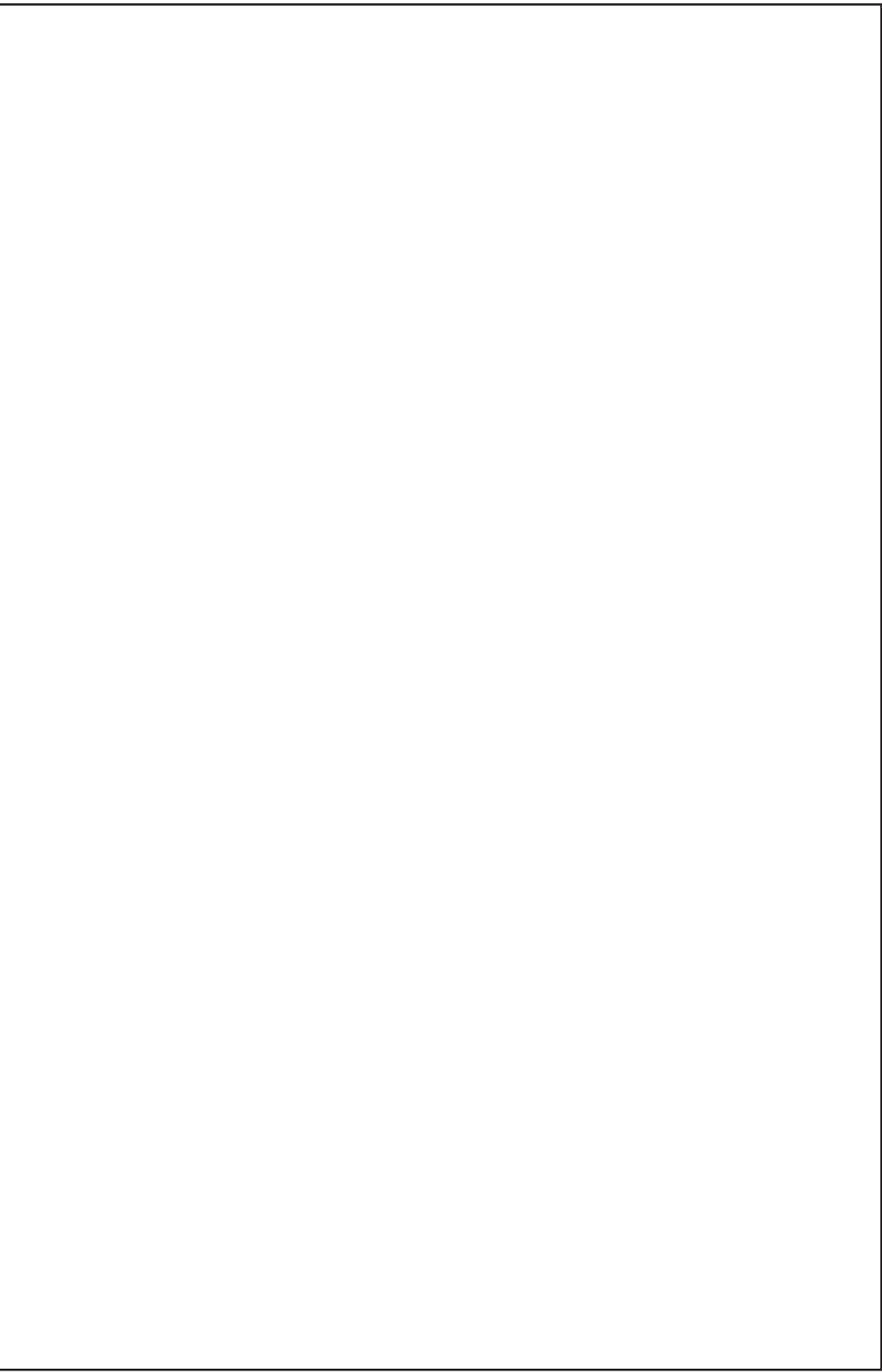


ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE QUARTER ENDED
31 DECEMBER, 2015
(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.html

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 first quarter ended 31 December, 2015

OPERATING RESULTS:

	<u>31-12-15</u>	<u>31-12-14</u>
Cane Crushed Metric Tons	140,926	99,049
Average Recovery	8.42%	8.65%
Sugar Produced-Metric Tons	11,350	7,845
Commenced Crushing on	29-11-2015	01-12-2014
Number of season days	33	31

Until 26th January, 2016, we have already crushed 250,441 tons of Sugarcane at an average Recovery of 8.936% and have produced 21,755 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: 27th January, 2016



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT December 31, 2015

	December 31 2015 (Unaudited) Rupees	September 30, 2015 (Audited) Rupees
ASSETS		
Non-Current Assets		
Property, plant and equipment	5 1,484,712,091	1,483,401,468
Long term deposits	32,400	32,400
	1,484,744,491	1,483,433,868
Current Assets		
Biological assets - at fair value	138,601	138,600
Stores and spares	152,238,104	110,097,511
Stock in trade	6 830,592,284	591,936,237
Short term investment	23,518,154	23,518,154
Trade debts	7 37,507,900	37,507,900
Loans and advances	8 31,712,792	60,437,200
Deposits and prepayments	4,923,631	3,482,221
Rebate Receivable	2,000,000	61,800,000
Others receivables - considered good	966,192	966,192
Interest accrued	391,451	391,451
Tax refund due from government	119,455,946	107,714,272
Cash and bank balances	9 47,541,433	70,381,344
	1,250,986,487	1,068,371,082
Total Assets	2,735,730,979	2,551,804,950
SHARE CAPITAL AND RESERVES		
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	122,419,407	151,062,168
	495,329,027	523,971,788
Total shareholders' equity	668,238,647	696,881,408
Surplus on revaluation of fixed assets	397,996,116	398,830,458
Non-Current Liabilities		
Subordinated loan from director	10 16,222,100	16,222,100
Long term finances	11 135,489,747	158,684,201
Deferred liabilities	12 104,327,308	104,076,789
	256,039,155	278,983,090
Current Liabilities		
Short term borrowings	13 783,928,844	753,188,844
Trade and other payables	489,168,401	256,721,523
Accrued markup on borrowings	17,013,458	24,047,186
Current maturity of long term loan	14 109,281,076	109,281,076
Unclaimed dividend	4,680,863	4,680,863
Provision for taxation	9,384,419	29,190,502
	1,413,457,061	1,177,109,994
Contingencies and Commitment	15 -	-
Total Equity and Liabilities	2,735,730,979	2,551,804,950

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2016


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2015

	<i>Note</i>	<i>December 31 2015 Rupees</i>	<i>December 31 2014 Rupees</i>
Sales - net	16	488,431,270	240,627,750
Cost of sales		<u>(488,331,107)</u>	<u>(199,627,205)</u>
Gross profit		100,163	41,000,545
Administrative expenses		<u>(11,837,952)</u>	<u>(11,573,686)</u>
Selling and distribution expenses		<u>(585,877)</u>	<u>(655,680)</u>
Operating (Loss)/profit		<u>(12,323,666)</u>	<u>28,771,179</u>
Other operating income		<u>1,307,553</u>	<u>405,628</u>
		<u>(11,016,113)</u>	<u>29,176,807</u>
Finance cost		<u>(13,576,677)</u>	<u>(17,623,769)</u>
Other operating charges		<u>-</u>	<u>(797,160)</u>
(Loss) / Profit before taxation		<u>(24,592,790)</u>	<u>10,755,878</u>
Taxation		<u>(4,884,313)</u>	<u>(9,375,719)</u>
(Loss)/Profit after taxation		<u>(29,477,103)</u>	<u>1,380,159</u>
(Loss)/Earning per share - Basic & diluted		<u>(1.70)</u>	<u>0.08</u>

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2016


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2015

	<i>December 31 2015 Rupees</i>	<i>December 31 2014 Rupees</i>
Profit after taxation	(29,477,103)	1,380,159
Other comprehensive income		
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	834,342	3,791,184
Total comprehensive income	(28,642,761)	5,171,343

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2016


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2015

	December 31 2015 Rupees	December 31 2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(24,592,790)	10,755,878
Adjustment for:		
Depreciation	15,342,472	15,662,551
Amortization of intangible assets	-	60,475
Financial charges	13,576,677	17,623,769
Provision for gratuity	263,519	-
Unrealized farming (loss)/gain-net	(217,581)	-
Operating profit before working capital charges	28,965,087	33,346,795
Cash generated from operating activities before Working capital changes:	4,372,297	44,102,673
Decrease / (Increase) in current assets		
Stores and spares	(42,140,593)	1,721,379
Stock in trade	(238,656,047)	(318,446,387)
Loans, advances, prepayments and other receivable	18,434,550	(15,640,315)
Deposits and prepayments	(1,441,410)	(3,106,538)
Rebate Receivable	59,800,000	-
Others receivables - considered good	-	(60,000)
	(204,003,500)	(335,531,861)
Increase / (Decrease) in current liabilities		
Trade and other payables	232,446,875	874,675,922
	<u>28,443,375</u>	<u>539,144,061</u>
Net Cash generated from operations after working capital changes	32,815,671	583,246,734
Financial charges paid		
Financial charges paid	(20,610,405)	(43,232,725)
Gratuity Paid	(13,000)	(19,000)
Taxes paid - net	(25,924,628)	(5,062,871)
	<u>(46,548,033)</u>	<u>(48,314,596)</u>
Net cash (used in)/generated from operating activities	(13,732,362)	534,932,138
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(16,246,064)	(8,942,893)
Addition in capital work in progress	(407,031)	(56,295)
Net cash used in investing activities	(16,653,095)	(8,999,188)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loan - net	(23,194,454)	250,359,463
Proceeds from short term loans - net	30,740,000	(749,359,652)
Net cash generated/(used in) financing activities	7,545,546	(499,000,190)
Net increase in cash and cash equivalents (A + B + C)	(22,839,911)	26,932,761
Cash and cash equivalents at the beginning of the period	93,899,498	123,929,668
Cash and cash equivalents at the end of the period	71,059,587	150,862,429

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2016


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2015

	Share Capital	Reserves			Total
		Share Premium	General Reserves	Accumulated Profit	
		-----Rupees-----			
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
Balance as at October 1, 2015	172,909,620	172,909,620	200,000,000	151,062,168	696,881,408
Total Comprehensive Income					
Recognized profit for three months October 2015 to December 2015				(29,477,103)	(29,477,103)
Other Comprehensive Income					
Incremental depreciation net of deferred tax transferred from surplus on revaluation of fixed assets				834,342	834,342
Total Comprehensive income for the period				(28,642,761)	(28,642,761)
Balance as at December 31, 2015	172,909,620	172,909,620	200,000,000	122,419,407	668,238,647

The annexed notes form an integral part of these financial statements

Karachi: 27th January, 2016


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2015

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, 2015 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, 2015. The figures in comparative condensed interim balance sheet are taken from audited financial statements for the year ended September 30, 2015 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, 2015.

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, 2015.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after October 1, 2015 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, 2015.

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, 2015.



ADAM SUGAR MILLS LIMITED

		<i>December 31</i> <i>2015</i> <i>(Unaudited)</i> <i>Rupees</i>	<i>September 30,</i> <i>2015</i> <i>(Audited)</i> <i>Rupees</i>
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,467,028,891	1,466,125,301
Capital work-in-progress	5.2	17,683,200	17,276,169
		<u>1,484,712,091</u>	<u>1,483,401,470</u>
5.1 Operating fixed assets			
Opening written down value		1,466,125,299	1,484,137,927
Additions to fixed assets - tangible	5.2	16,246,064	46,143,819
Surplus / (deficit) on revaluation	5.3	-	-
Depreciation charged		<u>(15,342,472)</u>	<u>(64,156,448)</u>
		<u>1,467,028,891</u>	<u>1,466,125,298</u>
5.2 Additions to fixed assets - tangible			
Non Factory Building on Freehold Land		-	1,284,218
Electric Equipment		16,083	1,461,978
Plant and machinery		16,110,586	42,747,099
Computer and other equipments		109,496	88,370
Vehicles		-	309,000
Tools and other equipments		9,899	253,155
Arms and ammunition		-	-
		<u>16,246,064</u>	<u>46,143,820</u>
5.3 Capital work-in-progress			
Buiding and civil works		16,816,267	16,432,789
Plant & machinery		866,933	843,380
		<u>17,683,200</u>	<u>17,276,169</u>
6 STOCK IN TRADE			
Sugar in process		5,623,121	5,190,763
Sugar - Finished good		770,337,731	581,060,476
Molasses		54,631,432	5,684,998
		<u>830,592,284</u>	<u>591,936,237</u>



ADAM SUGAR MILLS LIMITED

<i>Note</i>	<i>December 31 2015 (Unaudited) Rupees</i>	<i>September 30, 2015 (Audited) Rupees</i>
7 TRADE DEBTS		
- Considered good	37,507,900	37,507,900

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.

8 LOANS AND ADVANCES

Loans	1,540,826	1,550,721
Considered good		
- staff		
Advances		
Considered good		
- to growers	3,996,592	3,283,716
- to suppliers	24,368,159	43,785,329
- against income tax	1,451,815	11,741,674
- against expenses	355,400	75,760
	30,171,966	58,886,479
	31,712,792	60,437,200

9 CASH AND BANK BALANCES

Cash in hand	1,902,965	779,723
Cash at banks		
Current accounts	44,388,043	68,317,796
Deposit accounts	1,250,425	1,283,825
	45,638,468	69,601,621
	47,541,433	70,381,344

10 SUBORDINATED LOAN FROM DIRECTOR

- Related party

Loan from chief executive	16,222,100	16,222,100
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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	76,805,546	100,000,000
Term loan	167,965,277	167,965,277
Current maturity shown under current liabilities	(109,281,076)	(109,281,076)
	135,489,747	158,684,201



ADAM SUGAR MILLS LIMITED

		<i>December 31 2015 (Unaudited) Rupees</i>	<i>September 30, 2015 (Audited) Rupees</i>
12 DEFERRED LIABILITIES			
Deferred taxation		103,058,093	103,058,093
Staff retirement benefits		1,269,215	1,018,696
		104,327,308	104,076,789

13 SHORT TERM BORROWINGS

Unsecured			
from chief executive	13.1	293,087,171	304,017,171
Secured			
from banking companies	13.2	490,841,673	449,171,673
		783,928,844	753,188,844

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

13.2 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% (2014 : three month KIBOR + 1.75% to three months KIBOR + 3%).

14 CURRENT MATURITY OF LONG TERM LOAN

Current maturity of - Term Loan	11	109,281,076	109,281,076
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15 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, 2015.

		<i>December 31 2015 (Unaudited) Rupees</i>	<i>December 31 2014 (Unaudited) Rupees</i>
16 SALES - NET			
Sales - Sugar		539,763,032	262,503,000
Federal excise duty		(51,331,762)	(21,875,250)
		488,431,270	240,627,750



ADAM SUGAR MILLS LIMITED

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 2015 (Unaudited) Rupees</i>	<i>December 31 2014 (Unaudited) Rupees</i>
Receipt of short term borrowings from the Chief Executive	7,500,000	56,928,746
Repayment of short term borrowings from the Chief Executive	18,430,000	380,990,000
Purchases of oil and lubricants - from associated undertaking	5,956,882	2,725,517
Payment to associated undertaking against oil and lubricants	5,463,626	2,639,890

18 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 27th January, 2016 by the Board of Directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest rupees.

Karachi: 27th January, 2016


Chief Executive


Director

