



Habib-ADM Ltd.

**1st Quarter
Unaudited Accounts
September 30, 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. Muhammad Yaseen

COMPANY SECRETARY

Mr. Ali Asghar Rajani

AUDITORS

M/s. Ey Ford Rhodes
Chartered Accountants

SHARE REGISTRAR

M/s. THK Associates (Pvt.) Limited
2nd Floor, State Life Building No. 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

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2016 (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 2016.

The period under review continued with water rationing till mid September - when finally the beneficial rains raised the water level in the Hub Lake (our source of water supply) to 305.7 feet and a gross storage of 220.000 acre feet - this would mean a 260 days supply at a full rate of draw down.

With our water supply finally restored after 2 years of severe rationing, we have now launched an aggressive marketing drive to recapture our lost markets. Although this will mean lower prices, we expect that the increased volume will help keep our operations profitable.

During this quarter, a spurt in exports helped us see an improved bottom line.

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: 21 October 2016

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016 (UNAUDITED)

		SEPTEMBER 30, 2016 (Un Audited) RUPEES	JUNE 30, 2016 (Audited) RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	300,742,745	310,122,354
Long-term deposits		<u>3,252,001</u>	<u>3,102,001</u>
		303,994,746	313,224,355
CURRENT ASSETS			
Stores, spare parts and loose tools		61,603,641	58,131,254
Stock-in-trade	5	130,494,303	139,938,866
Trade debts		11,842,814	12,329,732
Advances		9,606,843	2,914,823
Trade deposits and short-term prepayments		3,591,070	2,393,570
Accrued income		2,498,420	537,359
Short-term investments	6	250,254,450	200,254,450
Taxation - net		47,603,015	42,965,020
Cash and bank balances		41,160,023	111,682,159
		<u>558,654,579</u>	<u>571,147,233</u>
		<u>862,649,325</u>	<u>884,371,588</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 60,000,000 (June 30, 2016: 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		60,000,000	60,000,000
Unappropriated profit		<u>464,283,192</u>	<u>489,379,900</u>
		724,283,192	749,379,900
NON-CURRENT LIABILITIES			
Deferred taxation		10,549,371	7,878,085
CURRENT LIABILITIES			
Trade and other payables	7	127,816,762	127,113,603
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		<u>862,649,325</u>	<u>884,371,588</u>
TOTAL EQUITY AND LIABILITIES			

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: 21 October 2016

CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	SEPTEMBER 30, 2016 RUPEES	SEPTEMBER 30, 2015 RUPEES
Turnover - net	264,731,101	217,661,199
Cost of Sales	<u>(206,262,439)</u>	<u>(192,076,350)</u>
Gross Profit	58,468,662	25,584,849
Selling & Distribution Expenses	<u>(23,316,622)</u>	<u>(17,787,260)</u>
Administrative Expenses	<u>(18,547,738)</u>	<u>(22,556,486)</u>
Other Operating Expenses	<u>(1,499,258)</u>	<u>-</u>
Other Operating Income	5,287,931	5,827,811
	<u>(38,075,687)</u>	<u>(34,515,935)</u>
Operating Profit / (Loss)	20,392,975	(8,931,086)
Finance Cost (Bank Charges)	<u>(163,848)</u>	<u>(83,528)</u>
Profit / (Loss) before Taxation	20,229,127	(9,014,614)
Taxation		
- Current	<u>(2,654,549)</u>	<u>(601,231)</u>
- Deferred	<u>(2,671,286)</u>	<u>-</u>
Provision for Taxation	<u>(5,325,835)</u>	<u>(601,231)</u>
Profit / (Loss) after Taxation	<u>14,903,292</u>	<u>(9,615,845)</u>
Earning per share basic and diluted	0.37	(0.24)

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 1ST QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	SEPTEMBER 30, 2016 RUPEES	SEPTEMBER 30, 2015 RUPEES
Net profit / (loss) for the period	14,903,292	(9,615,845)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	<u>14,903,292</u>	<u>(9,615,845)</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: 21 October 2016

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	SEPTEMBER 30, 2016 RUPEES	SEPTEMBER 30, 2015 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	20,229,127	(9,014,614)
Adjustment for non-cash items:		
Depreciation	7,024,178	7,879,513
Gain on disposal of fixed assets	(723,765)	-
Finance costs	163,848	83,528
Operating profit/(loss) before working capital changes	26,693,388	(1,051,573)
Working capital changes	9 (2,688,328)	36,850,077
Cash generated from operations	24,005,060	35,798,504
Taxes paid	(7,292,544)	(7,506,605)
Finance costs paid	(163,848)	(83,528)
	(7,456,392)	(7,590,133)
Net cash generated from operating activities	16,548,668	28,208,371
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(103,451)	(7,111,833)
Short-term Investments	(50,000,000)	-
Proceeds from disposal of fixed assets	3,182,647	-
Proceeds from disposal of investment in subsidiary	-	1,000,000
(Increase) in long term deposits	(150,000)	-
Net cash used in investing activities	(47,070,804)	(6,111,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(40,000,000)	-
Net cash used in financing activities	(40,000,000)	-
Net (decrease) / increase in cash and cash equivalents	(70,522,136)	22,096,538
Cash and cash equivalents at the beginning of the period	111,682,159	81,443,942
Cash and cash equivalents at the end of the period	41,160,023	103,540,480

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



OWAIS G. HABIB
Chief Executive Officer

Karachi: 21 October 2016



GAFFAR A. HABIB
Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2016 (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, 2015	200,000,000	10,000,000	50,000,000	576,537,021	636,537,021	836,537,021
Total comprehensive Loss	-	-	-	(9,615,845)	(9,615,845)	(9,615,845)
Balance as at September 30, 2015	200,000,000	10,000,000	50,000,000	566,921,176	626,921,176	826,921,176
Balance as at July 01, 2016	200,000,000	10,000,000	50,000,000	489,379,900	549,379,900	749,379,900
Final dividend @ 20% for the year ended June 30, 2016	-	-	-	(40,000,000)	(40,000,000)	(40,000,000)
Total comprehensive income	-	-	-	14,903,292	14,903,292	14,903,292
Balance as at September 30, 2016	200,000,000	10,000,000	50,000,000	464,283,192	524,283,192	724,283,192

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: 21 October 2016

**NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2016 (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 Pakistan Stock Exchange (Formerly 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 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 2016.

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, 2016 except as follows:

New/revised standards, interpretations and amendments

The Company has adopted the following amendments and interpretations of IFRS which became effective for the current period:

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IAS 1 - Presentation of Financial Statements

IAS 16 - Property, Plant and Equipments and IAS 38 intangible assets

IAS 16 - Property, Plant and Equipments and IAS 41 Agriculture

IAS 27 - Separate Financial Statements - Equity Method

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

Habib-ADM Ltd.

	SEPTEMBER 30 2016 (Un-Audited) RUPEES	JUNE 30 2016 (Audited) RUPEES
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - Owned	4.1 299,166,722	308,649,782
	299,166,722	308,649,782
Capital work-in-progress (CWIP)	4.1.2 1,576,023	1,472,572
	<u>300,742,745</u>	<u>310,122,354</u>
4.1 Operating assets		
Book value at the beginning of the period / year	308,649,782	327,344,241
Additions during the period / year	4.1.3 -	9,867,003
Transfer from CWIP during the period / year	4.1.2 -	3,562,574
	<u>308,649,782</u>	<u>340,773,818</u>
Less:		
Disposal during the period / year - vehicles	2,458,882	243,750
Depreciation charged during the period / year	7,024,178	31,880,286
	<u>9,483,060</u>	<u>32,124,036</u>
	<u>299,166,722</u>	<u>308,649,782</u>
4.1.1 Additions during the period / year		
Freehold Land (at Hub & Karachi)	-	300,000
Plant and Machinery	-	3,432,328
Computers, Office and Electrical Equipments	-	265,200
Laboratory equipments	-	3,966,215
Furniture and fixtures	-	9,700
Vehicles	-	1,893,560
	<u>-</u>	<u>9,867,003</u>
4.1.2 Capital work-in-progress		
At the beginning of the period / year	1,472,572	-
Additions during the period / year	4.1.3 103,451	5,035,146
	<u>1,576,023</u>	<u>5,035,146</u>
Transfer to operating assets during the period / year	-	3,562,574
	<u>1,576,023</u>	<u>1,472,572</u>
4.1.3 Additions during the period / year		
Plant and machinery	<u>-</u>	<u>3,562,574</u>
5. STOCK-IN-TRADE		
Raw material - in hand	70,165,109	70,225,333
Raw material - in transit	1,537,976	434,759
Work-in-process	749,873	-
Finished goods	58,041,345	69,278,774
	<u>130,494,303</u>	<u>139,938,866</u>
6. SHORT-TERM INVESTMENTS		
Held to maturity		
Term deposit receipts	6.1 <u>250,254,450</u>	<u>200,254,450</u>
6.1	These carry profit rate ranges from 5.75% to 6% (June 30, 2016: 6% to 7.50%) per annum and will mature in October to December 2016.	

7. TRADE AND OTHER PAYABLES

- 7.1 Includes provision for GIDC and fuel charges amounting to Rs. 43.19 million and Rs. 17.42 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. 6.67 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. Subsequently the HCS vide its order dated 18 May 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. Sui Southern Gas Company has filed an appeal with High Court against the Judgment dated 18-05-2016. However, during the period, the Company has provided Rs. 3.72 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. 35.770 million (June 30, 2016: 35.770 million).

Habib-ADM Ltd.

	JUL-SEP 2016 (Un-Audited) RUPEES	JUL-SEP 2015 (Un-Audited) RUPEES
9. WORKING CAPITAL CHANGES		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(3,472,387)	2,788,066
Stock-in-trade	9,444,563	29,417,574
Trade debts	486,918	(2,688,181)
Advances	(6,692,020)	(1,749,225)
Trade deposits and short-term prepayments	(1,197,500)	(358,719)
Other receivables	-	(29,935)
Accrued income	(1,961,061)	(2,407,072)
	(3,391,487)	24,972,508
Increase / (decrease) in current liabilities		
Trade and other payables	703,159	11,877,569
	(2,688,328)	36,850,077

10 TRANSACTIONS WITH RELATED PARTIES

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

Associate Company

Payment of Dividend to Associated Companies	19,573	-
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11. GENERAL

11.1 These Condensed Interim Financial Statements have been authorized for issue on 21 October 2016 by the Board of Directors of the Company.

11.2 Figures have been rounded off to the nearest rupee.

Karachi: 21 October 2016


OWAIS G. HABIB
 Chief Executive Officer


GAFFAR A. HABIB
 Chairman