



# **Habib-ADM Ltd.**

**3rd Quarter  
Unaudited Accounts  
March 31, 2016**

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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. S. M. Vakil

### **COMPANY SECRETARY**

Mr. Ali Asghar Rajani

### **AUDITORS**

M/s. Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### **SHARE REGISTRAR**

THK ASSOCIATES (PVT.) LTD.  
2nd Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road,  
Karachi 75530, Pakistan.

### **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

3RD QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

Dear Shareholders,

We bow our heads to the will of Allah - as the prolonged drought in the Hub River catchment area continues to limit our operation.

Intermittent water supply has to be stored in our reservoir till we have enough water to make a three day run, this on-off run is expensive - and add to this high cost, the provision for GID and increase rate of Gas Supply (Rs. 36 Million for the period), a does not augur well for our bottom line.

The Financial results of our operations for the period have been even worse - but for the provision of deferred tax which was duly reversed under the normal accounting process.

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**  
Chairman

Karachi: 15 April 2016

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

	Note	MARCH 31, 2016 (Un-audited) RUPEES	JUNE 30, 2015 (Audited) RUPEES
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	317,733,496	327,344,241
Long term investment in a subsidiary company		-	1,000,000
Long-term deposits		3,102,001	3,102,001
		<u>320,835,497</u>	<u>331,446,242</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		57,684,106	56,792,386
Stock-in-trade	5	133,409,345	193,789,452
Trade debts		3,859,070	11,991,630
Advances		3,408,841	3,405,494
Trade deposits and short-term prepayments		1,855,299	2,088,206
Accrued income		2,067,451	452,592
Other receivables		452,082	376,786
Short-term investments	6	200,254,450	250,254,450
Taxation - net		36,726,422	17,390,136
Cash and bank balances		107,522,731	81,443,942
		<u>547,239,797</u>	<u>617,985,074</u>
<b>TOTAL ASSETS</b>		<u>868,075,294</u>	<u>949,431,316</u>
<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		476,738,819	576,537,021
		<u>736,738,819</u>	<u>836,537,021</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		14,452,901	34,999,061
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	116,883,574	77,895,234
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>868,075,294</u>	<u>949,431,316</u>

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: 15 April 2016

## CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE 3RD QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

	9 MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2016 RUPEES	MARCH 31, 2015 RUPEES	MARCH 31, 2016 RUPEES	MARCH 31, 2015 RUPEES
Turnover - net	763,606,618	853,517,818	253,064,249	239,906,310
Cost of sales	(654,003,636)	(642,139,880)	(222,846,169)	(180,463,118)
<b>Gross profit</b>	<b>109,602,982</b>	<b>211,377,938</b>	<b>30,218,080</b>	<b>59,443,192</b>
Distribution expenses	(51,173,330)	(50,661,438)	(16,237,170)	(17,010,370)
Administrative expenses	(64,374,256)	(46,872,171)	(22,597,785)	(13,708,281)
Other charges	(540,669)	(9,426,050)	343,038	(2,389,894)
Other income	14,601,247	23,326,093	3,873,272	5,948,526
	(101,487,008)	(83,633,566)	(34,618,645)	(27,160,019)
<b>Operating profit / (loss)</b>	<b>8,115,974</b>	<b>127,744,372</b>	<b>(4,400,565)</b>	<b>32,283,173</b>
Finance costs	(820,861)	(561,003)	(227,957)	(120,750)
<b>Profit / (loss) before taxation</b>	<b>7,295,113</b>	<b>127,183,369</b>	<b>(4,628,522)</b>	<b>32,162,423</b>
Taxation				
- Current	(7,639,475)	(29,783,198)	(2,530,420)	(9,007,203)
- Deferred	20,546,160	2,296,803	7,496,291	980,180
	12,906,685	(27,486,395)	4,965,871	(8,027,023)
<b>Profit after taxation</b>	<b>20,201,798</b>	<b>99,696,974</b>	<b>337,349</b>	<b>24,135,400</b>
<b>Earnings per share - basic and diluted</b>	<b>0.51</b>	<b>2.49</b>	<b>0.01</b>	<b>0.60</b>

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 3RD QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

	9 MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2016 RUPEES	MARCH 31, 2015 RUPEES	MARCH 31, 2016 RUPEES	MARCH 31, 2015 RUPEES
Net profit for the period	20,201,798	99,696,974	337,349	24,135,400
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>20,201,798</b>	<b>99,696,974</b>	<b>337,349</b>	<b>24,135,400</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: 15 April 2016

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 3RD QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	MARCH 31, 2016 RUPEES	MARCH 31, 2015 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		7,295,113	127,183,369
Adjustment for non-cash items:			
Depreciation		23,945,876	25,733,617
Gain on disposal of fixed assets		(416,266)	(2,004,198)
Finance costs		820,861	561,003
Operating profit before working capital changes		31,645,584	151,473,791
Working capital changes	9	105,148,692	34,317,327
Cash generated from operations		136,794,276	185,791,118
Taxes paid		(26,975,761)	(30,223,924)
Finance costs paid		(820,861)	(561,003)
		(27,796,622)	(30,784,927)
Net cash generated from operating activities		108,997,654	155,006,191
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(14,376,865)	(12,250,886)
Proceeds from short-term Investments matured		50,000,000	(250,254,450)
Proceeds from disposal of fixed assets		458,000	3,616,000
Proceeds from disposal of investment in subsidiary		1,000,000	-
Net cash generated from / (used in) investing activities		37,081,135	(258,889,336)
<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 increase / decrease in cash and cash equivalents		26,078,789	(183,883,145)
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		107,522,731	76,411,680

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: 15 April 2016

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
FOR THE 3RD QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

PARTICULARS	RESERVES					TOTAL RESERVES	TOTAL
	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVE - SHARE PREMIUM	GENERAL RESERVE	UNAPPROPRIATED PROFIT	TOTAL RESERVES		
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	-	-	-	99,696,974	99,696,974	99,696,974	
<b>Balance as at March 31, 2015</b>	<b>200,000,000</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>554,102,578</b>	<b>614,102,578</b>	<b>814,102,578</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	-	-	-	20,201,798	20,201,798	20,201,798	
<b>Balance as at March 31, 2016</b>	<b>200,000,000</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>476,738,819</b>	<b>536,738,819</b>	<b>736,738,819</b>	

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

Karachi: 15 April 2016

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**OWAIS G. HABIB**  
Chief Executive Officer

  
**GAFFAR A. HABIB**  
Chairman



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

### 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 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 and are being submitted 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 June 30 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.

	Note	MARCH 31, 2016 (Un-audited) RUPEES	JUNE 30, 2015 (Audited) RUPEES
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets - Owned	4.1	316,409,494	327,344,241
Capital work-in-progress (CWIP)	4.2	1,324,002	-
		317,733,496	327,344,241

## Habib-ADM Ltd.

	Note	MARCH 31, 2016 (Un-audited) RUPEES	JUNE 30, 2015 (Audited) RUPEES
<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	9,490,289	12,106,752
Transfer from CWIP during the period / year	4.2	3,562,574	1,269,586
		<u>340,397,104</u>	<u>363,922,475</u>
Less:			
Disposal during the period / year - vehicles		41,734	5,381,250
Depreciation charged during the period / year		23,945,876	31,196,984
		<u>23,987,610</u>	<u>36,578,234</u>
		<u>316,409,494</u>	<u>327,344,241</u>
<b>4.1.1 Additions during the period / year</b>			
Land (lease hold at Hub & Karachi)		300,000	-
Plant and machinery		4,871,659	1,871,931
Computer		28,000	-
Laboratory equipments		2,387,370	-
Furniture and fixtures		9,700	396,521
Vehicles		1,893,560	9,838,300
		<u>9,490,289</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	4,886,576	1,269,586
		<u>4,886,576</u>	<u>1,269,586</u>
Transfer to operating assets during the period / year		3,562,574	1,269,586
		<u>1,324,002</u>	<u>-</u>
<b>4.2.1 Additions during the period / year</b>			
Plant and machinery		<u>4,886,576</u>	<u>1,269,586</u>
<b>5. STOCK-IN-TRADE</b>			
Raw material - in hand		69,247,706	116,014,363
Raw material - in transit		434,445	2,814,385
Work-in-process		1,829,700	2,957,958
Finished goods		61,897,494	72,002,746
		<u>133,409,345</u>	<u>193,789,452</u>
<b>6. SHORT-TERM INVESTMENTS</b>			
Held to maturity			
Term deposit receipts	6.1	<u>200,254,450</u>	<u>250,254,450</u>
<b>6.1</b>			
These carry profit rate ranges from 5.90% to 6% (2015: 7% to 8.75%) per annum and will mature in April to June 2016.			
<b>7. TRADE AND OTHER PAYABLES</b>			
<b>7.1</b>			
Includes provision for GIDC and fuel charges amounting to Rs. 27.63 million and Rs. 9.18 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. 27.63 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. 9.18 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 (2015: 36.435 million).

<b>MARCH 31, 2016 (Un-audited) RUPEES</b>	<b>MARCH 31, 2015 (Un-audited) RUPEES</b>
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## 9. WORKING CAPITAL CHANGES

### Decrease / (Increase) in Current Assets

Stores, spare parts and loose tools	(891,720)	990,376
Stock-in-trade	60,380,107	42,659
Trade debts	8,132,560	23,546,313
Advances	(3,347)	2,581,618
Trade deposits and short-term prepayments	232,907	(207,382)
Other receivables	(75,296)	193,158
Accrued income	(1,614,859)	(3,797,946)
	66,160,352	23,348,796

### Increase / (decrease) in current liabilities

Trade and other payables	38,988,340	10,968,531
	105,148,692	34,317,327

## 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:

	MARCH 31, 2016 (Un-audited) RUPEES	JUNE 30, 2015 (Audited) RUPEES
<b>Transactions during the period</b>		
<b>Subsidiary Company</b>		
Sales	-	1,635,750
Rent received	-	3,000
Dividend received	-	793,407
<b>Associate Company</b>		
Payment of Dividend to Associated Companies	58,719	2,369,146

### 11. GENERAL

11.1 These condensed interim financial statements were authorized for issue on 15 April 2016 by the Board of Directors of the Company.

11.2 Figures have been rounded off to the nearest rupee.

Karachi: 15 April 2016

  
**OWAIS G. HABIB**  
Chief Executive Officer

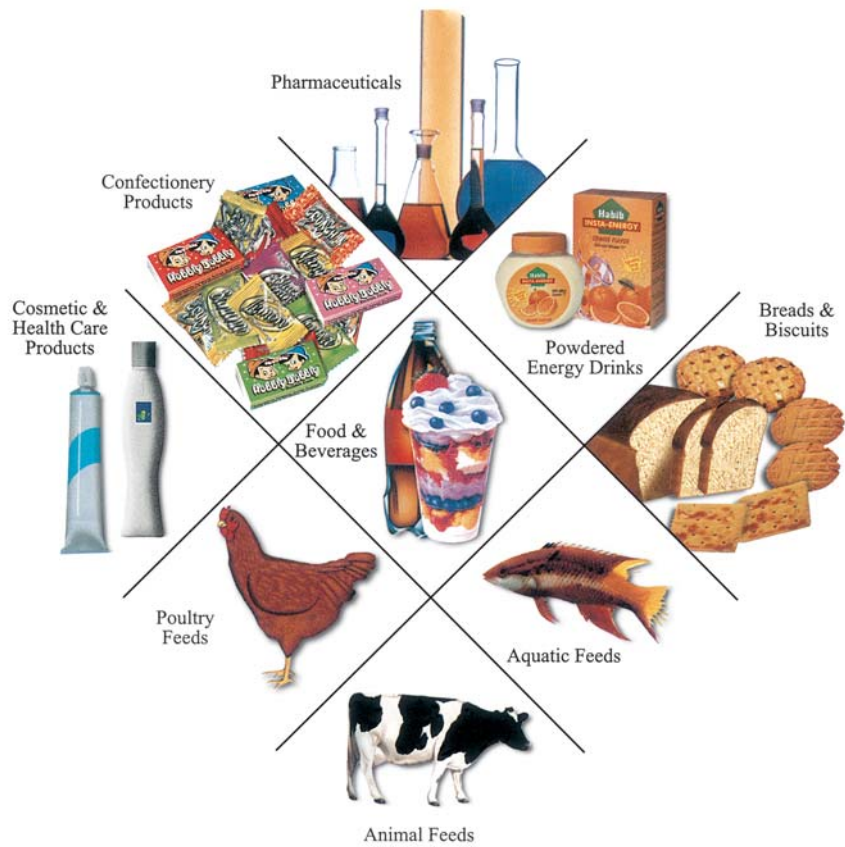
  
**GAFFAR A. HABIB**  
Chairman



# 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