



# ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH  
THE BENEFICENT, THE MERCIFUL

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# ADAM SUGAR MILLS LIMITED

## VISION

To be the leader in sugar industry by building the company's' image through quality improvement, competitive prices and meeting social obligations.

## MISSION

- To endeavour to be the market leader by offering high quality sugar to our customers at competitive prices.
- To continue improving operating performance and profitability thereby ensuring growth for the Company while serving best interest of shareholders.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

MR. GHULAM AHMED ADAM  
MR. SYED NAZAR MAHMOOD SHAH  
MR. JAWAID AHMED  
LT. COL. (RTD) MUHAMMAD MUJTABA  
MR. JUNAID G. ADAM  
MR. OMAR G. ADAM  
MR. MUSTAFA G. ADAM

### AUDIT COMMITTEE

CHAIRMAN  
MEMBER  
MEMBER  
MR. JUNAID G. ADAM  
MR. MUSTAFA G. ADAM  
MR. JAWAID AHMED

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. JUNAID G. ADAM  
MR. OMAR G. ADAM  
LT. COL (RTD) MUHAMMAD MUJTABA  
MR. QAMAR RAFI KHAN  
Chartered Accountant

### DIRECTOR FINANCE/ CORPORATE SECRETARY REGISTERED OFFICE

HAJI ADAM CHAMBERS,  
ALTAF HUSSAIN ROAD,  
NEW CHALLI, KARACHI-2  
TEL NO. 32417812-16 & 32401139-43  
FAX NO. 32427560 / 32417907  
WEBSITE: www.Adam.com.pk / adamsugar.lhm

### FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN  
District Bahawalnagar

### STATUTORY AUDITORS

HAROON ZAKARIA & COMPANY  
CHARTERED ACCOUNTANTS

### SHARE REGISTRARS

C & K MANAGEMENT ASSOCIATES  
(PVT) LTD  
4TH FLOOR, 404 TRADE TOWER,  
ABDULLAH HAROON ROAD, KARACHI,  
TEL NO. 35685930  
FAX NO. 35687839



# ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH  
THE BENEFICENT, THE MERCIFUL

## CHIEF EXECUTIVE 'S REVIEW

On behalf of the Board of Directors, I am pleased to present to you the unaudited accounts of the Company for the third quarter ended 30 June, 2014.

The mills crushed 527,222 tons of sugarcane at an average recovery of 9.28% and produced 48,894 tons of sugar as compared to 506,091 tons of sugarcane at an average recovery of 10.01% and production of 50,650 tons of sugar in the previous period.

Sugarcane price fixed by the Government for Season 2013-2014 is Rs. 170/- per 40 KG and the Company incurred a loss due to below the cost sugar price as a result of surplus sugar production in Pakistan.

The directors are pleased to place on record their appreciation for the devoted and dedicated services of the officers, staff and workers of the Company.

Karachi: 22 July, 2014

  
(GHULAM AHMED ADAM)  
CHIEF EXECUTIVE



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT JUNE 30, 2014

ASSETS	Note	June 30,	September 30,
		2014 (Unaudited) Rupees	2013 (Audited) Rupees
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,421,943,905	1,408,055,187
Long term deposits		40,000	40,000
Intangible assets	6	245,859	427,284
		1,422,229,764	1,408,522,471
<b>Current Assets</b>			
Biological assets - at fair value		-	167,513
Stores and spares	7	91,128,587	83,745,348
Stock in trade		2,510,673,392	1,788,783,932
Trade debts	8	23,518,154	23,518,154
Loans and advances	9	37,805,574	37,805,574
Deposits and prepayments		105,166,424	82,721,312
Others receivables - considered good		65,282,739	44,979,091
Interest accrued		906,191	1,428,191
Tax refund due from government	10	27,923,149	38,397,261
Cash and bank balances		35,848,787	66,925,706
		2,888,707,972	2,168,867,057
<b>Total Assets</b>		4,310,937,736	3,577,389,528
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share Capital</b>			
Authorized		250,000,000	100,000,000
Issued, subscribed and paid-up capital		172,909,620	57,636,540
17,290,962 Ordinary shares of Rs. 10/- each			
<b>Reserves</b>			
Share Premium		172,909,620	200,000,000
General reserve		138,555,991	192,807,255
Accumulated profit		511,465,611	392,807,255
		684,375,231	450,443,795
Total shareholders' equity		225,241,123	233,903,338
Surplus on revaluation of fixed assets			
<b>Non-Current Liabilities</b>			
Subordinated loan from director	11	24,959,712	239,324,437
Long term finances	12	297,124,300	318,162,100
Deferred liabilities	13	300,337,271	290,522,063
		622,421,283	848,008,600
<b>Current Liabilities</b>			
Short term borrowings	14	2,072,378,675	1,094,508,667
Trade and other payables		546,257,128	805,377,234
Accrued markup on borrowings		55,634,091	38,108,598
Current maturity of long term loan	15	50,000,000	50,000,000
Unclaimed dividend		6,744,872	4,227,845
Provision for taxation		47,885,333	52,811,431
		2,778,900,099	2,045,033,775
<b>Contingencies and Commitment</b>			
<b>Total Equity and Liabilities</b>	16	4,310,937,736	3,577,389,528

The annexed notes form an integral part of these financial statements

Karachi: 22 July, 2014

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED


## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2014

	Note	For the third Quarter ended			
		June 30, 2014	2013	June 30, 2013	
Sales - net	17	1,867,848,631	1,850,481,026	185,360,168	591,998,034
Cost of sales		(1,736,759,200)	(1,590,662,466)	(146,075,143)	(548,975,906)
<b>Gross Profit</b>		131,089,431	259,818,560	39,285,025	43,022,128
<b>Administrative expenses</b>		(45,616,686)	(33,208,958)	(13,231,980)	(9,599,862)
Selling expenses		(5,772,893)	(7,133,263)	(137,141)	(3,759,607)
		(51,389,579)	(40,342,221)	(13,369,121)	(13,359,469)
<b>Operating profit</b>		79,699,852	219,476,339	25,915,904	29,662,659
Other operating income		8,250,494	12,649,015	4,842,334	4,237,173
		87,950,346	232,125,354	30,758,238	33,899,832
<b>Financial changes</b>		(126,367,290)	(56,871,570)	(66,153,742)	(37,306,154)
Other operating charges		-	(12,092,511)	-	224,193
		(126,367,290)	(68,964,081)	(66,153,742)	(37,071,961)
<b>(Loss)/Profit before taxation</b>		(38,416,944)	163,161,273	(35,395,504)	(3,172,129)
<b>Taxation</b>					
Current		-	(18,504,810)	-	(12,212,395)
Deferred		(10,087,420)	(63,547,847)	4,257,531	3,564,224
		(10,087,420)	(82,052,657)	4,257,531	(8,648,171)
<b>(Loss)/Profit after taxation</b>		(48,504,364)	81,108,616	(31,137,973)	(11,820,300)
(Loss)/Earning per share-basic and diluted	18	(5.14)	Re-stated 13.01	Re-stated (3.30)	Re-stated (1.90)

The annexed notes form an integral part of these financial statements

Karachi: 22 July, 2014

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2014

	For the third Quarter ended		Quarter ended	
	June 30, 2014	2013	June 30, 2014	2013
	Rupees			
(Loss)/Profit after tax	(48,504,364)	81,108,616	(31,137,973)	(11,820,200)
Other comprehensive income				
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	8,662,235	8,059,577	2,202,263	2,686,526
<b>Total comprehensive (Loss)/Income</b>	<b>(39,842,129)</b>	<b>89,168,193</b>	<b>(28,935,710)</b>	<b>(9,133,774)</b>

The annexed notes form an integral part of these financial statements.

Karachi: 22 July, 2014

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	Rupees	Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(38,416,944)	151,068,762
Adjustment for:		
Depreciation	57,674,067	46,987,103
Amortization of intangible assets	181,425	258,231
Financial charges	126,367,290	56,871,570
Workers' Profit Participation Fund	-	8,762,689
Workers' Welfare Fund	-	3,329,822
Provision for gratuity	-	12,209
Operating profit before working capital changes	184,222,782	116,221,624
Decrease / (Increase) in current assets	145,805,838	267,290,386
Biological assets at - at fair value	167,513	-
Stores and spares	(7,383,239)	4,466,654
Stock in trade	(721,889,460)	(773,995,252)
Trade debtors	-	37,575
Loans, advances, prepayments and other receivable	18,065,261	(31,505,597)
Others receivables - considered good	(10,303,648)	-
Others receivables - considered doubtful	462,000	-
Increase in current liabilities	(720,881,573)	(800,996,620)
Trade and other payables	(259,120,106)	(75,029,134)
Net Cash used in operations after working capital changes	(980,001,679)	(876,025,754)
Financial charges paid	(108,844,797)	(33,197,218)
Gratuity Paid	(272,212)	-
Dividend paid	(11,892,108)	(9,098,914)
Taxes paid - net	(34,962,359)	(23,968,886)
Net cash used in operating activities	(155,968,476)	(66,265,018)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(59,191,727)	(295,577,232)
Addition in capital work in progress	(12,371,058)	-
Net cash used in investing activities	(71,562,785)	(295,577,232)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Subordinated loan from director	(214,364,725)	-
Proceeds from long term loan - net	(21,037,800)	165,000,000
Proceeds from short term loans - net	977,870,008	858,481,534
Proceeds against issue of right shares	288,182,700	-
Net cash generated from financing activities	1,030,650,183	1,023,481,534
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(31,076,919)	52,903,916
Cash and cash equivalents at the beginning of the period	66,925,706	46,106,465
Cash and cash equivalents at the end of the period	35,848,787	99,010,381

The annexed notes form an integral part of these financial statements.

Karachi: 22 July, 2014

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2014

	Share Capital		Reserves		Total
	Share Premium	Reserves	General Reserves	Accumulated Profit	
Balance as at October 1, 2012	57,636,540	-	200,000,000	112,185,754	369,822,294
Total Comprehensive Income					
Recognized profit for the nine months October 2012 to June 2013				81,108,616	81,108,616
Other Comprehensive Income					
Incremental depreciation net of deferred tax transferred from surplus on revaluation of fixed assets				8,059,577	8,059,577
Total Comprehensive Income for the period				89,168,193	89,168,193
Transactions with owners					
Final dividend paid @ 25% (Rs. 2.5 per share) for the year ended September 30, 2012				(14,409,135)	(14,409,135)
Balance as at June 30, 2013	57,636,540	-	200,000,000	186,944,812	444,581,352
Balance as at October 1, 2013	57,636,540	-	200,000,000	192,807,255	450,443,795
Total Comprehensive Income					
Recognized loss for the nine months October 2013 to June 2014				(48,504,364)	(48,504,364)
Other Comprehensive Income					
Incremental depreciation net of deferred tax transferred from surplus on revaluation of fixed assets				8,662,235	8,662,235
Total Comprehensive Income for the period				(39,842,129)	(39,842,129)
Transactions with owners					
Final dividend paid @ 25% (Rs. 2.5 per share) for the year ended September 30, 2013				(14,409,135)	(14,409,135)
Right issue of Shares					
200% right shares issue @ Rs.25 per share	115,273,080		172,909,620		288,182,700
Balance as at June 30, 2014	172,909,620	172,909,620	200,000,000	138,555,991	684,375,231

The annexed notes form an integral part of these financial statements

Karachi: 22 July, 2014

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2014

### 1 THE COMPANY AND ITS OPERATIONS

Adam Sugar Mills Limited (the Company) was incorporated in Pakistan in 1965 as a public limited company. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in the Manufacturing and Sale of Sugar. The Company's registered office is situated at Haji Adam Chambers, Aliaf Hussain Road, New Chali, Karachi.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial report of the company for the nine months period ended June 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 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.

This condensed interim financial report is unaudited. This condensed interim financial report do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2013. The figures in comparative condensed interim balance sheet are taken from audited financial statements for the year ended September 30, 2013 whereas comparative figures of other components of this condensed interim financial information are taken from condensed interim financial information for the third quarter ended June 30, 2013.

#### 2.2 Functional presentation currency

This condensed interim financial report has been presented in Pakistan Rupees, which is the functional currency of the Company.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended September 30, 2013.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after October 1, 2013 but are considered not to be relevant or have any significant effect on the Company's operation and are therefore not detailed in this condensed interim financial report.

### 4 ESTIMATES

The preparation of this condensed interim financial report in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this condensed interim financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2013.

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 September 30, 2013.



# ADAM SUGAR MILLS LIMITED



# ADAM SUGAR MILLS LIMITED

	Note	June 30,	September 30,
		2014 (Unaudited) Rupees	2013 (Audited) Rupees
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,409,572,847	1,408,055,187
Capital work-in-progress	5.4	12,371,058	-
		<u>1,421,943,905</u>	<u>1,408,055,187</u>
<b>5.1 Operating fixed assets</b>			
Opening written down value		1,408,055,187	882,595,204
Additions to fixed assets - tangible	5.2	59,191,727	611,593,129
Disposals of fixed assets at WDV - tangible	5.3	-	(19,093,653)
Depreciation charged		(57,674,067)	(67,039,493)
		<u>1,409,572,847</u>	<u>1,408,055,187</u>
<b>5.2 Additions to fixed assets - tangible</b>			
Freehold land		-	5,127,093
Factory building on free hold land		2,087,500	29,056,618
Electric Equipment		552,864	-
Air Conditioners & Refrigerator		156,000	-
Plant and machinery		53,522,905	564,376,111
Computer and other equipments		407,515	326,610
Vehicles		1,366,362	12,189,871
Furniture and Fixture		20,000	516,826
Water connection and electric installation		432,480	-
Tools and other equipments		396,101	-
Arms and ammunition		250,000	-
		<u>59,191,727</u>	<u>611,593,129</u>
<b>5.3 Disposals of fixed assets at WDV - tangible</b>			
Vehicles - WDV		-	388,908
<b>5.4 Capital work-in-progress</b>			
Factory building - Civil works	5.4.1	12,371,058	-
		<u>12,371,058</u>	-
<b>5.4.1 Factory building - Civil works</b>			
Opening		-	26,486,812
Additions		12,371,058	-
Transferred to operating assets		-	(26,486,812)
Closing		<u>12,371,058</u>	-
<b>6 INTANGIBLE ASSET</b>			
Computer software		1,209,500	1,209,500
Cost		(963,641)	(782,216)
Amortization	6.1	<u>245,859</u>	<u>427,284</u>

6.1 This is amortized at the rate of 20% per annum on straight line basis from the month of purchase.

	Note	June 30,	September 30,
		2014 (Unaudited) Rupees	2013 (Audited) Rupees
<b>7 STOCK IN TRADE</b>			
Sugar in process		6,246,306	4,713,821
Sugar - Finished good		2,389,156,570	1,776,999,151
Molasses		115,270,515	7,070,960
		<u>2,510,673,392</u>	<u>1,788,783,932</u>
<b>8 TRADE DEBTS</b>			
- Considered good		37,805,574	37,805,574
<b>9 LOANS AND ADVANCES</b>			
<b>Loans</b>			
Considered good		1,728,076	1,609,648
- staff		-	-
<b>Advances</b>			
Considered good		7,215,010	19,472,997
- growers		16,745,271	22,884,510
- suppliers		432,797	219,260
- expenses		79,045,270	38,534,897
- income tax		103,438,348	81,111,664
		<u>105,166,424</u>	<u>82,721,312</u>
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		2,011,166	471,984
Cash at banks		32,779,755	35,167,245
Current accounts		1,057,866	31,286,477
Deposit accounts		33,837,621	66,453,722
		<u>35,848,787</u>	<u>66,925,706</u>
<b>11 SUBORDINATED LOAN FROM DIRECTOR</b>			
<b>- Related party</b>			
Loan from chief executive		24,959,712	239,324,437
<b>12 LONG TERM FINANCES</b>			
<b>From banking companies - Secured</b>			
Term Loan		347,124,300	368,162,100
Current maturity shown under current liabilities		(50,000,000)	(50,000,000)
		<u>297,124,300</u>	<u>318,162,100</u>

This is an interest free and unsecured long term loan from chief executive of the company and not payable within twelve months from the balance sheet date.



# ADAM SUGAR MILLS LIMITED



# ADAM SUGAR MILLS LIMITED

**13 DEFERRED LIABILITIES**

Note	June 30,	September 30,
	2014	2013
	(Unaudited)	(Audited)
	Rupees	Rupees
Deferred taxation	298,922,777	288,835,357
Staff retirement benefits	1,414,494	1,686,706
	<u>300,337,271</u>	<u>290,522,063</u>

**14 SHORT TERM BORROWINGS**

Unsecured	14.1	372,394,366	544,527,133
from chief executive		<u>1,699,984,309</u>	<u>549,981,534</u>
Secured		<u>2,072,378,675</u>	<u>1,094,508,667</u>
from banking companies	14.2		

14.1 This represent an interest free short term loan from Chief Executive of the Company.

14.2 These finances are secured against pledge of refined white sugar and personal guarantee of directors and chief executive of the Company. Mark up is at the rates of three months KIBOR + 2% to three months KIBOR + 2.50% payable on quarterly / semi-annually basis. The maximum amount of facilities available are Rs. 2.70 billion.

**15 CURRENT MATURITY OF LONG TERM LOAN**

Current maturity of Long Term Loan	12	<u>50,000,000</u>	<u>50,000,000</u>
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**16 CONTINGENCIES AND COMMITMENTS**

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended September 30, 2013.

For the third Quarter ended		Quarter Ended	
June 30,	2013	June 30,	2013
2014	2013	2014	2013
-----Rupees-----			

**17 SALES - NET**

Sales - Sugar	1,906,038,618	1,814,966,938	208,237,417	566,875,018
Sales - molasses	109,000,000	160,029,525	-	57,187,200
Federal excise duty	(147,189,987)	(124,515,437)	(22,877,249)	(32,064,184)
	<u>1,867,848,631</u>	<u>1,850,481,026</u>	<u>185,360,168</u>	<u>591,998,034</u>

**18 (LOSS) / EARNING PER SHARE (BASIC AND DILUTED)**

	For the third Quarter ended		Quarter Ended	
	June 30,	2013	June 30,	2013
	2014	2013	2014	2013
-----Rupees-----				
(Loss) / Profit after Taxation	(48,504,364)	81,108,616	(31,137,973)	(11,820,300)
Weighted Average number of Shares	9,437,390	6,235,360	9,437,390	6,235,360
(Loss) / Earning Per Share	(5.14)	Re-stated 13.01	(3.30)	Re-stated (1.90)

18.1 Weighted average number of shares in issue during last quarter have been restated for the effect of right shares issued during current quarter.

18.2 There is no dilutive effect on the (loss) / earnings per share of the Company.

**19 TRANSACTION WITH RELATED PARTIES**

The related parties comprise associated undertakings, related group companies, local associates, directors and key management personnel. Transaction with related parties are carried out on arm's length basis.

Transactions with associated undertakings and related parties and other key management personnel under the term of their employment are as follows: -

For the third Quarter ended		Quarter Ended	
June 30,	2013	June 30,	2013
2014	2013	2014	2013
-----Rupees-----			

Receipt of unsecured short term borrowings from the Chief Executive

244,586,233	-	213,386,233	-
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Repayment of unsecured short term borrowings from the Chief Executive

960,446,133	91,500,000	928,446,133	20,000,000
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Purchases of oil and lubricants - from associated undertaking

6,445,231	8,126,373	-	-
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Payment to associated undertaking against oil and lubricants

6,417,081	8,073,633	-	-
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Remuneration and other benefits of Chief Executive and Directors

498,375	332,250	166,125	166,125
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**20 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorised for issue on 22 July, 2014 by the Board of Directors of the Company.

**21 GENERAL**

Figures have been rounded off to the nearest rupees.

Karachi: 22 July, 2014

  
Chief Executive

  
Director

# **ADAM SUGAR MILLS LIMITED**



## **QUARTERLY REPORT**

**FOR THE THIRD QUARTER  
30 June, 2014  
(UN-AUDITED)**