



Habib-ADM Ltd.

**3rd Quarter
Unaudited Accounts
March 31, 2017**

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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

THK ASSOCIATES (PVT.) LTD.
1st Floor, 40-C,
Block-6, P.E.C.H.S.,
Karachi-75400, P.O. Box No. 8533

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, 2017 (UN-AUDITED)

Dear Shareholders,

As reported before, we continue to be challenged by High Cost of Utilities - which although stayed by Court Order - but still required to be provided for - (Amounting to Rs. 44 Million for the $\frac{3}{4}$ year), and the low import duty and sales tax free imports, which severely impact our sale prices with devastating effect. In addition to this current scenario looming dark clouds on the horizon - talk of further trade deals - which will open up more countries to launch invasion on our markets.

All representations made to the various Ministers and Secretaries seems to have fallen on deaf ears.

As a matter of life and death - we will have to pursue the Government to reverse these terrible policies.

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 2017

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

	Note	MARCH 31, 2017 (Un-audited) RUPEES	JUNE 30, 2016 (Audited) RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	300,945,767	310,122,354
Long-term deposits		4,052,001	3,102,001
		304,997,768	313,224,355
CURRENT ASSETS			
Stores, spare parts and loose tools		54,855,883	58,131,254
Stock-in-trade	6	178,396,647	139,938,866
Trade debts		24,016,349	12,329,732
Advances		5,283,918	2,914,823
Trade deposits and short term pre-payments		10,643,692	2,393,570
Accrued income		2,103,742	537,359
Short-term investments	7	200,254,450	200,254,450
Taxation - net		62,798,258	42,965,020
Cash and bank balances		108,811,913	111,682,159
		647,164,852	571,147,233
		952,162,620	884,371,588
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		300,000,000	300,000,000
		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		491,815,868	489,379,900
		751,815,868	749,379,900
NON-CURRENT LIABILITIES			
Deferred taxation		2,097,104	7,878,085
CURRENT LIABILITIES			
Trade and other payables	8	198,249,648	127,113,603
		198,249,648	127,113,603
TOTAL EQUITY AND LIABILITIES			
		952,162,620	884,371,588
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

Karachi: 15 April 2017

CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE 3RD QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

	9 MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2017 RUPEES	MARCH 31, 2016 RUPEES	MARCH 31, 2017 RUPEES	MARCH 31, 2016 RUPEES
Turnover - net	860,821,405	763,606,618	297,604,625	253,064,249
Cost of sales	(716,761,222)	(654,003,636)	(244,463,289)	(222,846,169)
Gross profit	144,060,183	109,602,982	53,141,336	30,218,080
Distribution expenses	(51,032,317)	(51,173,330)	(14,947,939)	(16,237,170)
Administrative expenses	(57,937,685)	(64,374,256)	(22,503,207)	(22,597,785)
Other expenses	(3,354,633)	(540,669)	(1,305,902)	343,038
Other income	14,486,588	14,601,247	3,637,896	3,873,272
Finance costs	(958,935)	(820,861)	(402,022)	(227,957)
Profit / (Loss) before taxation	45,263,201	7,295,113	17,620,162	(4,628,522)
Taxation				
- Current	(8,608,214)	(7,639,475)	(2,976,046)	(2,530,420)
- Deferred	5,780,981	20,546,160	3,098,364	7,496,291
	(2,827,233)	12,906,685	122,318	4,965,871
Profit after taxation	42,435,968	20,201,798	17,742,480	337,349
Earnings per share - basic and diluted	1.06	0.51	0.44	0.01

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

	9 MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2017 RUPEES	MARCH 31, 2016 RUPEES	MARCH 31, 2017 RUPEES	MARCH 31, 2016 RUPEES
Net profit for the period	42,435,968	20,201,798	17,742,480	337,349
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	42,435,968	20,201,798	17,742,480	337,349

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

Karachi: 15 April 2017

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 3RD QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

	Note	MARCH 31, 2017 RUPEES	MARCH 31, 2016 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		45,263,201	7,295,113
Adjustment for non-cash items:			
Depreciation		21,590,092	23,945,876
Gain on disposal of fixed assets		(2,507,054)	(416,266)
Finance costs		958,935	820,861
Incentive scheme for staff		12,184	-
Operating profit before working capital changes		65,317,358	31,645,584
Working capital changes	10	12,081,418	105,148,692
Cash generated from operations		77,398,776	136,794,276
Taxes paid		(28,441,452)	(26,975,761)
Finance costs paid		(958,935)	(820,861)
		(29,400,387)	(27,796,622)
Net cash generated from operating activities		47,998,389	108,997,654
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(15,083,282)	(14,376,865)
Proceeds from short-term Investments matured		-	50,000,000
Proceeds from disposal of property, plant and equipment		5,164,647	458,000
Proceeds from disposal of investment in subsidiary		-	1,000,000
(Decrease) in long-term deposits		(950,000)	-
Net cash (used in) / generated from investing activities		(10,868,635)	37,081,135
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(40,000,000)	(120,000,000)
Net cash used in financing activities		(40,000,000)	(120,000,000)
Net (decrease) / increase in cash and cash equivalents		(2,870,246)	26,078,789
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		108,811,913	107,522,731

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

Karachi: 15 April 2017

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED MARCH 31, 2017 (UN-AUDITED)

PARTICULARS	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	RESERVES			TOTAL RESERVES	TOTAL
		CAPITAL RESERVE - SHARE PREMIUM	GENERAL RESERVE	UNAPPRO- PRIATED 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
Profit for the period	-	-	-	20,201,798	20,201,798	20,201,798
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	20,201,798	20,201,798	20,201,798
Final dividend @ 60% for the year ended June 30, 2015	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Balance as at March 31, 2016	200,000,000	10,000,000	50,000,000	476,738,819	536,738,819	736,738,819
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	-	-	-	42,435,968	42,435,968	42,435,968
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	42,435,968	42,435,968	42,435,968
Final dividend @ 20% for the year ended June 30, 2016	-	-	-	(40,000,000)	(40,000,000)	(40,000,000)
Balance as at March 31, 2017	200,000,000	10,000,000	50,000,000	491,815,868	551,815,868	751,815,868

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Karachi: 15 April 2017

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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, 2017 (UN-AUDITED)**

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 Companies Ordinance, 1984 and is 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 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. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements are un-audited and are being presented to the shareholders as required under Section 245 of the Company Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards (IAS)-34, "Interim Financial Reporting" and provision 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.

2.2. Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

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 for the adoption of new and amended standards and interpretations 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 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture: 'Agriculture - Bearer Plants (Amendment)

Habib-ADM Ltd.

IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

In addition to the above standard and interpretation, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The adoption of the above amended standard / improvement and interpretation did not have any material effect on the condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the financial statements as at and for the year ended June 30, 2016. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

	Note	MARCH 31, 2017 (Un-audited) RUPEES	JUNE 30, 2016 (Audited) RUPEES
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - owned	5.1	297,064,008	308,649,782
Capital Work-In-Progress (CWIP)	5.2	3,881,759	1,472,572
		300,945,767	310,122,354
5.1. Operating assets			
Book value at the beginning of the period / year		308,649,782	327,344,241
Additions during the period / year	5.1.1	12,674,095	9,867,003
Transfer from CWIP during the period / year	5.2	-	3,562,574
		321,323,877	340,773,818
Less:			
Disposal during the period / year - vehicles		2,669,777	41,734
Depreciation charged during the period / year		21,590,092	32,082,302
		24,259,869	32,124,036
		297,064,008	308,649,782
5.1.1. Additions during the period / year			
Land (free hold at Hub & Karachi)		-	300,000
Plant and machinery		6,172,095	3,432,328
Office and electrical equipment		-	28,000
Computers and other equipment		-	237,200
Laboratory equipment		-	3,966,215
Furniture and fixtures		-	9,700
Vehicles		6,502,000	1,893,560
		12,674,095	9,867,003

Habib-ADM Ltd.

	Note	MARCH 31, 2017 (Un-audited) RUPEES	JUNE 30, 2016 (Audited) RUPEES
5.2. Capital work-in-progress			
At the beginning of the period / year		1,472,572	-
Additions during the period / year - plant and machinery		2,409,187	5,035,146
		<u>3,881,759</u>	<u>5,035,146</u>
Transfer to operating assets during the period / year		-	(3,562,574)
		<u>3,881,759</u>	<u>1,472,572</u>
6. STOCK-IN-TRADE			
Raw material - in hand		82,862,593	70,225,333
- in transit		1,389,775	434,759
Work-in-process		2,022,607	-
Finished goods		92,121,672	69,278,774
		<u>178,396,647</u>	<u>139,938,866</u>
7. SHORT-TERM INVESTMENTS			
Held to maturity			
Term deposit receipts	7.1	<u>200,254,450</u>	<u>200,254,450</u>
7.1.	These carry profit rate ranges from 5.5% to 6.0% (June 30, 2016: 6.00% to 7.50%) per annum and will mature in April to June 2017.		
8. TRADE AND OTHER PAYABLES			
	Includes provision for GIDC and fuel charges amounting to Rs.64.81 million and Rs.29.33 million respectively as explained in note 9.1 and 9.2 below.		
9. CONTINGENCIES AND COMMITMENTS			
Contingencies			
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 granted stay against charging of the GIDC under the GIDC Act.,2015. Subsequently the HSC vide its order dated 2-11-2016, decided the case in Company's favour and concluded that Gas and infrastructure Development Cess Act 2011 and Gas Infrastructure Development Ordinance 2014 and Gas Infrastructure Development Cess Act 2015 (GIDC Act 2015) impugned in the suits ultravires the Constitution. The Court passed interim orders restraining the Government from issuing any bill or raising/collecting any demand in relation to GIDC and till-date the case is at the stage of hearing of applications. The Company, based on the advice of its legal consultant, has a good arguable case and is likely to succeed in obtaining the relief claimed against the Government. Despite the fact that GIDC is not being charged currently, the Company has provided Rs.28.29 million in these condensed interim financial statements due to inherent uncertainties involved in such matters, as a matter of prudence.		

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 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 Sections 7 and 8 of the Oil & Gas Regulatory Authority Ordinance 2002. SSGC has filed an appeal with High Court against the Judgment dated 18 May 2016. Despite the fact that SSGC is billing at reduced rates and the appeal is likely to be dismissed in the opinion of the Company's legal advisor, the Company has provided Rs.15.63 million in these condensed interim financial statements due to inherent uncertainties involved in such matters, as a matter of prudence. 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 15th December, 2016 being flat rate of Rs. 600.00 per MMBTU. The Company challenged the impugned notification dated December 30, 2016 before the Honorable High Court of Sindh at Karachi. Honorable High Court 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.

Commitments

9.3. 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: Rs. 35.770 million).

	MARCH 31, 2017 (Un-audited) RUPEES	MARCH 31, 2016 (Un-audited) RUPEES
10. WORKING CAPITAL CHANGES		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	3,275,371	(891,720)
Stock-in-trade	(38,457,781)	60,380,107
Trade debts	(11,686,617)	8,132,560
Advances	(2,369,095)	(3,347)
Trade deposits and short-term prepayments	(8,250,122)	232,907
Other receivables	-	(75,296)
Accrued income	(1,566,383)	(1,614,859)
	<u>(59,054,627)</u>	<u>66,160,352</u>
Increase in current liabilities		
Trade and other payables	71,136,045	38,988,340
	<u>12,081,418</u>	<u>105,148,692</u>

11. TRANSACTIONS WITH RELATED PARTIES

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

Habib-ADM Ltd.

	MARCH 31, 2017 (Un-audited) RUPEES	JUNE 30, 2016 (Audited) RUPEES
Transactions during the period		
Associated Companies		
Allocated salary expense	337,336	323,100
Petty cash payment	6,960	11,540
Dividend paid		
- Haydari Boring & Piling Company (Private) Limited	18,000	54,000
- Abbas Builders (Private) Limited	1,373	4,119
- Indus Oil Expellers (Private) Limited	200	600
	19,573	58,719
Key management personnel		
Salaries and allowances	9,914,226	8,199,607
Retirement benefit plans		
Contribution to Provident Fund	1,464,700	1,359,934

12. GENERAL

- 12.1. These condensed interim financial statements have been authorized for issue on 15 April 2017 by the Board of Directors of the Company.
- 12.2. Figures have been rounded off to the nearest rupee, unless otherwise stated.



OWAIS G. HABIB
Chief Executive Officer

Karachi: 15 April 2017



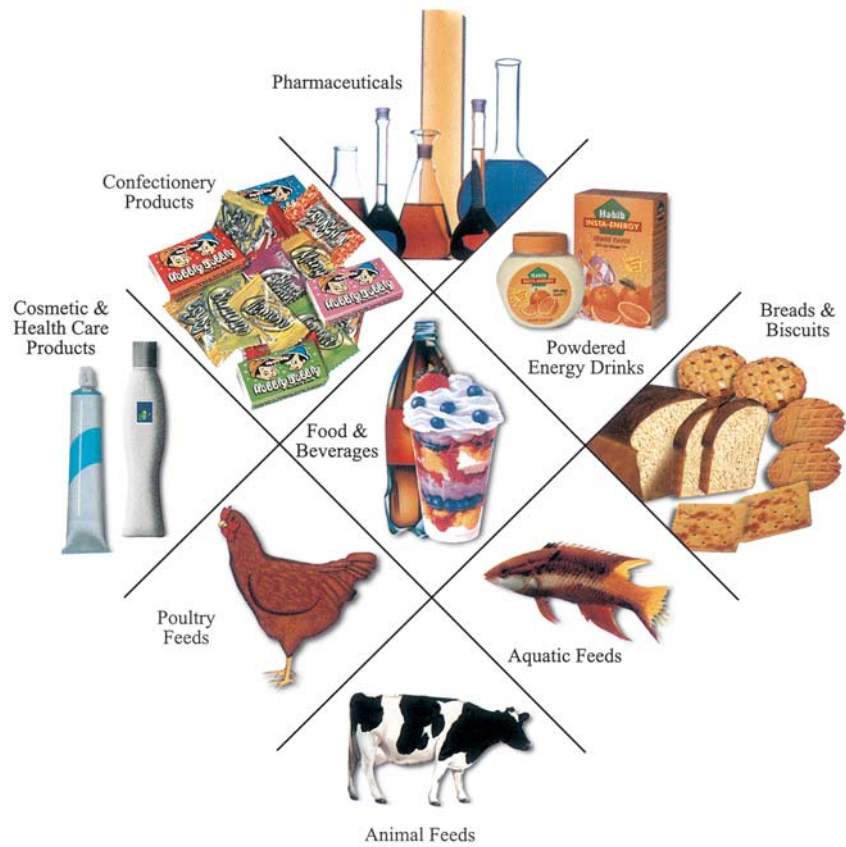
GAFFAR A. HABIB
Chairman



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:



contributing to a sweeter tomorrow