



Habib-ADM Ltd.

**1st Quarter
Unaudited Accounts
September 30, 2018**

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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
Mr. Daniyal Ghani

CHIEF EXECUTIVE OFFICER

Mr. Owais G. Habib

CHIEF FINANCIAL OFFICER

Mr. Muhammad Yaseen

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, 2018 (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 2018.

By the grace of Allah, sales have increased - both in domestic market and overseas.

As a result of an increase in International (Import) prices combined with a devaluation of the rupee, the domestic sales price registered increase - although not enough to cover costs - (export sales still continue to subsidize local sales) but still better than earlier.

Higher levels of export sales helped cover overall costs of production and then some margin.

Utilities - The single most expensive cost of production after raw material is Gas / Power - as expensive as it has been, the recent announcement of October 04, 2018 has raised this cost still more.

The government must tear up the bad expensive purchase deals, we have made for Gas - and renegotiate at regular international prices rather than try to get our consumers to pick up this exorbitant price of energy.

Water-Total failure of rains this monsoon has left the Hub Lake at dead storage level. We will be compelled to buy our water requirements through tankers till we get 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
Chairman

Karachi: 16 October 2018

Habib-ADM Ltd.

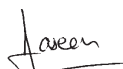
CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2018 (UN-AUDITED)

	Note	September 30, 2018 (Un-audited) RUPEES	June 30, 2018 (Audited) RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	363,701,883	367,679,727
Long-term deposits		4,593,181	4,593,181
Deferred taxation – net		<u>20,395,025</u>	<u>22,813,718</u>
		388,690,089	395,086,626
CURRENT ASSETS			
Stores, spare parts and loose tools		56,062,873	57,372,129
Stock-in-trade	6	149,280,851	226,705,852
Trade debts		27,383,214	7,542,932
Loan and Advances		6,407,558	3,398,303
Trade deposits, pre-payments and other receivable		8,857,271	9,374,911
Short-term investments	7	220,254,450	150,254,450
Interest accrued		1,461,149	683,064
Taxation – net		92,900,886	87,526,276
Cash and bank balances	8	194,959,463	125,325,687
		<u>757,567,715</u>	<u>668,183,604</u>
		1,146,257,804	1,063,270,230
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 60,000,000 (June 30, 2018: 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		<u>589,654,214</u>	<u>566,912,965</u>
		789,654,214	766,912,965
CURRENT LIABILITIES			
Trade and other payables	9	342,370,392	282,037,932
Unclaimed dividend		14,233,198	14,319,333
		<u>356,603,590</u>	<u>296,357,265</u>
		1,146,257,804	1,063,270,230
Contingencies and Commitments			
	10		

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 16 October 2018

Habib-ADM Ltd.


CONDENSED INTERIM PROFIT OR LOSS ACCOUNT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	SEPTEMBER 30, 2018 RUPEES	SEPTEMBER 30, 2017 RUPEES
Turnover - net	357,847,427	286,171,911
Cost of Sales	(282,291,782)	(261,248,025)
Gross Profit	75,555,645	24,923,886
Distribution costs	(24,764,810)	(15,519,070)
Administrative Expenses	(23,249,048)	(24,053,480)
Other Expenses	(2,178,409)	-
Other Income	4,213,668	3,163,418
Finance costs	(184,309)	(74,478)
Profit / (Loss) before Taxation	29,392,737	(11,559,724)
Taxation		
- Current	(4,232,795)	(3,478,318)
- Deferred	(2,418,693)	4,344,220
Provision for Taxation	(6,651,488)	865,902
Profit / (Loss) for the period	22,741,249	(10,693,822)
Earning / (loss) per share - basic and diluted	0.57	-0.27

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 16 October 2018

Habib-ADM Ltd.

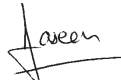
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	SEPTEMBER 30, 2018 RUPEES	SEPTEMBER 30, 2017 RUPEES
Net Profit / (Loss) for the period	22,741,249	(10,693,822)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>22,741,249</u>	<u>(10,693,822)</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 16 October 2018

Habib-ADM Ltd.

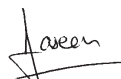
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Note	September 30, 2018 RUPEES	September 30, 2017 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		29,392,737	(11,559,724)
Adjustment for non-cash items:			
Depreciation		5,998,539	6,609,074
Finance costs		184,309	74,478
Operating profit / (loss) before working capital changes		35,575,585	(4,876,172)
Working capital changes	11	115,870,600	51,079,320
Cash generated from operations		151,446,185	46,203,148
Taxes paid		(9,607,405)	(13,009,785)
Finance costs paid		(184,309)	(74,478)
		(9,791,714)	(13,084,263)
Net cash generated from operating activities		141,654,471	33,118,885
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,020,695)	(1,344,268)
Short term Investments		(70,000,000)	-
Long-term deposits		-	39,500
Net cash (used in) investing activities		(72,020,695)	(1,304,768)
Net increase in cash and cash equivalents		69,633,776	31,814,117
Cash and cash equivalents at the beginning of the period		125,325,687	34,396,418
Cash and cash equivalents at the end of the period		194,959,463	66,210,535

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 16 October 2018

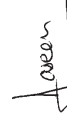
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

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, 2017	200,000,000	10,000,000	50,000,000	488,030,985		548,030,985	748,030,985
(Loss) for the period	-	-	-	(10,693,822)		(10,693,822)	(10,693,822)
Other comprehensive income	-	-	-	-		-	-
Total comprehensive loss	-	-	-	(10,693,822)		(10,693,822)	(10,693,822)
Balance as at September 30, 2017	200,000,000	10,000,000	50,000,000	477,337,163		537,337,163	737,337,163
Balance as at July 01, 2018	200,000,000	10,000,000	50,000,000	506,912,965		566,912,965	766,912,965
Profit for the period	-	-	-	22,741,249		22,741,249	22,741,249
Other comprehensive income	-	-	-	-		-	-
Total comprehensive income	-	-	-	22,741,249		22,741,249	22,741,249
Balance as at September 30, 2018	200,000,000	10,000,000	50,000,000	529,654,214		589,654,214	789,654,214

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: 16 October 2018

Habib-ADM Ltd.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Habib-ADM Limited (the Company) is a public Company Limited by Shares, incorporated in Pakistan on July 10, 1980 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 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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim reporting comprise of:

International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017: and

Provision of and directive issued under the Companies Act, 2017.

Where the provisions of and directive issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provision of and directives issued under the Companies Act, 2017 have been followed."

"These condensed interim financial statements have been prepared in accordance with the International Accounting Standards (IAS) 34, Interim Financial Reporting."

3. BASIS OF PREPARATION

- 3.1. These condensed interim financial information are un-audited and are being presented to the Stockholders as required under Section 237 of the Companies Act, 2017. 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 financial information of the Company for the year ended June 30, 2018.
- 3.2. The figures of the condensed interim profit or loss account for the quarter ended September 30, 2018 and September 30, 2017 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 Dec 31, 2018 and Dec 31, 2017.
- 3.3. These condensed interim financial statements are hereby 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 statements are the same as those adopted in the preparation of the annual financial information for the year ended June 30, 2018 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 accounting standards and the amendments and interpretations of IFRSs which became effective for the current period:

Amended standards

IAS 7 Statement of Cash flows: Disclosures - Initiative (Amendment)
IAS12 Income taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Annual improvements to IFRSs

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

4.2. Accounting estimates and judgements

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

Estimates, assumptions and judgments made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2018. 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, 2018.

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

	Note	September 30, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	264,345,974	269,386,761
Capital Work-In-Progress (CWIP)		99,355,909	98,292,966
		<u>363,701,883</u>	<u>367,679,727</u>

Habib-ADM Ltd.

	Note	September 30, 2018 (Un-audited) Rupees	June 30, 2018 (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		269,386,761	289,802,490
Additions during the period / year	5.1.1	957,752	6,519,496
		270,344,513	296,321,986
Less:			
Depreciation charged during the period / year		5,998,539	26,935,225
		264,345,974	269,386,761
5.1.1. Additions during the period / year			
Plant and machinery		640,673	5,951,786
Computer, office and electrical equipments		83,079	529,900
Laboratory Equipment		234,000	37,810
		957,752	6,519,496
6. STOCK-IN-TRADE			
Raw and packing material - in hand		79,330,110	160,609,913
- in transit		442,207	3,778,850
Work-in-process		2,857,600	-
Finished goods		66,650,934	62,317,089
		149,280,851	226,705,852
7. SHORT-TERM INVESTMENTS			
Held to maturity			
Term deposit receipts (TDR)	7.1	220,254,450	150,254,450
7.1. These represent investments made in TDR with a commercial bank having a term of less than 3 months carrying interest rates ranging from 5.65% to 7.60% (June 30, 2018: 5.50% to 6.25%) per annum.			
8. CASH AND BANK BALANCES			
Cash in hand		3,948,929	3,447,766
Cash with banks			
Current accounts		11,214,607	17,081,703
Deposit accounts	8.1	179,795,927	104,796,218
		191,010,534	121,877,921
		194,959,463	125,325,687
8.1 This carry interest rate ranging from 5.5% (June 30, 2018: 4.50%) per annum.			

Habib-ADM Ltd.

	Note	September 30, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
9. TRADE AND OTHER PAYABLES			
Creditors		21,056,356	9,125,390
Accrued liabilities		49,399,940	24,928,980
Gas Infrastructure Development	9.1 and		
Cess and other charges	9.2	200,135,518	181,801,978
Advances from customers		67,174,923	60,978,785
Workers' Welfare Fund		1,216,013	616,161
Workers' Profit Participation Fund		1,578,557	2,718,462
Unclaimed dividend / unpaid dividend		14,233,198	14,319,333
Sales tax payable		934,157	1,868,176
Others		874,928	-
		356,603,590	296,357,265

9.1. In the year 2011, Gas Infrastructure Development Cess (GIDC) was made applicable to the industrial consumers by means of GIDC Act, 2011 and the Company has been making provision on account of GIDC. 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, along with other companies in the industry, challenged the GIDC Act, 2015 and filed writ petition in the Honorable High Court of Sindh (HCS) including retrospective treatment of the provisions 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 Company Limited (SSGC), however, has filed an appeal in the Double Bench of HCS in a similar case against certain petitioners, which is at the stage of hearing as on 30 September 2018. Due to the uncertainties involved in the matter, the eventual outcome of the case cannot be determined at this stage. Therefore, the Company, on a prudent basis, has made an aggregate provision of Rs.133.16 million as of 30 September 2018 which includes Rs.11.66 million for the year in these condensed interim financial statements.

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. Thereafter, 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 which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Supreme Court of Pakistan and filed petition to appeal against the order dated August 15, 2017.

Habib-ADM Ltd.

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.66.97 million as of 30 September 2018 which includes Rs.6.66 million for the year in these condensed interim financial statements.

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 2018.

10.2 Commitments

	September 30, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
Outstanding letters of credit	4,120,986	5,446,800
Guarantee issued in favour of:		
- Sui Southern Gas Company Limited	46,370,000	46,370,000
Cheques issued in favor of Nazir of High Court in relation to OGRA case	41,982,598	36,215,885

11. WORKING CAPITAL CHANGES

(Increase) in current assets		
Stores, spare parts & loose tools	1,309,256	(5,039,735)
Stock in trade	77,425,001	18,386,964
Trade debts	(19,840,282)	18,709,963
Advances	(3,009,255)	(1,402,266)
Trade deposit and pre-payment	517,640	(6,029,218)
Interest accrued	(778,085)	(824,029)
	55,624,275	23,801,679
Increase in current liabilities		
Trade and other payables	60,246,325	27,277,641
	115,870,600	51,079,320

12. TRANSACTIONS WITH RELATED PARTIES

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

Habib-ADM Ltd.

Relationship	Nature of transaction	September 30, 2018 (Un-audited) Rupees	September 30, 2017 (Un-audited) Rupees
Staff Provident Fund	- Contribution made	<u>2,322,352</u>	<u>2,018,573</u>

13. Proposed Dividend

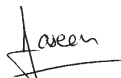
The Board of Directors in their meeting held on September 05, 2018 have recommended for the approval of the Stockholders a Final Cash Dividend @ 25% i.e. Rs. 1.25 per Share of Rs. 5 each for financial year ended June 30, 2018. As this is to be approved by the Stockholders in the Annual General Meeting scheduled on October 18, 2018 no provision have been made in these accounts.

14. General

- 14.1. These condensed interim financial information have been authorized for issue on 16 October 2018 by the Board of Directors of the Company.
- 14.2. 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

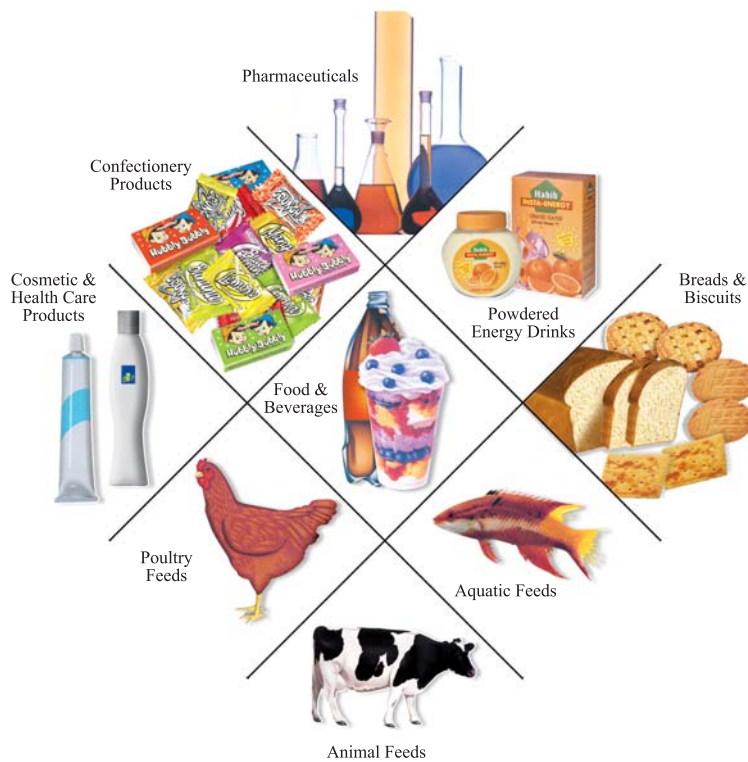
Karachi: 16 October 2018



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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