



# **Habib-ADM Ltd.**

**Half Yearly  
Unaudited Accounts  
December 31, 2015**

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## CHAIRMAN'S REVIEW / DIRECTORS' REPORT

HALF YEAR ENDED DECEMBER 31, 2015

Dear Shareholders,

The result for first half of the current year has been far from satisfactory, the main reasons being:-

- a) Water Shortage - Hub Lake - our source of water supply has been running low - against a storage of 680,000 acre feet it has only 40,000 acre feet which has resulted in severe rationing of water supply, severely limiting our production.
- b) Just as the Rice Harvest started to get under way, a 30% regulatory duty was imposed on import of corn - compelling the feed industry to rice as their feed stock, the result was that the anticipated low cost based commitments we had made, hurt our bottom line.

### Future Out Look:-

With no hope of rain till at least the monsoon in late summer, we will have to live with low production and try to target our sales to the highest value added market.

In closing, please join in my prayers to Allah the Beneficent, the Merciful, the Provider to guide us and Bless us with Bounties as Befit His Glory, Aameen.

On behalf of the Board

**Gaffar A. Habib**  
Chariman

Karachi: 01 February 2016



Building a better  
working world

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
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## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Habib-ADM Limited (the Company) as at 31 December 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Ernst & Young Ford Rhodes Sidat Hyder*

**Chartered Accountants**

**Review Engagement Partner:** Riaz A. Rehman Chamdia

**Date:** 01 February 2016

**Place:** Karachi

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015 (UNAUDITED)

ASSETS	Note	DECEMBER 31, 2015 (Un-audited) RUPEES	JUNE 30, 2015 (Audited) RUPEES
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	318,935,951	327,344,241
Long term investment in a subsidiary company		-	1,000,000
Long-term deposits		3,102,001	3,102,001
		322,037,952	331,446,242
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		57,045,661	56,792,386
Stock-in-trade	5	146,280,041	193,789,452
Trade debts		17,048,972	11,991,630
Advances		5,298,600	3,405,494
Trade deposits and short-term prepayments		1,885,045	2,088,206
Accrued income		2,097,814	452,592
Other receivables		429,978	376,786
Short-term investments	6	200,254,450	250,254,450
Taxation - net		29,610,106	17,390,136
Cash and bank balances		73,282,107	81,443,942
		533,232,774	617,985,074
<b>TOTAL ASSETS</b>		855,270,726	949,431,316
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 60,000,000 (June 30, 2015: 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		476,401,470	576,537,021
		736,401,470	836,537,021
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		21,949,192	34,999,061
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	96,920,064	77,895,234
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		855,270,726	949,431,316

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

Karachi: 01 February 2016

# Habib-ADM Ltd.

## CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31, 2015 RUPEES	DECEMBER 31, 2014 RUPEES	DECEMBER 31, 2015 RUPEES	DECEMBER 31, 2014 RUPEES
Turnover - net	510,542,369	613,611,508	292,881,170	290,252,075
Cost of sales	(431,157,467)	(461,676,762)	(239,081,117)	(222,827,279)
<b>Gross profit</b>	<b>79,384,902</b>	<b>151,934,746</b>	<b>53,800,053</b>	<b>67,424,796</b>
Distribution expenses	(34,936,160)	(33,651,068)	(17,148,900)	(14,253,229)
Administrative expenses	(41,776,471)	(33,163,890)	(19,219,985)	(15,199,785)
Other charges	(883,707)	(7,036,156)	(883,707)	(3,166,613)
Other income	10,727,975	17,377,567	4,900,164	8,191,928
	<b>(66,868,363)</b>	<b>(56,473,547)</b>	<b>(32,352,428)</b>	<b>(24,427,699)</b>
<b>Operating profit</b>	<b>12,516,539</b>	<b>95,461,199</b>	<b>21,447,625</b>	<b>42,997,097</b>
Finance costs	(592,904)	(440,253)	(509,376)	(186,948)
<b>Profit before taxation</b>	<b>11,923,635</b>	<b>95,020,946</b>	<b>20,938,249</b>	<b>42,810,149</b>
Taxation				
- Current	(5,109,055)	(20,775,995)	(4,507,824)	(8,078,797)
- Deferred	13,049,869	1,316,623	13,049,869	1,316,623
	7,940,814	(19,459,372)	8,542,045	(6,762,174)
<b>Profit after taxation</b>	<b>19,864,449</b>	<b>75,561,574</b>	<b>29,480,294</b>	<b>36,047,975</b>
Earnings per share - basic and diluted	0.50	1.89	0.74	0.90

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31, 2015 RUPEES	DECEMBER 31, 2014 RUPEES	DECEMBER 31, 2015 RUPEES	DECEMBER 31, 2014 RUPEES
<b>Net profit for the period</b>	<b>19,864,449</b>	<b>75,561,574</b>	<b>29,480,294</b>	<b>36,047,975</b>
<b>Other comprehensive income</b>	-	-	-	-
Total comprehensive income for the period	<b>19,864,449</b>	<b>75,561,574</b>	<b>29,480,294</b>	<b>36,047,975</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

Karachi: 01 February 2016

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	<b>DECEMBER 31, 2015 RUPEES</b>	<b>DECEMBER 31, 2014 RUPEES</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,923,635	95,020,946
Adjustment for non-cash items:		
Depreciation	15,829,328	17,035,584
Gain on disposal of fixed assets	(416,266)	(2,004,198)
Finance costs	592,904	440,253
Operating profit before working capital changes	27,929,601	110,492,585
Working capital changes	9 57,835,265	28,474,715
Cash generated from operations	85,764,866	138,967,300
Taxes paid	(17,329,025)	(20,285,037)
Finance costs paid	(592,904)	(440,253)
	(17,921,929)	(20,725,290)
Net cash generated from operating activities	67,842,937	118,242,010
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(7,462,772)	(5,824,586)
Proceeds from short-term Investments matured	50,000,000	(250,000,000)
Proceeds from disposal of fixed assets	458,000	2,577,000
Proceeds from disposal of investment in subsidiary	1,000,000	-
Net cash generated from / (used in) investing activities	43,995,228	(253,247,586)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(120,000,000)	(80,000,000)
Net cash used in financing activities	(120,000,000)	(80,000,000)
Net decrease in cash and cash equivalents	(8,161,835)	(215,005,576)
Cash and cash equivalents at the beginning of the period	81,443,942	260,294,825
Cash and cash equivalents at the end of the period	73,282,107	45,289,249

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

Karachi: 01 February 2016



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (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, 2014	200,000,000	10,000,000	50,000,000	534,405,604	594,405,604	794,405,604
Final dividend @ 40% for the year ended June 30, 2014	-	-	-	(80,000,000)	(80,000,000)	(80,000,000)
Total comprehensive income	-	-	-	75,561,574	75,561,574	75,561,574
<b>Balance as at December 31, 2014</b>	<b>200,000,000</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>529,967,178</b>	<b>589,967,178</b>	<b>789,967,178</b>
Balance as at July 01, 2015	200,000,000	10,000,000	50,000,000	576,537,021	636,537,021	836,537,021
Final dividend @ 60% for the year ended June 30, 2015	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Total comprehensive income	-	-	-	19,864,449	19,864,449	19,864,449
<b>Balance as at December 31, 2015</b>	<b>200,000,000</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>476,401,470</b>	<b>536,401,470</b>	<b>736,401,470</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

**NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

Habib ADM Limited (the Company) was incorporated in Pakistan on 10th July 1980, as a public limited company and its shares are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 2nd floor, UBL building I.I. Chundrigar road, Karachi. The principal activity of the Company is to produce market rice based Starch, Sugars and Proteins.

The Company's primary production facilities are located at its industrial complex in Hub.

**2. STATEMENT OF COMPLIANCE**

These condensed interim financial statements are unaudited but subject to limited scope review by auditors, except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2014. These are required to be presented to the shareholders under Section 245 of the 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the 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 30 June 2015.

**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, 2015 except as follows:

New/revised standards, interpretations and amendments

The Company has adopted the following amendments to IFRS which became effective for the current period:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosures of Interests in Other Entities
- IFRS 13 - Fair Value Measurement

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

## Habib-ADM Ltd.

		DECEMBER 31, 2015 (Unaudited) RUPEES	JUNE 30 2015 (Audited) RUPEES
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets - Owned	4.1	318,935,951	327,344,241
Capital work-in-progress (CWIP)	4.2	-	-
		<u>318,935,951</u>	<u>327,344,241</u>
<b>4.1 Operating assets</b>			
Book value at the beginning of the period / year		327,344,241	350,546,137
Additions during the period / year	4.1.1	4,753,338	12,106,752
Transfer from CWIP during the period / year	4.2	2,709,434	1,269,586
		<u>334,807,013</u>	<u>363,922,475</u>
Less:			
Disposal during the period / year - vehicles		41,734	2,110,558
Depreciation charged during the period / year		15,829,328	34,467,676
		<u>15,871,062</u>	<u>36,578,234</u>
		<u>318,935,951</u>	<u>327,344,241</u>
<b>4.1.1 Additions during the period / year</b>			
Plant and machinery		2,189,958	1,871,931
Laboratory equipments		2,387,370	-
Furniture and fixtures		9,700	396,521
Vehicles		166,310	9,838,300
		<u>4,753,338</u>	<u>12,106,752</u>
<b>4.2 Capital work-in-progress</b>			
At the beginning of the period / year		-	-
Additions during the period / year	4.2.1	2,709,434	1,269,586
		<u>2,709,434</u>	<u>1,269,586</u>
Transfer to operating assets during the period / year		(2,709,434)	(1,269,586)
		<u>-</u>	<u>-</u>
<b>4.2.1 Additions during the period / year</b>			
Plant and machinery		<u>2,709,434</u>	<u>1,269,586</u>
<b>5. STOCK-IN-TRADE</b>			
Raw material - in hand		90,612,718	116,014,363
Raw material - in transit		433,204	2,814,385
Work-in-process		-	2,957,958
Finished goods		55,234,119	72,002,746
		<u>146,280,041</u>	<u>193,789,452</u>
<b>6. SHORT-TERM INVESTMENTS</b>			
Held to maturity			
Term deposit receipts	6.1	200,254,450	250,254,450
		<u>200,254,450</u>	<u>250,254,450</u>

6.1 These carry profit rate ranges from 6% to 7.5% (June 30, 2015: 7% to 9.25%) per annum and will mature in January to March 2016.

## 7. TRADE AND OTHER PAYABLES

- 7.1 Includes provision for GIDC and fuel charges amounting to Rs. 19.27 million and Rs. 4.93 million respectively as explained in note 8.1 and 8.2 below.

## 8. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 8.1 In September 2014, the Federal 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 has 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 has granted stay against charging of the GIDC under the GIDC Act.,2015. The Company is hopeful, based on the advice of its legal consultant, that the decision of the case will be in its favor. However, during the period, the Company has provided Rs. 19.27 million in these condensed interim financial statements due to inherent uncertainties involved in such matters, as a matter of prudence.

- 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 has challenged the OGRA notification and filed writ petition in the HCS. The Court has granted stay against charging of the increase tariff resulting in the operation of impugned notification to remain suspended. The Company is hopeful, based on the advice of its legal consultant, that the decision of the case will be in its favor. However, during the period, the Company has provided Rs. 4.93 million in these condensed interim financial statements due to inherent uncertainties involved in such matters, as a matter of prudence.

### Commitments

- 8.3 Guarantees have been issued by a commercial bank on behalf of the Company to Sui Southern Gas Company Limited in the normal course of business amounting to Rs. 36.435 million (June 30, 2015: 36.435 million).

	DECEMBER 31, 2015 (Unaudited) RUPEES	DECEMBER 31, 2014 (Unaudited) RUPEES
<b>9. WORKING CAPITAL CHANGES</b>		
Decrease / (Increase) in Current Assets		
Stores, spare parts and loose tools	(253,275)	3,658,058
Stock-in-trade	47,509,411	7,475,126
Trade debts	(5,057,342)	34,249,451
Advances	(1,893,106)	1,166,778
Trade deposits and short-term prepayments	203,161	(467,518)
Other receivables	(53,192)	210,191
Accrued income	(1,645,222)	(5,998,768)
	<u>38,810,435</u>	<u>40,293,318</u>
Increase / (decrease) in current liabilities		
Trade and other payables	19,024,830	(11,818,603)
	<u>57,835,265</u>	<u>28,474,715</u>

# Habib-ADM Ltd.

## 10 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiary company, associated companies, directors and key management personnel. Material transactions with related parties during the period are given below:

Transactions during the period	DECEMBER 31, 2015 (Unaudited) RUPEES	DECEMBER 31, 2014 (Unaudited) RUPEES
<b>Subsidiary Company</b>		
Sales	-	1,635,750
Rent received	-	3,000
Dividend received	-	793,407
<b>Associate Company</b>		
Allocated salary expense	215,886	207,600
Petty cash payment	8,950	10,486
Dividend paid		
- Haydari Boring & Piling Company (Private) Limited	54,000	36,000
- Abbas Builders (Private) Limited	4,119	2,332,746
- Indus Oil Expellers (Private) Limited	600	400
	<u>58,719</u>	<u>2,369,146</u>
<b>Key management personnel</b>		
Salaries and allowances	<u>5,439,738</u>	<u>5,180,700</u>
<b>Retirement benefit plans</b>		
Contribution to Provident Fund	<u>906,624</u>	<u>704,500</u>

## 11. GENERAL

11.1 These condensed interim financial statements have been authorized for issue on 01 February 2016 by the Board of Directors of the Company.

11.2 Figures have been rounded off to the nearest rupee.



**OWAIS G. HABIB**  
Chief Executive Officer



**GAFFAR A. HABIB**  
Chairman

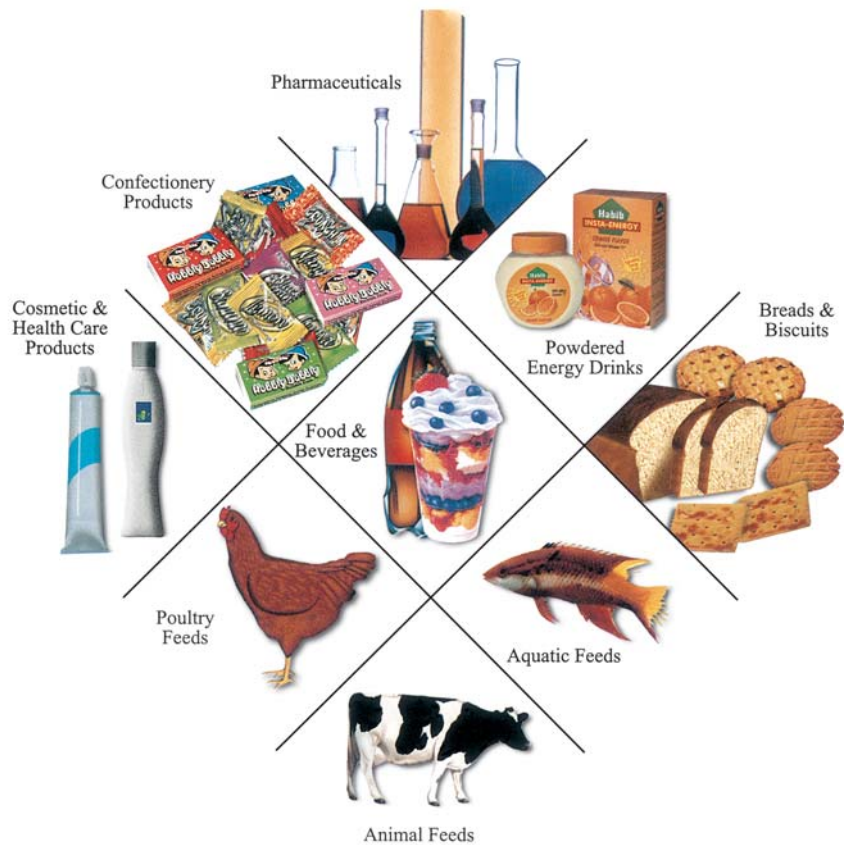
Karachi: 01 February 2016



# Habib-ADM Ltd.

## Pioneer Producers of Rice Based Starch Sugars and Proteins

Habib-ADM Limited pioneered the conversion of Rice into Glucose, Dextrose, Fructose, Sorbitol and Maltodextrine - all essential ingredients for:



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contributing to a sweeter tomorrow