



**Half Yearly
Unaudited Accounts
December 31, 2017**

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CHAIRMAN'S REVIEW / DIRECTORS' REPORT

HALF YEAR ENDED DECEMBER 31, 2017

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 Half Year ended 31 December 2017.

Although our overall Sales have registered an increase, the low values achieved did nothing for our Bottom Line. Import from India attract 5% Import duty and Zero Sale tax and as a Consequence fall in our Sale prices has been showing up in our Bottom Line for the third year in a Row. Our Representation for corrective actions continues to fall on deaf ears as stated earlier.

Water - So far this year we have not had any problem in our water supply - However - the Hub Lake at the end of the Beneficial Rains, has only enough water to last us through April under normal draw down. So we can expect to see rationing towards the end of the current financial year.

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: 02 February 2018



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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 2017** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this 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 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Review Engagement Partner: Tariq Feroz Khan

Date: 08 February 2018

Karachi

Habib-ADM Ltd.

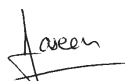
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017 (UNAUDITED)

		December 31, 2017 (Un-audited) RUPEES	JUNE 30, 2017 (Audited) RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	290,904,338	296,696,253
Long-term deposits		4,343,181	4,342,681
Deferred tax asset		7,042,615	-
		<u>302,290,134</u>	<u>301,038,934</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		58,866,669	53,736,910
Stock-in-trade	6	214,803,544	213,748,336
Trade debts		17,611,905	42,284,882
Loans and Advances		3,104,316	3,523,192
Trade deposits and pre payments		25,789,289	15,847,893
Interest Accrued		1,310,567	965,611
Short-term investments	7	150,944,429	200,254,450
Taxation - net		84,199,855	69,840,372
Cash and bank balances	8	98,404,730	34,396,418
		<u>655,035,304</u>	<u>634,598,064</u>
		<u>957,325,438</u>	<u>935,636,998</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 60,000,000 (June 30, 2017: 60,000,000) ordinary shares of Rs.5/- each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up capital		200,000,000	200,000,000
Reserves		513,397,717	548,030,985
		<u>713,397,717</u>	<u>748,030,985</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net		-	2,929,912
CURRENT LIABILITIES			
Trade and other payables	9	243,927,721	184,676,101
CONTINGENCIES AND COMMITMENTS			
	10	<u>957,325,438</u>	<u>935,636,998</u>

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



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 02 February 2018

Habib-ADM Ltd.

CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	Half year ended		Quarter ended	
	December 31, 2017 RUPEES	December 31, 2016 RUPEES	December 31, 2017 RUPEES	December 31, 2016 RUPEES
Turnover - net	664,635,283	563,216,780	378,463,372	298,485,679
Cost of sales	(582,239,867)	(472,297,933)	(320,991,842)	(266,035,494)
Gross profit	82,395,416	90,918,847	57,471,530	32,450,185
Distribution cost	(30,063,417)	(36,084,378)	(14,544,347)	(12,767,756)
Administrative expenses	(44,682,813)	(35,434,478)	(20,629,333)	(16,886,740)
Other expenses	(1,003,083)	(2,048,732)	(1,003,083)	(549,473)
Other income	7,041,902	10,848,692	3,878,484	5,560,761
Finance costs	(153,650)	(556,913)	(79,172)	(393,065)
Profit before taxation	13,534,355	27,643,038	25,094,079	7,413,912
Taxation				
- Current	(8,140,150)	(5,632,168)	(4,661,832)	(2,977,619)
- Deferred	9,972,527	2,682,617	5,628,307	5,353,903
	1,832,377	(2,949,551)	966,475	2,376,284
Profit for the period	15,366,732	24,693,487	26,060,554	9,790,196
Earnings per share - basic and diluted	0.38	0.62	0.65	0.24

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

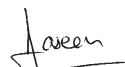
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	Half year ended		Quarter ended	
	December 31, 2017 RUPEES	December 31, 2016 RUPEES	December 31, 2017 RUPEES	December 31, 2016 RUPEES
Profit for the period	15,366,732	24,693,487	26,060,554	9,790,196
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	15,366,732	24,693,487	26,060,554	9,790,196

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



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 02 February 2018

Habib-ADM Ltd.

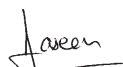
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	December 31, 2017 RUPEES	December 31, 2016 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,534,355	27,643,038
Adjustments		
Depreciation	13,365,110	14,261,192
Gain on disposal of property, plant & equipment	-	(2,494,870)
Finance costs	153,650	556,913
Long-term deposits	(500)	(150,000)
Operating profit before working capital changes	27,052,615	39,816,273
Working capital changes	11 67,872,154	(35,702,377)
Cash generated from operations	94,924,769	4,113,896
Taxes paid	(22,499,633)	(18,415,627)
Finance costs paid	(153,650)	(556,913)
	(22,653,283)	(18,972,540)
Net cash generated from / (used in) operating activities	72,271,486	(14,858,644)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(7,573,195)	(6,668,631)
Proceeds from short-term Investments matured	49,310,021	-
Proceeds from disposal of property, plant and equipment	-	5,164,647
Net cash generated from / (used in) investing activities	41,736,826	(1,503,984)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(50,000,000)	(40,000,000)
Net cash used in financing activities	(50,000,000)	(40,000,000)
Net Increase / (decrease) in cash and cash equivalents	64,008,312	(56,362,628)
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	98,404,730	55,319,531

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



OWAIS G. HABIB
Chief Executive Officer
Karachi: 02 February 2018



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Habib-ADM Ltd.

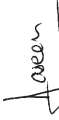
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Particulars	Issued, Subscribed And Paid-up Capital	Capital Reserve Share Premium	Reserves			Total Reserves	Total
			General Reserve	Revenue reserves			
				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	
Profit for the period	-	-	-	24,693,487	24,693,487	24,693,487	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income	-	-	-	24,693,487	24,693,487	24,693,487	
Final dividend @ 20% for the year ended June 30, 2016	-	-	-	(40,000,000)	(40,000,000)	(40,000,000)	
Balance as at December 31, 2016	200,000,000	10,000,000	50,000,000	474,073,387	534,073,387	734,073,387	
Balance as at July 01, 2017	200,000,000	10,000,000	50,000,000	488,030,985	548,030,985	748,030,985	
Profit for the period	-	-	-	15,366,732	15,366,732	15,366,732	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income	-	-	-	15,366,732	15,366,732	15,366,732	
Final dividend @ 25% for the year ended June 30, 2017	-	-	-	(50,000,000)	(50,000,000)	(50,000,000)	
Balance as at December 31, 2017	200,000,000	10,000,000	50,000,000	453,397,717	513,397,717	713,397,717	

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



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 02 February 2018

Habib-ADM Ltd.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 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 in Hub.

2. STATEMENT OF COMPLIANCE

Effective 30 May 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered of Pakistan also issued clarification vide its circular dated 06 October 2017 which states that the interim financial information of the companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these condensed interim financial information have been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirement differ, the provision of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

Currently, the Company is assessing the impact of the requirements of the Companies Act 2017, on the financial statements for the future periods in terms of accounting as well as disclosure requirements.

3. BASIS OF PREPARATION

- 3.1. These condensed interim financial information are un-audited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance under the Rule Book of Pakistan Stock Exchange and Section 245 of the repealed Companies Ordinance, 1984. These condensed interim financial information do not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the financial information of the Company for the year ended June 30, 2017.
- 3.2. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2017 and December 31, 2016 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended December 31, 2017 and December 31, 2016.
- 3.3. These condensed interim financial information are presented in Pakistan Rupees which is the Company's functional and presentation currency.

Habib-ADM Ltd.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those adopted in the preparation of the annual financial information for the year ended June 30, 2017 except for the adoption of standards becomes effective during the current period. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4.1. Revised standards, amendments and interpretations of IFRSs

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current period:

Amended standards

IAS 7 Statement of Cashflows: Disclosures - Disclosure Initiative (Amendment)
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Annual improvements to IFRSs

IFRS 12 Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements

The adoption of the above amendment to accounting standards did not have any material effect on the condensed interim financial information.

4.2. Accounting estimates and judgements

The preparation of these condensed interim financial information in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make estimates, judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual audited financial information of the Company for the year ended June 30, 2017. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial information as at and for the year ended June 30, 2017.

Income tax expense is recognized based on the best estimate of the weighted average annual effective income tax rate for the full financial year.

		December 31, 2017 (Un-audited) Rupees	June 30 2017 (Audited) Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
	5.1	281,893,043	289,802,490
	5.2	9,011,295	6,893,763
		290,904,338	296,696,253

Habib-ADM Ltd.

	December 31, 2017 (Un-audited) Rupees	June 30 2017 (Audited) Rupees
5.1. The movement in operating fixed assets during the period / year are as follows:		
Book value at the beginning of the period / year	289,802,490	308,649,782
Additions during the period / year	5.1.1 5,455,663	12,743,205
Transfer from CWIP during the period / year	5.2 -	-
	295,258,153	321,392,987
Less:		
Disposal during the period / year - vehicles (WDV)	-	5,952,480
Depreciation charged during the period / year	13,365,110	25,638,017
	13,365,110	31,590,497
	281,893,043	289,802,490
5.1.1. Additions during the period / year		
Plant and machinery	5,216,463	6,172,095
Computer, office and electrical equipments	239,200	-
Furniture and fixtures	-	69,110
Vehicles	-	6,502,000
	5,455,663	12,743,205
5.2. Capital work-in-progress		
At the beginning of the period / year	6,893,763	1,472,572
Additions during the period / year - plant and machinery	2,117,532	5,421,191
	9,011,295	6,893,763
Transfer to operating assets during the period / year	-	-
	9,011,295	6,893,763
6. STOCK-IN-TRADE		
Raw and packing material - in hand	124,456,395	139,571,914
- in transit	443,620	4,104,811
	124,900,015	143,676,725
Work-in-process	-	58,273
Finished goods	89,903,529	70,013,338
	214,803,544	213,748,336
7. SHORT-TERM INVESTMENTS		
Held to maturity		
Term deposit receipts	7.1 150,944,429	200,254,450
7.1. These represent investments made in TDR with a commercial bank having a term of less than 3 months under conventional banking relationship, carrying interest rates ranging from 5.5% to 6.2% (June 30, 2017: 5.5% to 6%) per annum.		

Habib-ADM Ltd.

	December 31, 2017 (Un-audited) Rupees	June 30 2017 (Audited) Rupees
8. CASH AND BANK BALANCES		
Cash in hand	3,379,222	3,446,840
Cash with banks		
Current accounts	14,704,060	14,599,842
Deposit accounts	8.1 80,321,448	16,349,736
	95,025,508	30,949,578
	98,404,730	34,396,418

8.1 This carry interest rate of 4.5% (June 30, 2017: 4.5% to 6.1%) per annum under interest / mark-up arrangements under conventional banking relationships.

9. TRADE AND OTHER PAYABLES

Creditors		10,890,758	6,179,897
Accrued liabilities		27,728,385	13,910,535
Gas Infrastructure Development	9.1 and		
Cess and other charges	9.2	145,860,920	108,091,134
Advances from customers		38,993,649	41,580,726
Workers' Welfare Fund		276,211	-
Workers' Profit Participation Fund		726,872	-
Unclaimed dividend / unpaid dividend		13,931,579	13,942,817
Security deposit from customers		254,450	254,450
Sales tax payable		4,964,399	716,542
Others		300,498	-
		243,927,721	184,676,101

9.1. 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 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 ultravires and unconstitutional on the grounds mentioned above. The Government and Sui Southern Gas Co. Ltd (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 98.26 million as of the balance sheet date which includes Rs. 24.39 million for the period in these financial statements.

Habib-ADM Ltd.

9.2. 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 & Gas Regulatory Authority Ordinance 2002. Subsequently , SSGC filed an appeal in the HCS against the Judgement dated 18 May 2016. The HCS through its decision dated August 15, 2017 has dismissed the appeal.

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 customer 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. 47.60 million as of the balance sheet date which includes Rs. 13.37 million for the period in these financial information.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1. There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended 30 June 2017.

10.2. Commitments

	December 31, 2017 (Un-audited) Rupees	June 30 2017 (Audited) Rupees
Outstanding letters of credit	-	38,658,100
Guarantee issued in favour of:		
- Sui Southern Gas Company Limited	10.2.1 35,793,893	35,793,893

10.2.1 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.

Habib-ADM Ltd.

	December 31, 2017 (Un-audited) Rupees	December 31, 2016 (Un-audited) Rupees
11. WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	(5,129,759)	(788,760)
Stock-in-trade	(1,055,208)	(64,544,447)
Trade debts	24,672,977	1,307,383
Advances	418,876	(1,473,983)
Trade deposits and prepayments	(9,941,396)	(1,763,800)
Interest accrued	(344,956)	(1,716,882)
	8,620,534	(68,980,489)
Increase in current liabilities		
Trade and other payables	59,251,620	33,278,112
	67,872,154	(35,702,377)

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, executives and retirement funds. Transactions with related parties other than those disclosed elsewhere in the financial information as mentioned below are entered under normal commercial terms:

	December 31, 2017 (Un-audited) Rupees	December 31, 2016 (Un-audited) Rupees
Transactions during the period		
Associated Companies		
Allocated salary expense	-	221,059
Petty cash payment	-	4,770
Dividend paid		
- Haydari Boring & Piling Company (Private) Limited	22,500	18,000
- Abbas Builders (Private) Limited	1,716	1,373
- Indus Oil Expellers (Private) Limited	250	200
	24,466	19,573
Key management personnel		
Salaries and allowances	6,768,665	6,829,894
Retirement benefit plans		
Contribution to Provident Fund	1,066,056	975,124

Habib-ADM Ltd.

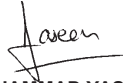
13. GENERAL

13.1. These condensed interim financial information have been authorized for issue on 02 February, 2018 by the Board of Directors of the Company.

13.2. Figures have been rounded off to the nearest rupee, unless otherwise stated.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

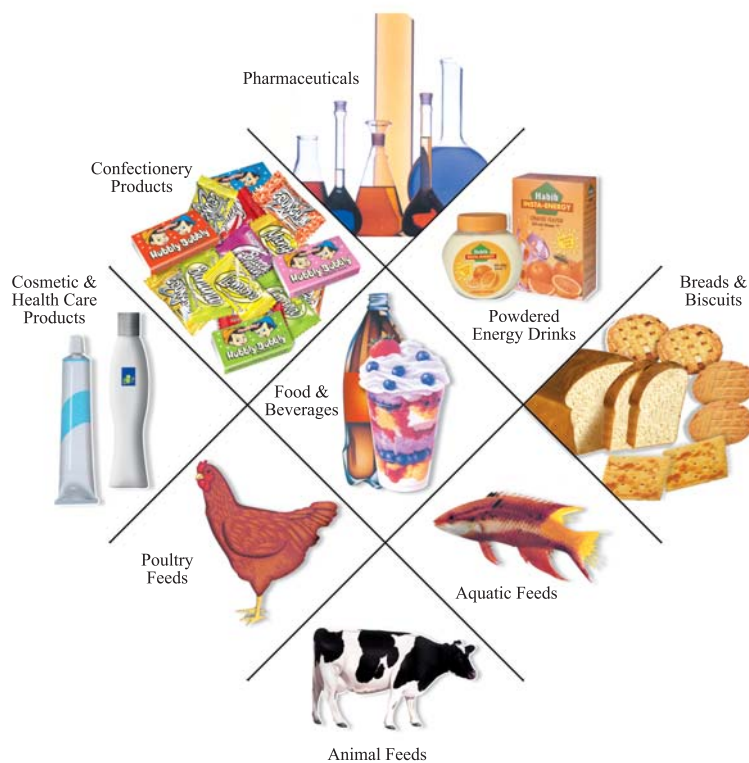
Karachi: 02 February 2018



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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