

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE QUARTER ENDED
31st December, 2018
(UN-AUDITED)**



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

BOAR OF DIRECTORS

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

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

MR. SYED NAZAR MAHMOOD SHAH
MR. JUNAID G. ADAM
MR. JAWAID AHMED

HUMAN RESOURCES AND REMUNERATION COMMITTEE

CHAIRMAN
MEMBER
MEMBER

LT. COL. (RTD) MUHAMMAD MUJTABA
MR. OMAR G. ADAM
MR. JUNAID G. ADAM

DIRECTOR FINANCE /
CORPORATE SECRETARY

QAMAR RAFI KHAN
Chartered Accountant

HEAD OF INTERNAL AUDIT

NOMAN IQBAL

REGISTERED OFFICE

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

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN
DISTRIC BAHAWALNAGAR

STAUTORY AUDITORS

REHMAN SERFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

SHARE REGISTRAR

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 December 31, 2018.

OPERATING RESULTS:

	December 31, 2018	December 31, 2017
Cane Crushed - Metric Tons	61,282	85,759
Average Recovery	7.11%	7..80%
Sugar Produced - Metric Tons	3,639.50	6,245
Commenced Crushing on	15-12-2018	30-11- 2017
Number of season days	17	32

Until 18th February 2019, we have already crushed 266,463 tons of Sugarcane at an average Recovery of 8.71% and have produced 22,211 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.

(GHULAM AHMED ADAM)

Karachi: February 20, 2019

CHIEF EXECUTIVE



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT DECEMBER 31, 2018

	Note	December 31, 2018 Rupees	September 30, 2018 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	1,840,273,815	1,814,627,166
Long term deposits		32,400	32,400
		<u>1,840,306,215</u>	<u>1,814,659,566</u>
Current Assets			
Stores and spares		154,167,537	145,308,884
Stock in trade	5	994,150,186	1,244,944,640
Short term investments		23,636,475	23,636,474
Trade debts - considered good	6	37,818,116	57,530,400
Loans and advances - considered good	7	278,951,675	174,079,566
Deposits and prepayments		7,519,594	8,247,391
Rebate receivable		133,827,563	133,827,563
Others receivables - considered good		994,786	1,026,192
Interest accrued		2,349,331	2,349,331
Taxation - net		69,228,542	66,715,790
Cash and bank balances	8	37,472,561	28,661,326
		<u>1,740,116,365</u>	<u>1,886,327,527</u>
		<u>3,580,422,580</u>	<u>3,700,987,123</u>

EQUITY AND LIABILITIES

Share capital and reserves

Authorized Share Capital
25,000,000 ordinary shares of Rs 10/= each

Issued, subscribed and paid up capital
Accumulated profit
Surplus on revaluation of property and plant
General reserve
Share premium

	250,000,000	250,000,000
	172,909,620	172,909,620
	168,826,619	185,203,797
	394,254,490	394,254,490
	200,000,000	200,000,000
	172,909,620	172,909,620
	<u>1,108,900,349</u>	<u>1,125,277,527</u>

Non-Current Liabilities

Director's subordinated loan
Long term financing
Deferred liabilities

9	21,480,773	21,008,091
10	274,411,752	282,285,660
11	109,183,575	101,236,903
	<u>405,076,100</u>	<u>404,530,654</u>

Current Liabilities

Short term borrowings
Trade and other payables
Accrued markup
Current maturity of long term financing
Provident fund payable
Unclaimed dividend

12	860,229,445	1,233,855,153
13	1,082,755,556	794,899,332
	27,171,610	26,176,195
	83,444,446	103,408,730
	7,145,417	7,139,875
	5,699,657	5,699,657
	<u>2,066,446,131</u>	<u>2,171,178,942</u>

Contingencies and commitments

14	<u>3,580,422,581</u>	<u>3,700,987,123</u>
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The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 20th February, 2019

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED DECEMBER 31st, 2018

	Note	December 31, 2018	December 31, 2017
		<u>Rupees</u>	
Net Turnover	15	637,507,033	919,195,877
Cost of sales		<u>(602,320,187)</u>	<u>(932,205,319)</u>
Gross profit		35,186,846	(13,009,442)
Administrative expenses		<u>(19,894,757)</u>	<u>(15,760,664)</u>
Selling expenses		<u>(489,694)</u>	<u>(9,906,681)</u>
		<u>(20,384,451)</u>	<u>(25,667,345)</u>
Operating profit / Loss		14,802,395	(38,676,787)
Other operating income		<u>597,763</u>	<u>192,703</u>
Financial charges		<u>(23,808,498)</u>	<u>(24,092,181)</u>
Loss before taxation		<u>(23,210,735)</u>	<u>(23,899,478)</u>
Loss		<u>(8,408,340)</u>	<u>(62,576,265)</u>
Taxation		<u>(7,968,838)</u>	<u>(400,579)</u>
Net Loss after taxation		<u>(16,377,178)</u>	<u>(62,976,844)</u>
Loss per share Basic & diluted		<u>(0.95)</u>	<u>(3.64)</u>

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 20th February, 2019

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2018

	<i>December 31, 2018</i>	<i>December 31, 2017</i>
Loss after taxation	(16,377,178)	(62,976,844)
Other comprehensive income		
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	2,380,902
Total comprehensive loss	<u>(16,377,178)</u>	<u>(60,595,942)</u>

The annexed notes from 1 to 18 form an integral part of these financial statements
Karachi: 20th February, 2019

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2018

	December 31, 2018 Rupees	December 31, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,408,340)	(62,576,265)
Adjustments:		
Depreciation	21,025,092	16,660,816
Finance cost	23,808,498	24,029,181
	<u>44,833,590</u>	<u>40,689,997</u>
Cash generated from operating activities before working capital changes	36,425,250	(21,823,268)
Working capital changes:		
<i>Decrease / (increase) in current assets</i>		
Stores and spares	(8,858,653)	(8,475,315)
Stock in trade	250,794,454	483,226,387
Trade debts	19,712,284	8,818,940
Rebate receivable	-	(47,078,260)
Loans and advances	(104,872,109)	(524,997,674)
Deposits and prepayments and other receivables	727,797	(5,397,983)
Interest accrued on short term investment	-	-
Other Receivables	31,406	(7,500)
	<u>287,856,224</u>	<u>207,390,278</u>
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	445,391,403	113,478,873
Net cash generated from / (used in) operations	481,218,890	91,655,606
Financial charges paid	(22,737,345)	(35,463,006)
Taxes paid	(10,481,590)	(2,144,514)
Dividend paid	-	(13,087)
	<u>(33,218,935)</u>	<u>(37,620,606)</u>
Net cash generated from / (used in) operating activities	<u>448,597,718</u>	<u>54,034,999</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(46,671,744)	(26,765,861)
Capital work in progress	-	(202,021)
Net cash used in investing activities	<u>(46,671,744)</u>	<u>(26,967,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	(27,838,192)	175,688,743
Short term loan (repaid) / (repaid) - net	(365,276,547)	(74,632,012)
Net cash (used in) / generated from financing activities	<u>(393,114,739)</u>	<u>101,056,731</u>
Net (decrease) / increase in cash and cash equivalents	8,811,236	128,123,848
Cash and cash equivalents at the beginning of the period	52,297,800	94,104,443
Cash and cash equivalents at the end of the period	<u>61,109,036</u>	<u>222,228,291</u>

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 20th February, 2019

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2018

Description	Share Capital	Share Premium	General Reserves	Revenue Reserves		Total
				Surplus on revaluation of Property and Equipment	Accumulated Profit	
----- Rupees -----						
Balance as at October 01, 2017	172,909,620	172,909,620	200,000,000	393,910,254	213,429,359	1,153,158,853
-Loss after tax	-	-	-	-	(30,738,650)	(30,738,650)
-Remeasurement of defined benefit liability	-	-	-	-	238,456	238,456
-Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-	-	2,618,868	-	2,618,868
	-	-	-	2,618,868	(30,500,194)	(27,881,326)
Transferred from surplus on revaluation of property and equipment - net of tax	-	-	-	(2,274,632)	2,274,632	-
Transaction with owners						
Final cash dividend paid at Rs. Nil for the year ended September 2017	-	-	-	-	-	-
Balance as at September 30, 2018	172,909,620	172,909,620	200,000,000	394,254,490	185,203,797	1,125,277,527
-Loss after tax	-	-	-	-	(16,377,178)	(16,377,178)
Transferred from surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-
Balance as at December 31, 2018	172,909,620	172,909,620	200,000,000	394,254,490	168,826,619	1,108,900,349

The annexed notes from 1 to 18 form an integral part of these financial statements

Karachi: 20th February, 2019

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JUNAID G.ADAM
Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2018

1 STATUS AND NATURE OF BUSINESS

Adam Sugar Mills Limited ('the Company') was incorporated in Pakistan in 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company. In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Pakistan Stock Exchange. The Company is principally engaged in the manufacturing and sale of sugar. The registered office of the Company is situated at First Floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi and its plant is located at Chak # 4, Fordwah, Chishtian, District Bahawalnagar, Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial report has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, 2018. The figures in comparative condensed interim balance sheet are taken from audited financial statements for the year ended September 30, 2018 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, 2018.

2.2 Functional and presentation currency

These condensed interim financial report has been presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

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, 2018.

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, 2018.



ADAM SUGAR MILLS LIMITED

		December 31 2018 (Unaudited) Rupees	September 30, 2018 (Audited) Rupees
4 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	<u>1,840,273,815</u>	<u>1,814,627,166</u>
		<u>1,840,273,815</u>	<u>1,814,627,166</u>
4.1 Operating fixed assets			
Opening written down value		1,814,627,164	1,547,153,309
Additions to fixed assets - tangible	4.2	46,671,744	339,575,830
Depreciation charged		(21,025,092)	(72,101,973)
Disposal of Fixed Assets		-	-
		<u>1,840,273,815</u>	<u>1,814,627,166</u>
4.2 Additions to fixed assets - tangible			
Factory Build.On Freehold Land		356,260	34,077,838
Plant And Machinery		39,347,631	282,137,317
Building Construction Machinry		-	12,315,123
Electric Equipment		-	4,656,688
Water Connection & Electric Ins		1,783,501	893,191
Tools And Other Equipments		4,938,973	669,570
Air Conditioners & Refrigeratr		-	78,500
Vehicles		108,639	4,559,474
Furniture & Fixture		24,909	110,909
Computer & Other Equipments		111,830	77,220
		<u>46,671,744</u>	<u>339,575,830</u>
5 STOCK IN TRADE			
Sugar in process		54,763,990	4,843,350
Sugar - finished goods		921,721,259	1,216,194,253
Molasses		17,664,937	23,907,037
		<u>994,150,186</u>	<u>1,244,944,640</u>
6 TRADE DEBTORS -Considered good			
Local debtors - unsecured		<u>37,818,116</u>	<u>57,530,400</u>
7 LOANS AND ADVANCES - [considered good]			
Loan to staff		2,961,486	1,980,290
Advances:			
- to growers		2,931,302	4,031,338
- to suppliers		272,308,127	167,324,213
- against expenses		750,760	743,725
		<u>275,990,189</u>	<u>172,099,276</u>
		<u>278,951,675</u>	<u>174,079,566</u>
8 CASH AND BANK BALANCES			
Cash in hand		716,896	9,431,198
Cash at bank - current accounts		35,795,914	18,848,176
Cash at bank - deposit accounts		959,750	381,952
		<u>36,755,665</u>	<u>19,230,128</u>
		<u>37,472,561</u>	<u>28,661,326</u>



ADAM SUGAR MILLS LIMITED

	December 31 2018 (Unaudited) Rupees	September 30, 2018 (Audited) Rupees
9 DIRECTOR'S SUBORDINATED LOAN		
Balance as at October 01,	21,008,091	19,273,478
Add: Unwinding of director loan during the year	472,682	1,734,613
	<u>21,480,773</u>	<u>21,008,091</u>

This represents the unsecured loan of Rs. 24.96 million given by Chief Executive of the Company. This loan had been measured to its present value using prevailing market rate of mark-up at 9% per annum respectively for a similar instrument, having similar terms and credit risk profile, at the time the loan was granted.

10 LONG TERM FINANCING

From banking company - Secured

Habib Bank Limited	57,734,596	57,734,595
JS Bank Limited	174,759,795	177,959,795
Al Baraka Bank Limited	125,361,808	150,000,000
	<u>357,856,198</u>	<u>385,694,390</u>
Current maturity shown under current liabilities	(83,444,446)	(103,408,730)
	<u>274,411,752</u>	<u>282,285,660</u>

11 DEFERRED LIABILITIES

Deferred taxation	106,990,728	99,021,890
Staff retirement benefits - Gratuity	2,192,847	2,215,013
	<u>109,183,575</u>	<u>101,236,903</u>

12 SHORT TERM BORROWINGS

Note

Unsecured - interest free

- from chief executive	32,164,394	32,164,394
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Secured - interest bearing

- from banking companies	12.1 <u>828,065,051</u>	<u>1,201,690,759</u>
	<u>860,229,445</u>	<u>1,233,855,153</u>

- 12.1** The short term credit facilities availed from banking companies comprises of Islamic Financing and Conventional Financing amounting to Rs.473.33 million and 354.73 million respectively. These finances are secured against pledge of white refined sugar and personal guarantee of Chief Executive of the Company. Mark up charging rate for Islamic Financing is respective KIBOR + 2.0% and for Conventional Financing mark up rate ranges from three months KIBOR + 1.50% to three months KIBOR + 2.0%.

13 TRADE AND OTHER PAYABLES

Trade creditors	704,482,617	567,383,891
Accrued liabilities	148,419,255	137,704,201
Advance from customers	215,882,302	75,834,858
Retention money	99,121	104,121
Workers Welfare Fund	11,858,137	11,858,137
Others	2,014,124	2,014,124
	<u>1,082,755,556</u>	<u>794,899,332</u>



ADAM SUGAR MILLS LIMITED

14 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, 2018.

	December 31, 2018 (Unaudited) Rupees	December 31, 2017 (Unaudited) Rupees
15 SALES - NET		
Local sale - Sugar	684,696,000	714,767,267
Export sale - Sugar	-	191,937,436
Molasses	20,663,790	6,071,641
	<u>705,359,790</u>	<u>912,776,344</u>
Rebate	-	47,078,260
Sales Tax	<u>(67,852,757)</u>	<u>(40,658,727)</u>
	<u>637,507,033</u>	<u>919,195,877</u>

16 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: -

	December 31 2018 (Unaudited) Rupees	December 31 2017 (Unaudited) Rupees
Purchases of oil and lubricants - from associated undertaking	6,076,274	6,114,270
Payment to associated undertaking against oil and lubricants	1,311,840	-

17 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on February 20, 2019 by the Board of Directors of the Company.

18 GENERAL

Figures have been rounded off to the nearest rupees.

Karachi: 20th February, 2019

GHULAM AHMED ADAM
Chief Executive

QAMAR RAFI KHAN
Chief Financial Officer

JUNAID G. ADAM
Director