

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE QUARTER ENDED
31 DECEMBER, 2014
(UN-AUDITED)**



ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

CONTENTS

Vision / Mission & Company Information	1
Chief Executive's Review	2
Balance Sheet	3
Profit and Loss Account	4
Statement of Comprehensive Income.....	5
Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Accounts	8



ADAM SUGAR MILLS LIMITED

VISION

To be the leader in sugar industry by building the companys' 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

DIRECTOR FINANCE/ CORPORATE SECRETARY

MR. QAMAR RAFI KHAN
Chartered Accountant

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.](http://www.Adam.com.pk/) / adamsugar.htm

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN
District Bahawalnagar

STATUTORY AUDITORS

HAROOON 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 first quarter ended 31 December, 2014.

OPERATING RESULTS :

	<u>31-12-14</u>	<u>31-12-13</u>
Cane Crushed Metric Tons	99,049	133,822
Average Recovery	8.65%	8.27%
Sugar Produced-Metric Tons	7,845	10,200
Commenced Crushing on	01-12-2014	05-12-2013
Number of season days	32	27

Sugarcane price has been increased by the Government for the Season 2014-2015 from Rs. 170/- to Rs. 180/- per 40 KG.

Until 27th January, 2014 we have already crushed 194,395 tons of Sugarcane at an average Recovery of 9.31% and have produced 17,435 tons of Sugar.

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.


(CHULAM AHMED ADAM)
CHIEF EXECUTIVE

Karachi: 28th January, 2015



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT December 31, 2014

<u>ASSETS</u>	<i>Note</i>	<i>December 31 2014 (Unaudited) Rupees</i>	<i>September 30, 2014 (Audited) Rupees</i>
Non-Current Assets			
Property, plant and equipment	5	1,525,117,686	1,531,781,049
Long term deposits		40,000	40,000
Intangible assets	6	124,909	185,384
		1,525,282,595	1,532,006,433
Current Assets			
Biological assets - at fair value		290,263	290,263
Stores and spares		114,808,293	116,529,672
Stock in trade	7	1,597,372,113	1,278,925,726
Short term investment		23,518,154	23,518,154
Trade debts	8	145,667,574	145,667,574
Loans and advances	9	162,727,151	146,219,456
Deposits and prepayments		60,015,948	56,909,410
Others receivables - considered good		1,026,192	966,192
Interest accrued		391,451	391,451
Tax refund due from government		55,463,102	55,463,102
Cash and bank balances	10	127,344,275	100,411,514
		2,288,624,516	1,925,292,514
Total Assets		3,813,907,111	3,457,298,947
<u>SHARE CAPITAL AND RESERVES</u>			
Share Capital			
Authorised			
25,000,000 Ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid-up capital			
17,290,962 Ordinary shares of Rs. 10/- each		172,909,620	172,909,620
Reserves			
Share Premium		172,909,620	172,909,620
General reserve		200,000,000	200,000,000
Accumulated profit		215,262,153	210,090,810
		588,171,773	583,000,430
Total shareholders' equity		761,081,393	755,910,050
Surplus on revaluation of fixed assets		397,671,570	401,462,754
Non-Current Liabilities			
Subordinated loan from director	11	24,959,712	24,959,712
Long term finances	12	497,483,763	247,124,300
Deferred liabilities	13	125,610,167	116,253,448
		648,053,642	388,337,460
Current Liabilities			
Short term borrowings	14	554,641,828	1,304,001,480
Trade and other payables		1,288,572,836	413,896,914
Accrued markup on borrowings		18,686,601	44,295,557
Current maturity of long term loan	15	100,000,000	100,000,000
Unclaimed dividend		4,680,863	4,680,863
Provision for taxation		40,518,378	44,713,869
		2,007,100,506	1,911,588,683
Contingencies and Commitment	16	-	-
Total Equity and Liabilities		3,813,907,111	3,457,298,947

The annexed notes form an integral part of these financial statements

Karachi: 28th January, 2015


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2014

		<i>December 31</i> 2014	<i>December 31</i> 2013
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Sales - net	17	240,627,750	1,148,928,035
Cost of sales		<u>(199,627,205)</u>	<u>(1,107,937,517)</u>
Gross Profit		41,000,545	40,990,518
Administrative expenses		<u>(11,573,686)</u>	<u>(14,789,672)</u>
Selling expenses		<u>(655,680)</u>	<u>(2,596,316)</u>
Operating profit		<u>28,771,179</u>	<u>23,604,530</u>
Other operating income		<u>405,628</u>	<u>388,293</u>
		29,176,807	23,992,823
Financial charges		<u>(17,623,769)</u>	<u>(7,799,446)</u>
Other operating charges		<u>(797,160)</u>	<u>(10,359,261)</u>
Profit before taxation		<u>(18,420,929)</u>	<u>(18,158,707)</u>
		10,755,878	5,834,116
Taxation			
Current		<u>-</u>	<u>-</u>
Deferred		<u>(9,375,719)</u>	<u>2,041,940</u>
		(9,375,719)	2,041,940
Profit after taxation		<u>1,380,159</u>	<u>7,876,056</u>
			Re-stated
Earning per share-basic and diluted		<u>0.08</u>	<u>1.26</u>

The annexed notes form an integral part of these financial statements

Karachi: 28th January, 2015


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2014

	<i>December 31 2014 Rupees</i>	<i>December 31 2013 Rupees</i>
Profit after taxation	1,380,159	7,876,056
Other comprehensive income		
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	3,791,184	1,260,169
Total comprehensive income	5,171,343	9,136,225

The annexed notes form an integral part of these financial statements

Karachi: 28th January, 2015


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2014

	<i>December 31</i> 2014 <i>Rupees</i>	<i>December 31</i> 2013 <i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,755,878	7,876,057
Adjustment for:		
Depreciation	15,662,551	8,636,295
Amortization of intangible assets	60,475	21,364
Financial charges	17,623,769	7,799,446
	<u>33,346,795</u>	<u>16,457,105</u>
Operating profit before working capital changes	44,102,673	24,333,162
Decrease / (Increase) in current assets		
Other operating income		
Stores and spares	1,721,379	(244,071,256)
Stock in trade	(318,446,387)	433,652,372
Trade debtors	-	297,673
Loans, advances, prepayments and other receivable	(15,640,315)	(16,198,313)
Deposits and prepayments	(3,106,538)	(2,520,433)
Others receivables - considered good	(60,000)	(357,271)
Interest accrued	-	(6,025)
	<u>(335,531,861)</u>	<u>170,796,747</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	874,675,922	427,711,137
	<u>539,144,061</u>	<u>598,507,884</u>
Net Cash generated from operations after working capital changes	583,246,734	622,841,046
Financial charges paid	(43,232,725)	(30,082,310)
Gratuity Paid	(19,000)	-
Taxes paid - net	(5,062,871)	(7,276,431)
	<u>(48,314,596)</u>	<u>(37,358,741)</u>
Net cash generated from operating activities	534,932,138	585,482,305
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(8,942,893)	(1,963,705)
Addition in capital work in progress	(56,295)	-
Net cash used in investing activities	(8,999,188)	(1,963,705)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loan - net	250,359,463	3,962,200
Proceeds from short term loans - net	(749,359,652)	(338,799,500)
Net cash used in financing activities	(499,000,190)	(334,837,300)
Net increase in cash and cash equivalents (A + B + C)	26,932,761	248,681,300
Cash and cash equivalents at the beginning of the period	123,929,668	90,443,860
Cash and cash equivalents at the end of the period	<u>150,862,429</u>	<u>339,125,160</u>

Karachi: 28th January, 2015


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2014

	Share Capital	Share Premium	Reserves		Total
			General Reserves	Accumulated Profit	
----- Rupees -----					
Balance as at October 1, 2013	57,636,540	-	200,000,000	192,807,255	450,443,795
Total Comprehensive Income					
Recognized profit for three months October 2013 to December 2013				7,876,056	7,876,056
Other Comprehensive Income					
Incremental depreciation net of deferred tax transferred from surplus on revaluation of fixed assets				1,260,169	1,260,169
Total Comprehensive income for the period				9,136,225	
Balance as at December 31, 2013	57,636,540	-	200,000,000	201,943,480	459,580,020
Balance as at October 1, 2014	172,909,620	172,909,620	200,000,000	210,090,810	755,910,050
Total Comprehensive Income					
Recognized profit for three months October 2014 to December 2014				1,380,159	1,380,159
Other Comprehensive Income					
Incremental depreciation net of deferred tax transferred from surplus on revaluation of fixed assets				3,791,184	3,791,184
Total Comprehensive income for the period				5,171,343	
Balance as at December 31, 2014	172,909,620	172,909,620	200,000,000	215,262,153	761,081,393

The annexed notes form an integral part of these financial statements

Karachi: 28th January, 2015


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 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, Altaf Hussain Road, New Chali, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial report of the company for the First quarter ended December 31, 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, 2014. The figures in comparative condensed interim balance sheet are taken from audited financial statements for the year ended September 30, 2014 whereas comparative figures of other components of this condensed interim financial information are taken from condensed interim financial information for the first quarter ended December 31, 2014.

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, 2014.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after October 1, 2014 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, 2014.

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, 2014.



ADAM SUGAR MILLS LIMITED

		<i>December 31 2014 (Unaudited) Rupees</i>	<i>September 30, 2014 (Audited) Rupees</i>
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 1,477,418,269	1,484,137,927
	Capital work-in-progress	5.4 47,699,417	47,643,122
		1,525,117,686	1,531,781,049
5.1	Operating fixed assets		
	Opening written down value	1,484,137,927	1,408,055,187
	Additions to fixed assets - tangible	5.2 8,942,893	65,217,801
	Surplus / (deficit) on revaluation	5.3 -	84,467,684
	Depreciation charged	(15,662,551)	(73,602,745)
		1,477,418,269	1,484,137,927
5.2	Additions to fixed assets - tangible		
	Factory building on free hold land	-	5,251,800
	Electric Equipment	1,013,000	552,864
	Air Conditioners & Refrigerator	-	156,000
	Plant and machinery	7,904,803	54,572,905
	Computer and other equipments	-	724,030
	Vehicles	-	2,861,621
	Furniture and fixture	-	20,000
	Water connection and electric installation	-	432,480
	Tools and other equipments	25,090	396,101
	Arms and ammunition	-	250,000
		8,942,893	65,217,801
5.3	Surplus / (deficit) on revaluation		
	Freehold land	-	320,767,907
	Factory building on free hold land	-	2,167,848
	Non-factory building on free hold land	-	8,606,261
	Plant and machinery	-	(247,074,332)
		-	84,467,684
5.4	Capital work-in-progress		
	Buiding and civil works	16,192,555	16,136,260
	Plant & machinery	31,506,862	31,506,862
		47,699,417	47,643,122
6	INTANGIBLE ASSET		
	Computer software		
	Cost	1,209,500	1,209,500
	Amortization	6.1 (1,084,591)	(1,024,116)
		124,909	185,384

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



ADAM SUGAR MILLS LIMITED

	<i>December 31</i> <i>2014</i> <i>(Unaudited)</i> <i>Rupees</i>	<i>September 30,</i> <i>2014</i> <i>(Audited)</i> <i>Rupees</i>
7 STOCK IN TRADE		
Sugar in process	35,133,928	7,197,588
Sugar - Finished good	1,484,531,285	1,251,511,787
Molasses	77,706,900	20,216,350
	<u>1,597,372,113</u>	<u>1,278,925,725</u>

8 TRADE DEBTS		
- Considered good	<u>145,667,574</u>	<u>145,667,574</u>

The company has filed case in Honourable Lahore High Court, Bahawalpur Bench, Bahawalpur against Province of Punjab through District Collector Bahawalnagar and other related Government departments for the recovery of Rs.55,161,000, being market value of sugar stock forcefully lifted by the Government of Punjab over and above from the quantity fixed by the Honorable Supreme Court of Pakistan at the rate of Rs.38/kg. The management of the company is confident that the decision of the case will be in favour of the company. However, the company has recorded receivable amounting to Rs.37,507,900 at Rs.38/kg.

9 LOANS AND ADVANCES

Loans

Considered good

- staff

1,654,222

1,570,699

Advances

Considered good

- growers

59,545,854

55,468,990

- suppliers

48,316,705

36,652,517

- income tax

53,118,550

52,251,170

- expenses

91,820

276,080

161,072,929

144,648,757

162,727,151

146,219,456

10 CASH AND BANK BALANCES

Cash in hand

1,968,920

1,311,921

Cash at banks

Current accounts

111,748,670

97,983,798

Deposit accounts

13,626,684

1,115,796

125,375,355

99,099,594

127,344,275

100,411,515

11 SUBORDINATED LOAN FROM DIRECTOR

- Related party

Loan from chief executive

24,959,712

24,959,712

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

	<i>Note</i>	<i>December 31 2014 (Unaudited) Rupees</i>	<i>September 30, 2014 (Audited) Rupees</i>
12 LONG TERM FINANCES			
From banking companies - Secured			
Term Loan		597,483,763	347,124,300
Current maturity shown under current liabilities	15	<u>(100,000,000)</u>	<u>(100,000,000)</u>
		<u>497,483,763</u>	<u>247,124,300</u>
13 DEFERRED LIABILITIES			
Deferred taxation		124,494,506	115,118,787
Staff retirement benefits		<u>1,115,661</u>	<u>1,134,661</u>
		<u>125,610,167</u>	<u>116,253,448</u>
14 SHORT TERM BORROWINGS			
Unsecured			
from chief executive	14.1	285,445,917	604,017,171
Secured			
from banking companies	14.2	<u>269,195,911</u>	<u>699,984,309</u>
		<u>554,641,828</u>	<u>1,304,001,480</u>

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

14.2 The finances are secured against pledge of refined white sugar, subordination of director's loan and personal guarantee of chief executive of the Company. Mark up charging rate ranges from one month KIBOR + 1.75% to six months KIBOR + 2.5% (2013 : three month KIBOR + 2.00% to three months KIBOR + 3%).

15 CURRENT MATURITY OF LONG TERM LOAN

Current maturity of - Term Loan	12	<u>100,000,000</u>	<u>100,000,000</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, 2014.

	<i>December 31 2014 (Unaudited) Rupees</i>	<i>December 31 2013 (Unaudited) Rupees</i>
17 SALES - NET		
Sales - Sugar	262,503,000	1,226,658,025
Sales - molasses	-	7,935,300
Federal excise duty	<u>(21,875,250)</u>	<u>(85,665,290)</u>
	<u>240,627,750</u>	<u>1,148,928,035</u>

18 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: -



ADAM SUGAR MILLS LIMITED

	<i>December 31 2014 (Unaudited) Rupees</i>	<i>December 31 2013 (Unaudited) Rupees</i>
Receipt of short term borrowings from the Chief Executive	56,928,746	31,200,000
Repayment of short term borrowings from the Chief Executive	380,990,000	20,000,000
Purchases of oil and lubricants ' - from associated undertaking	2,725,517	5,729,105
Payment to associated undertaking against oil and lubricants	2,639,890	5,773,953

19 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on **28th January, 2015** by the Board of Directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest rupees.

Karachi: 28th January, 2015



Chief Executive



Director

