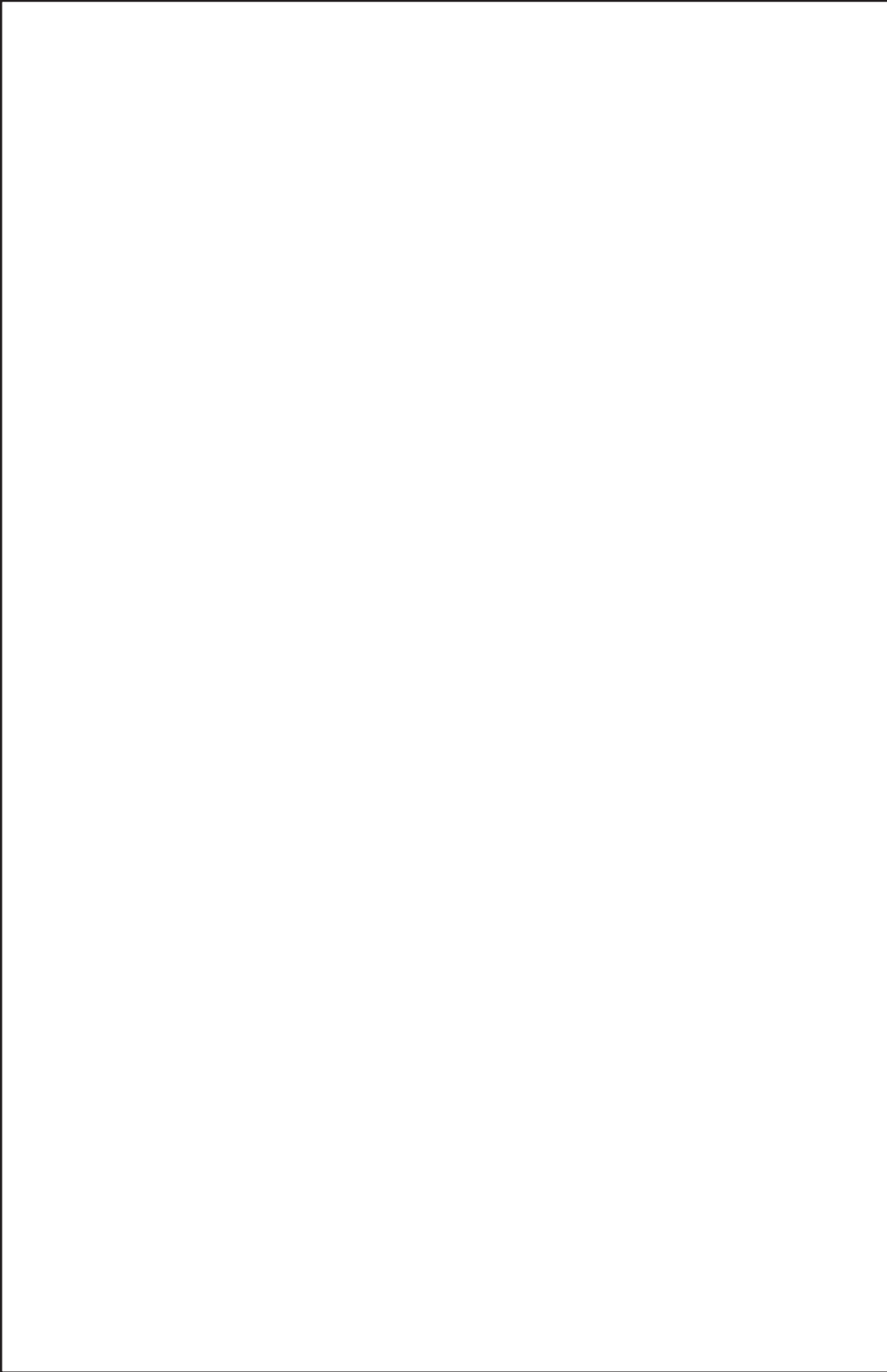


# **ADAM SUGAR MILLS LIMITED**



## **QUARTERLY REPORT**

**FOR THE QUARTER ENDED  
DECEMBER 31, 2016  
(UN-AUDITED)**





# ADAM SUGAR MILLS LIMITED

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IN THE NAME OF ALLAH  
THE BENEFICENT, THE MERCIFUL

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# ADAM SUGAR MILLS LIMITED

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## 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.html](http://adamsugar.html)

### FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN  
District Bahawalnagar

### STATUTORY AUDITORS

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

### 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

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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 December 31, 2016.

### OPERATING RESULTS:

	<u>31-12-16</u>	<u>31-12-15</u>
Cane Crushed Metric Tons	198,982	140,926
Average Recovery	8.24%	8.42%
Sugar Produced-Metric Tons	15,660	11,350
Commenced Crushing on	12-11-2016	29-11-2015
Number of season days	50	33

Until 26th January 2017, we have already crushed 320,170 tons of Sugarcane at an average Recovery of 8.65% and have produced 26,750 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.

Karachi: 27th January, 2017

  
(CHULAM AHMED ADAM)  
CHIEF EXECTTUIVE



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT December 31, 2016

<u>ASSETS</u>	Note	December 31	September 30,
		2016	2016
		Unaudited	Audited
		Rupees	Rupees
<b><u>Non-Current Assets</u></b>			
Property, plant and equipment	5	1,530,820,788	1,531,192,067
Long term deposits		32,400	32,400
		<b>1,530,853,188</b>	<b>1,531,224,467</b>
<b><u>Current Assets</u></b>			
Biological assets		138,600	138,600
Stores and spares		163,296,536	145,057,751
Stock in trade	6	954,229,049	82,055,819
Short term investments		23,518,154	28,798,264
Trade debts - considered good	7	37,507,900	37,507,900
Loans and advances - considered good	8	99,992,340	167,463,087
Deposits and prepayments		4,541,538	3,282,961
Rebate receivable		6,460,000	176,211,200
Others receivables - considered good		966,192	966,192
Interest accrued		1,160,665	1,206,410
Tax refund due from government		97,906,620	73,350,803
Cash and bank balances	9	37,593,444	40,453,287
		1,427,311,038	756,492,274
<b>Total Assets</b>		<b>2,958,164,226</b>	<b>2,287,716,741</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Share Capital and Reserves</u></b>			
<b>Authorized Share Capital</b>			
25,000,000 Ordinary shares of Rs. 10 each		250,000,000	250,000,000
<b>Issued, subscribed and paid-up capital</b>		<b>172,909,620</b>	<b>172,909,620</b>
<b>Reserves</b>			
<b>Revenue Reserves</b>			
Share Premium		172,909,620	172,909,620
General reserve		200,000,000	200,000,000
Accumulated profit		247,462,582	276,600,917
		620,372,202	649,510,537
<b>Total Shareholders' Equity</b>		<b>793,281,822</b>	<b>822,420,157</b>
Surplus on revaluation of property, plant and equipment - net		395,695,931	396,291,156
<b><u>Non-Current Liabilities</u></b>			
Director's subordinated loan	10	18,079,937	17,682,090
Long term finances	11	32,963,670	61,534,943
Deferred liabilities	12	85,245,729	97,278,988
		136,289,336	176,496,021
<b><u>Current Liabilities</u></b>			
Short term borrowings	13	733,470,073	479,479,428
Trade and other payables		776,652,139	268,472,725
Accrued markup		9,050,397	13,595,774
Current maturity of non-current liabilities	14	109,043,664	109,281,076
Unclaimed dividend		4,680,863	4,680,863
Provision for taxation		-	16,999,541
		1,632,897,136	892,509,407
<b>Contingencies</b>	15	-	-
<b>Total Equity and Liabilities</b>		<b>2,958,164,226</b>	<b>2,287,716,741</b>

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2017

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

	<i>Note</i>	<i>December 31, 2016 Rupees</i>	<i>December 31, 2015 Rupees</i>
Sales - net	16	100,466,492	488,431,270
Cost of sales		<u>(114,096,551)</u>	<u>(488,331,107)</u>
<b>Gross (loss)/profit</b>		(13,630,059)	100,163
Administrative expenses		<b>(16,044,281)</b>	(11,837,952)
Selling and distribution expenses		<b>(2,563,364)</b>	(585,877)
<b>Operating Loss</b>		<u>(32,237,704)</u>	<u>(12,423,829)</u>
Other operating income		<b>1,149,033</b>	1,307,553
		(31,088,671)	(11,016,113)
Finance cost		<b>(10,536,400)</b>	(13,576,677)
Other operating charges		-	-
		<u>(10,536,400)</u>	<u>(13,576,677)</u>
<b>Loss before taxation</b>		<u>(41,625,071)</u>	<u>(24,592,790)</u>
Taxation		12,289,358	(4,884,313)
<b>Loss after taxation</b>		<u>(29,335,713)</u>	<u>(29,477,103)</u>
<b>Loss per share - Basic &amp; diluted</b>		<b>(1.70)</b>	(1.70)

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2017

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

	<i>December 31, 2016 Rupees</i>	<i>December 31, 2015 Rupees</i>
<b>Loss after taxation</b>	(29,335,713)	(29,477,103)
<b>Other comprehensive income</b>		
Transferred from surplus on revaluation on Account of Incremental depreciation Net of Deferred tax	595,225	834,342
<b>Total comprehensive Loss</b>	<u>(28,740,488)</u>	<u>(28,642,761)</u>

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2017

  
Chief Executive

  
Director





# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

	<i>Decemeber 31</i> 2016 <i>Rupees</i>	<i>Decemeber 31</i> 2015 <i>Rupees</i>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(41,625,071)	(24,592,790)
<b>Adjustments:</b>		
Depreciation	14,844,868	15,342,472
Finance cost	10,536,400	13,576,677
Provision for gratuity	-	263,519
Unrealized Farming (Loss)-Net	-	(217,581)
	<u>25,381,268</u>	<u>28,965,087</u>
<b>Operating (Loss)/Profit before working capital changes</b>	<b>(16,243,803)</b>	<b>4,372,297</b>
<b>Working capital changes:</b>		
<b>Decrease / (Increase) in current assets</b>		
Stores and spares	(18,238,785)	(42,140,593)
Stock in trade	(872,173,230)	(238,656,047)
Trade debts	-	18,434,550
Rebate Receivable	169,751,200	59,800,000
Loans and advances	67,470,747	-
Deposits and prepayments	(1,258,576)	(1,441,410)
Interest accrued	45,745	-
	<u>(654,402,899)</u>	<u>(204,003,500)</u>
<b>Increase/(Decrease) in current liabilities</b>		
Trade and other payables	507,942,002	232,446,875
	<u>(146,460,897)</u>	<u>28,443,375</u>
<b>Net cash (used in)/Generated from operations after working capital changes</b>	<b>(162,704,700)</b>	<b>32,815,672</b>
Financial charges paid	(15,081,776)	(20,610,405)
Gratuity paid	-	(13,000)
Taxes paid	(41,299,258)	(25,924,628)
	<u>(56,381,034)</u>	<u>(46,548,033)</u>
<b>Net cash (used in) operations activities</b>	<b>(219,085,734)</b>	<b>(13,732,361)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Additions) in operating fixed assets-net of transfer	(14,174,607)	(16,246,064)
(Additions) in capital work in progress	(298,984)	(407,031)
<b>Net Cash (used in) Investing Activities</b>	<b>(14,473,592)</b>	<b>(16,653,095)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayments)/Proceeds from long term loan - net	(28,571,273)	(23,194,454)
Proceeds from short term loans - net	253,990,645	30,740,000
	<u>225,419,372</u>	<u>7,545,546</u>
<b>Net Cash (used in) Financing Activities</b>	<b>(8,139,953)</b>	<b>(22,839,910)</b>
<b>Cash and cash equivalents at beginning of Period (A+B+C)</b>	<b>69,251,551</b>	<b>93,899,498</b>
<b>Cash and cash equivalents at end of Period</b>	<b>61,111,598</b>	<b>71,059,588</b>

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2017

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

Description	Share Capital	Revenue Reserves			Total	Total
		Share Premium	General Reserves	Accumulated Profit		
----- Rupees -----						
<b>Balance as at October 1, 2015</b>	172,909,620	172,909,620	200,000,000	151,062,168	523,971,788	696,881,408
<b>Comprehensive (Loss)/Income</b>						
Recognized Loss for three months October 2015 to December 2015	-	-	-	(29,477,103)	(29,477,103)	(29,477,103)
<b>Other Comprehensive Income</b>						
Incremental Depreciation net of Deferred Tax Transferred from surplus on revaluation of fixed assets	-	-	-	834,342	834,342	834,342
<b>Total Comprehensive (Loss)/Income for the period</b>	-	-	-	(28,642,761)	(28,642,761)	(28,642,761)
<b>Balance as at December 31, 2015</b>	<u>172,909,620</u>	<u>172,909,620</u>	<u>200,000,000</u>	<u>122,419,407</u>	<u>495,329,027</u>	<u>668,238,647</u>
<b>Balance as at October 1, 2016</b>	172,909,620	172,909,620	200,000,000	276,600,917	649,510,537	822,420,157
<b>Comprehensive (Loss)/Income</b>						
Recognized Loss for three months October 2016 to December 2016	-	-	-	(29,335,713)	(29,335,713)	(29,335,713)
<b>Other Comprehensive Income</b>						
Incremental Depreciation net of Deferred Tax Transferred from surplus on revaluation of fixed assets	-	-	-	595,225	595,225	595,225
<b>Total Comprehensive (Loss)/Income for the period</b>	-	-	-	(28,740,488)	(28,740,488)	(28,740,488)
<b>Transaction with owners</b>						
Amortization of Subordinated Loan				(397,847)	(397,847)	(397,847)
<b>Balance as at December 31, 2016</b>	<u>172,909,620</u>	<u>172,909,620</u>	<u>200,000,000</u>	<u>247,462,582</u>	<u>620,372,202</u>	<u>793,281,822</u>

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2017

  
Chief Executive

  
Director



# ADAM SUGAR MILLS LIMITED

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## NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2016

### **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 Pakistan Stock Exchange. 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, 2016 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, 2016. The figures in comparative condensed interim balance sheet are taken from audited financial statements for the year ended September 30, 2016 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, 2016.

#### **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, 2016.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after October 1, 2016 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, 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 September 30, 2016.



# ADAM SUGAR MILLS LIMITED

		<i>December 31</i> <i>2016</i> <i>(Unaudited)</i> <i>Rupees</i>	<i>September 30,</i> <i>2016</i> <i>(Audited)</i> <i>Rupees</i>
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>1,440,373,631</b>	1,441,043,894
Capital work-in-progress	5.4	<b>90,447,157</b>	90,148,173
		<b><u>1,530,820,788</u></b>	<b><u>1,531,192,067</u></b>
<b>5.1 Operating fixed assets</b>			
Opening written down value		<b>1,441,043,894</b>	1,466,125,299
Additions to fixed assets - tangible	5.2	<b>14,174,605</b>	37,159,931
Depreciation charged		<b>(14,844,868)</b>	(61,871,001)
Disposal of Fixed Assets		<b>-</b>	(370,335)
		<b><u>1,440,373,631</u></b>	<b><u>1,441,043,894</u></b>
<b>5.2 Additions to fixed assets - tangible</b>			
Freehold land		-	840,000
Electric Equipment		<b>637,482</b>	1,714,808
Air Conditioners & Refrigerator		-	11,256
Plant and machinery		<b>12,607,646</b>	31,051,606
Computer and other equipments		<b>429,650</b>	89,990
Vehicles		<b>41,000</b>	2,395,550
Furniture and fixture		<b>343,106</b>	717,359
Tools and other equipments		<b>101,021</b>	124,013
Office Equipments		<b>14,700</b>	215,349
		<b><u>14,174,605</u></b>	<b><u>37,159,931</u></b>
<b>5.4 Capital work-in-progress</b>			
Buiding and civil works		<b>89,985,847</b>	89,304,793
Plant & machinery		<b>461,310</b>	843,380
		<b><u>90,447,157</u></b>	<b><u>90,148,173</u></b>
<b>6 STOCK IN TRADE</b>			
Sugar in process		<b>45,445,736</b>	5,473,209
Sugar - finished goods		<b>819,447,089</b>	58,209,945
Molasses		<b>89,336,224</b>	18,372,665
		<b><u>954,229,049</u></b>	<b><u>82,055,819</u></b>



# ADAM SUGAR MILLS LIMITED

## 7 TRADE DEBTS - CONSIDERED GOOD

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.55,161000, 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.

	<b>December 31, 2016 (Unaudited) Rupees</b>	<b>September 30, 2016 (Audited) Rupees</b>
<b>8 LOANS AND ADVANCES - CONSIDERED GOOD</b>		
- Considered good		
<b>Loans</b>	<b>1,476,273</b>	<b>1,047,632</b>
<b>Considered good</b>		
- staff		
<b>Advances</b>		
- to growers	4,001,243	60,791,338
- to suppliers	94,439,069	105,554,362
- against expenses	75,755	69,755
	<b>98,516,067</b>	<b>166,415,455</b>
	<b>99,992,340</b>	<b>167,463,087</b>
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	<b>855,782</b>	<b>521,171</b>
<b>Cash at bank</b>		
- Current accounts	36,118,878	39,313,617
- Deposit accounts	618,784	618,499
	<b>36,737,662</b>	<b>39,932,116</b>
	<b>37,593,444</b>	<b>40,453,287</b>
<b>10 DIRECTOR'S SUBORDINATED LOAN</b>		
Loan from Chief Executive	<b>18,079,937</b>	<b>17,682,090</b>

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.

## 11 LONG TERM FINANCES

### From banking company - Secured

Term loan	<b>25,000,000</b>	<b>50,000,000</b>
Term loan	<b>84,043,664</b>	<b>108,684,202</b>
Term loan	<b>32,963,670</b>	<b>12,131,817</b>
Current maturity shown under current liabilities <sup>14</sup>	<b>(109,043,664)</b>	<b>(109,281,076)</b>
	<b>32,963,670</b>	<b>61,534,943</b>



# ADAM SUGAR MILLS LIMITED

		December 31, 2016 (Unaudited) Rupees	September 30, 2016 (Audited) Rupees
<b>12 DEFERRED LIABILITIES</b>	<i>Note</i>		
Deferred taxation		84,010,322	96,043,581
Staff retirement benefits		1,235,407	1,235,407
		<u>85,245,729</u>	<u>97,278,988</u>
<b>13 SHORT TERM BORROWINGS</b>			
<b>Unsecured - interest free</b>			
- from Chief Executive	13.1	3,053,394	142,122,394
<b>Secured - interest bearing</b>			
- from banking companies	13.2	730,416,680	337,357,034
		<u>733,470,074</u>	<u>479,479,428</u>

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

13.2 The short term credit facilities available from banking companies and unavailed in respect of cash finances as at December 31, 2016 amount to Rs. 2.05 billion (2016 : Rs.1.65 billion) . These 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 + 1.60% to three months KIBOR + 2.25% (2015 : one month KIBOR + 1.75% to three months KIBOR + 2.5%).

		December 31, 2016 (Unaudited) Rupees	September 30, 2016 (Audited) Rupees
<b>14 CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>	<i>Note</i>		
Current maturity of long term loan	11	109,043,664	109,281,076
<b>15 CONTINGENCIES</b>			

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, 2016.

		December 31, 2016 (Unaudited) Rupees	December 31, 2015 (Unaudited) Rupees
<b>16 SALES - NET</b>			
Sugar - Local		106,295,537	539,763,032
Molasses		4,278,675	-
		<u>110,574,212</u>	539,763,032
Federal excise duty		(10,107,720)	(51,331,762)
		<u>100,466,492</u>	<u>488,431,270</u>



# ADAM SUGAR MILLS LIMITED

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## 17 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: -

	<i>December 31 2016 (Unaudited) Rupees</i>	<i>December 31 2015 (Unaudited) Rupees</i>
Receipt of short term borrowings from the Chief Executive	<b>35,000,000</b>	7,500,000
Repayment of short term borrowings from the Chief Executive	<b>174,069,000</b>	18,430,000
Purchases of oil and lubricants - from associated undertaking	<b>4,302,433</b>	5,956,882
Payment to associated undertaking against oil and lubricants	<b>4,904,464</b>	5,463,626

## 18 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 27 January 2017 by the Board of Directors of the Company.

## 19 GENERAL

Figures have been rounded off to the nearest rupees.

Karachi: 27th January, 2017

  
Chief Executive

  
Director

