



Habib-ADM Ltd.

**1st Quarter
Unaudited Accounts
September 30, 2019**

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CHAIRMAN'S REVIEW / DIRECTORS' REPORT
1ST QUARTER ENDED SEPTEMBER 30, 2019 (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 September 30, 2019.

Water:

Almighty Allah has blessed us with beneficial rains - which raised our Hub lake from 275 dry level to 321 feet - with a gross storage of 400,000 acre feet. This should allow a supply for 571 days at a designed rate of full draw down - Thus putting at rest one major challenge - water supply.

Market:

Nothing special to report on the market front - "Business as usual". 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: October 18, 2019

Habib-ADM Ltd.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019 (UN-AUDITED)

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
ASSETS	Note	----- Rupees -----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	396,474,187	403,841,387
Long-term deposits		5,093,181	5,093,181
Deferred taxation - net		19,751,696	16,497,291
		421,319,064	425,431,859
CURRENT ASSETS			
Stores, spare parts and loose tools		54,877,045	51,804,107
Stock-in-trade	5	216,423,749	250,739,777
Trade debts		175,291	123,104
Loan and Advances		2,586,961	3,536,177
Trade deposits, pre-payments and other receivable		5,623,006	8,676,857
Short-term investments	6	300,254,450	150,254,450
Interest accrued		12,478,133	7,041,725
Taxation - net		124,913,936	117,024,089
Cash and bank balances	7	87,205,536	150,159,737
		804,538,107	739,360,023
		1,225,857,171	1,164,791,882
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		300,000,000	300,000,000
Issued, subscribed and paid-up capital		200,000,000	200,000,000
Reserves		676,458,524	640,162,005
		876,458,524	840,162,005
CURRENT LIABILITIES			
Trade and other payables	8	333,991,766	309,222,996
Unclaimed dividend		15,406,881	15,406,881
		349,398,647	324,629,877
		1,225,857,171	1,164,791,882
CONTINGENCIES AND COMMITMENTS			
	9	-	-

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



OWAIS G. HABIB
Chief Executive Officer



JAMSHED ALI KHAN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: October 18, 2019

Habib-ADM Ltd.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019 (Un-audited)	September 30, 2018 (Audited)
	----- Rupees -----	
Turnover - net	390,094,562	357,847,427
Cost of Sales	<u>(307,290,253)</u>	<u>(282,291,782)</u>
Gross Profit	82,804,309	75,555,645
Distribution costs	(24,032,382)	(24,764,810)
Administrative Expenses	(22,668,595)	(23,249,048)
Other Expenses	(2,854,397)	(2,178,409)
Other Income	5,530,450	4,213,668
Finance costs	<u>(265,717)</u>	<u>(184,309)</u>
Profit before Taxation	38,513,668	29,392,737
Taxation		
- Current	(5,471,554)	(4,232,795)
- Deferred	<u>3,254,405</u>	<u>(2,418,693)</u>
Provision for Taxation	(2,217,149)	(6,651,488)
Profit for the period	<u>36,296,519</u>	<u>22,741,249</u>
Earning per share - basic and diluted	0.91	0.57

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OWAIS G. HABIB
Chief Executive Officer



JAMSHED ALI KHAN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: October 18, 2019

Habib-ADM Ltd.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019 (Un-audited)	September 30, 2018 (Audited)
	----- Rupees -----	
Net Profit for the period	36,296,519	22,741,249
Other comprehensive income	-	-
Total comprehensive income for the period	<u>36,296,519</u>	<u>22,741,249</u>

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



OWAIS G. HABIB
Chief Executive Officer



JAMSHED ALI KHAN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: October 18, 2019

Habib-ADM Ltd.

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019	September 30, 2018
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		38,513,668	29,392,737
Adjustment for non-cash items:			
Depreciation		9,422,480	5,998,539
Finance costs		265,717	184,309
Operating profit before working capital changes		48,201,865	35,575,585
Working capital changes	10	54,526,332	115,870,600
Cash generated from operations		102,728,197	151,446,185
Taxes paid		(13,361,401)	(9,607,405)
Finance costs paid		(265,717)	(184,309)
		(13,627,118)	(9,791,714)
Net cash generated from operating activities		89,101,079	141,654,471
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,055,280)	(2,020,695)
Short term Investments		(150,000,000)	(70,000,000)
Net cash generated (used in) / from investing activities		(152,055,280)	(72,020,695)
Net (decrease) / increase in cash and cash equivalents		(62,954,201)	69,633,776
Cash and cash equivalents at the beginning of the period		150,159,737	125,325,687
Cash and cash equivalents at the end of the period		87,205,536	194,959,463

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



OWAIS G. HABIB
Chief Executive Officer



JAMSHED ALI KHAN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: October 18, 2019

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

Particulars	Issued, Subscribed and Paid-up Capital	Capital Reserve Share Premium	Reserves			Total Reserves	Total equity
			General Reserve	Revenue reserves			
				Unappropriated Profit	Rupees		
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	
Balance as at July 01, 2019	200,000,000	10,000,000	50,000,000	580,162,005	640,162,005	840,162,005	
Profit for the period	-	-	-	36,296,519	36,296,519	36,296,519	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income	-	-	-	36,296,519	36,296,519	36,296,519	
Balance as at September 30, 2019	200,000,000	10,000,000	50,000,000	616,458,524	676,458,524	876,458,524	

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



OWAIS G. HABIB
Chief Executive Officer



JAMSHED ALI KHAN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

Karachi: October 18, 2019

Habib-ADM Ltd.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019 (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 Industrial Area, District Lasbela, Baluchistan.

2. BASIS OF PREPARATION

- 2.1 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 financial 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.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019.
- 2.3 The figures of the condensed interim profit or loss account for the quarters ended September 30, 2019 and September 30, 2018 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 years ended December 31, 2019 and December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019.

3.1 Accounting estimates and judgments

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.

Habib-ADM Ltd.

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, 2019. 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, 2019.

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

			September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	-----	Rupees	-----
4. PROPERTY, PLANT AND EQUIPMENT				
Operating fixed assets	4.1	396,474,187	403,841,387	
Capital Work-In-Progress (CWIP)		-	-	
		<u>396,474,187</u>	<u>403,841,387</u>	
4.1. The movement in operating fixed assets during the period / year are as follows:				
Book value at the beginning of the period / year		403,841,387	269,386,761	
Additions during the period / year	4.1.1	2,055,280	5,525,976	
Transfer from CWIP during the period / year	4.2	-	164,147,020	
		<u>405,896,667</u>	<u>439,059,757</u>	
Less:				
Disposal during the period / year - Vehicles (WDV)		-	2,883,640	
Depreciation charged during the period / year		<u>9,422,480</u>	<u>32,334,730</u>	
		<u>9,422,480</u>	<u>35,218,370</u>	
		<u>396,474,187</u>	<u>403,841,387</u>	
4.1.1. Additions during the period / year				
Plant and machinery		-	164,147,020	
Computer, office and electrical equipments		220,780	691,876	
Laboratory Equipment		78,000	234,000	
Vehicles		1,756,500	4,600,100	
		<u>2,055,280</u>	<u>169,672,996</u>	
4.2 Capital Work-in-Progress				
At the beginning of the period / year		-	98,292,966	
Capital expenditure incurred/advances made during the period/year		-	65,854,054	
		-	164,147,020	
		-	164,147,020	
Transfer to operating expenses during the period/year		-	-	

Habib-ADM Ltd.

	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
Note	----- Rupees -----	----- Rupees -----
5. STOCK-IN-TRADE		
Raw and packing material - in hand	134,778,820	141,679,930
- in transit	5,599	6,962,327
Work-in-process	-	218,101
Finished goods	<u>81,639,330</u>	<u>101,879,419</u>
	<u>216,423,749</u>	<u>250,739,777</u>
6. SHORT-TERM INVESTMENTS		
Held to maturity		
Term deposit receipts (TDR)		
at amortized cost	6.1 <u>300,254,450</u>	<u>150,254,450</u>
6.1.	These represent investments made in TDR with a term of less than 12 months, carrying interest rates ranging from 9.50% to 12.65% (June 30, 2019: 9.50% to 10.50%) per annum.	
7. CASH AND BANK BALANCES		
Cash in hand	2,987,147	2,999,450
Cash with banks		
Current accounts	7,837,952	13,478,227
Deposit accounts	7.1 <u>76,380,437</u>	<u>133,682,060</u>
	84,218,389	147,160,287
	<u>87,205,536</u>	<u>150,159,737</u>
7.1	This carry interest rate ranging from 11.25% (June 30, 2019: 10.25%) per annum.	
8. TRADE AND OTHER PAYABLES		
Creditors	7,664,953	10,455,453
Accrued liabilities	32,727,200	19,466,671
Gas Infrastructure Development	8.1 and	
Cess and other charges	8.2 236,186,245	228,067,705
Advance from customers	45,739,925	44,611,943
Workers' Welfare Fund	4,218,005	3,432,012
Workers' Profit Participation Fund	2,068,404	2,410,135
Sales tax payable	5,385,135	779,077
Others	1,899	-
	<u>333,991,766</u>	<u>309,222,996</u>

Habib-ADM Ltd.

- 8.1. 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 Honorable 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 petitioner, which is at the stage of hearing as of March 31, 2019. Due to the inherent 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.169.21 million as of September 30, 2019 which includes Rs.8.11 million for the period in these condensed interim financial statements.

- 8.2. In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas vide notification No. SRO 876(1) 2015 dated August 31, 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector were 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 is subject to charge 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. SSGC filed an appeal in the HCS which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Honorable Supreme Court of Pakistan and filed petition to appeal against the order dated August 15, 2017.

Further, OGRA in suppression of its Notification No. SRO 876(1)2015 dated August 31, 2015, issued Notification No. SRO 1185 dated December 30, 2016 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.66.97 million.

Moreover, OGRA in suppression of its notification No. SRO 1185 (I) 2016 dated December 30, 2016 issued notification dated October 04, 2018 stating that the sale prices and minimum charges in respect of natural Gas to industrial customer with effect from September 27, 2018 being flat rate of Rs. 780 per MMBTU. The Company challenged the impugned notification dated October 04, 2018 before HCS. However, the Company has under protest paid the bills from October 2018 to September 2019 on increased tariff rate. The HCS in September 2019 has dismissed all the petitions challenging the Gas Tarrif 2018.

Habib-ADM Ltd.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended June 30, 2019.

9.2 Commitments

	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
----- Rupees -----		
Guarantee issued in favour of:		
- Sui Southern Gas Company Limited	63,889,755	<u>63,889,755</u>
Cheques issued in favour of Nazir of High Court in relation to OGRA case	<u>43,917,158</u>	<u>43,917,158</u>

	September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
----- Rupees -----		

10. WORKING CAPITAL CHANGES

Decrease/(Increase) in current assets		
Stores, spare parts & loose tools	(3,072,938)	1,309,256
Stock in trade	34,316,028	77,425,001
Trade debts	(52,187)	(19,840,282)
Advances	949,216	(3,009,255)
Trade deposit and pre-payment	3,053,851	517,640
Interest accrued	<u>(5,436,408)</u>	<u>(778,085)</u>
	29,757,562	55,624,275
Increase in current liabilities		
Trade and other payables	<u>24,768,770</u>	<u>60,246,325</u>
	54,526,332	<u>115,870,600</u>

Habib-ADM Ltd.

11. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, other key management personels 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:

Relationship	Nature of transaction	September 30, 2019	September 30, 2018
		(Un-audited)	(Un-audited)
----- Rupees -----			
Associated Companies	- Dividend Paid	<u>24,466</u>	<u>24,466</u>
Staff Provident Fund	- Contribution made	<u>4,970,750</u>	<u>4,644,704</u>
Key Management personnel			
Salaries and allowances		<u>10,415,084</u>	<u>10,312,839</u>

12. Proposed Dividend

The Board of Directors in their meeting held on September 14, 2019 have recommended for the approval of the Stockholders a Final Cash Dividend @ 50% i.e. Rs. 2.50 per Share of Rs. 5 each for financial year ended June 30, 2019. As this is to be approved by the Stockholders in the Annual General Meeting scheduled on October 24, 2019 no provision have been made in these accounts.

13. General

13.1. These condensed interim financial information have been authorized for issue on October 18, 2019 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



JAMSHED ALI KHAN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

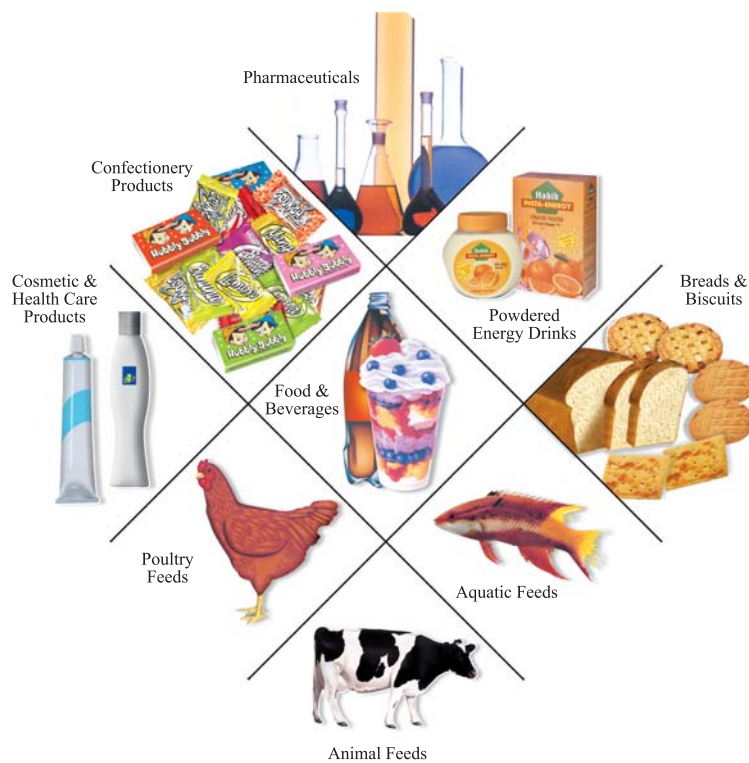
Karachi: October 18, 2019



Pioneer Producers of Rice Based Starch Sugars and Proteins

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

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



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