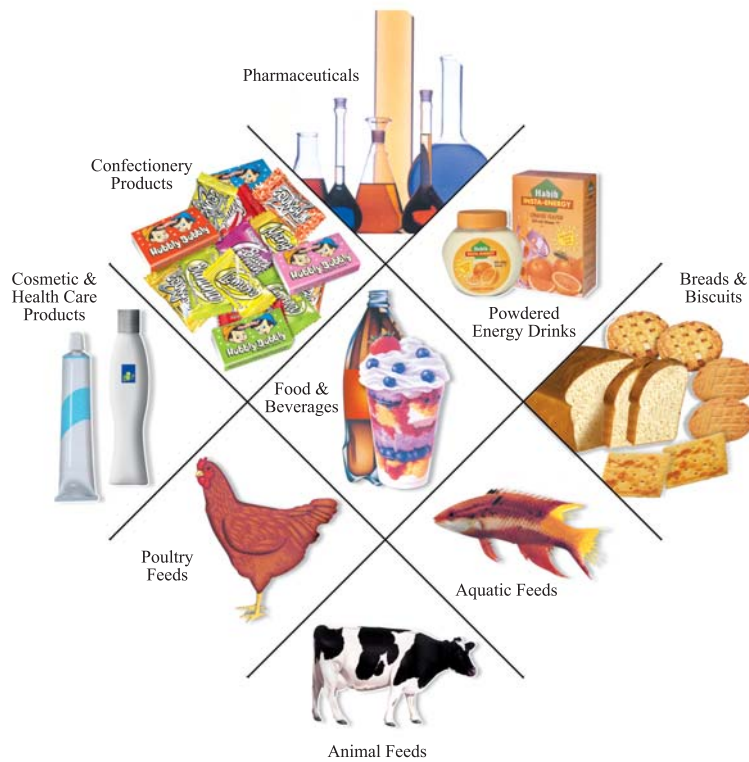
Karachi: 13 October 2017



## Pioneer Producers of Rice Based Starch Sugars and Proteins

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

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



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Website : [www.habibadmltd.com](http://www.habibadmltd.com)