

**IN THE NAME OF ALLAH**  
*THE BENEFICENT, THE MERCIFUL*

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## 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 RESOURCES 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/adamsugar.html](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  
4<sup>TH</sup> FLOOR, 404 TRADE TOWER,  
ABDULLAH HAROON ROAD, KARACHI  
TEL NO.35685930  
FAX NO. 35687839

## VISION

To be the leader in sugar industry by building the Company's image through quality improvement, competitive price 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.

### SIX YEAR'S REVIEW AT A GLANCE

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Cane Crushed (Metric Tons)	527,222	506,091	523,558	457,538	313,363	256,030
Recovery	9.28%	10.00%	9.84%	9.38%	8.84%	9.47%
Sugar Produced (Metric Tons)	48,894	50,650	51,530	42,883	27,761	24,835
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Paid up Capital	172,909,620	57,636,540	57,636,540	57,636,540	57,636,540	57,636,540
Reserve & Surplus	583,000,430	392,807,255	312,185,754	272,538,221	228,037,946	128,352,067
Shareholders Equity	755,910,050	450,443,795	369,822,294	330,174,761	285,674,486	185,988,607
Fixed Assets	1,531,781,049	1,408,055,065	1,163,459,026	836,759,233	826,170,487	846,515,865
Sales	3,174,410,211	2,069,488,065	1,535,411,250	2,440,692,655	2,138,540,950	1,156,966,342
Cost of Sale	3,005,957,329	1,759,311,056	1,363,541,357	2,231,510,507	1,920,020,876	887,464,811
Gross Profit/(Loss)	168,452,882	310,311,056	171,869,893	209,182,148	218,520,074	269,501,531
Profit/(Loss) Before Tax	(59,433,850)	113,250,559	62,052,713	74,701,831	133,706,647	184,914,663
Profit/(Loss) after Tax	30,377,420	84,284,533	42,710,537	46,927,846	92,794,839	48,461,732
Earning per Share	2.64	13.50	7.41	8.14	16.10	8.41
Break up value of share	43.72	78.51	64.14	57.29	49.56	32.27

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 49<sup>th</sup> Annual General Meeting of the shareholders of the Company will be held at 9:00 AM. on Saturday, January 31, 2015 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

- 1) To confirm the Minutes of 48<sup>th</sup> Annual General Meeting held on January 31, 2014.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2014 together with Directors' and Auditors' Reports thereon.
- 3) To appoint auditors of the Company for the year 2014-2015 and to fix their remuneration. The present Auditors M/S Haroon Zakaria & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
- 4) To transact any other ordinary business with the permission of the Chair.



**By Order of the Board  
GHULAM AHMED ADAM**

Chief Executive

**Karachi: January 02, 2015**

### **NOTES:**

- 1) Members who are not able to attend the meeting in person may send their respective proxies duly signed and stamped in the usual form. Such proxies should reach the Registered Office of the Company atleast 48 hours before the meeting.
- 2) The Share Transfer Book of the Company will remain closed from 22<sup>nd</sup> January, 2015 to 31<sup>st</sup> January, 2015 (both days inclusive). Transfer received at Company Share Registrar M/s C & K Management Associates (Pvt) Ltd, 4<sup>th</sup> Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi at the close of business on 21<sup>st</sup> January, 2015 will be treated in time for attending of meeting and for entitlement of dividend and right shares.
- 3) For identification, CDC account holders should present the participant's CNIC, and CDC Account Number.
- 4) Shareholders are requested to notify the Company of any change in address immediately.



**DIRECTORS' REPORT**  
**IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL**

Dear shareholders,

On behalf of the Board, we welcome you to 49<sup>th</sup> Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2014.

**FINANCIAL RESULTS:**

Profit after taxation	Rs.	30,377,420
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment		988,480
Re-measurement of defined benefit Liability net of deferred Tax		23,345
Un-appropriated profit brought forward		<u>178,701,565</u>
Un-appropriated profit carried forward	Rs.	210,090,810

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Earning per share – basic and diluted	Rs.	2.64
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**OPERATING RESULTS**

	<b><u>2014</u></b>	<b><u>2013</u></b>
Cane Crushed-Metric Tons	527,222	506,091
Average Recovery	9.28%	10.01%
Sugar Produced-Metric Tons	48,894	50,650
Commenced Crushing on	25/11/2013	30/11/2012
Stop Crushing on	24/03/2014	05/04/2013
Number of Season Days	120	127
Earning per Share (Rupees)	2.64	13.50

The Company earned an after-tax profit of Rs. 30.4 million. The Government had fixed the minimum support price of sugarcane at Rs.170 per 40 KG, however company managed to earn satisfactory profit.

## BOARD MEETINGS

During the year five meetings of the Board of Directors were held. Participation of directors is as follows:

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
Mr.Ghulam Ahmed Adam	5
Mr.Jawaid Ahmed	5
Lt. Col. (Rtd) Muhammad Mujtaba	5
Mr.Junaid G.Adam	5
Mr.Omar G.Adam	5
Syed Nazar Muhammad Shah	2
Mr. Mustafa Adam	2

Leave of absence was granted to Directors who could not attend the meeting.

## Statements of Corporate and Financial Reporting Framework.

As required by the code of corporate Governance, your Directors are pleased to report that:

- \* The financial statements, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- \* The company has maintained proper books of accounts as required by the law.
- \* Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- \* The accounting policies and disclosures are in accordance with the approved accounting standards as applicable in Pakistan, unless otherwise disclosed.
- \* The system of internal control is sound in design and effectively implemented.
- \* There is no significant doubt as to the ability of the company to continue as an on-going concern.
- \* There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- \* No trading in the shares of the company was carried out by the directors, CEO, CFO Company Secretary and their spouses and minor children.

**DETAIL OF SHARE HOLDERS**

	NUMBER	SHARE HELD
<b>ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:</b>		
Adam Pakistan Ltd	1	3,503,389
Adam Lubricants Ltd	1	4,057
<b>ICP:</b>		
Investment Corporation of Pakistan	1	117
<b>DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:</b>		
Mr. Ghulam Ahmed Adam	1	8,666,197
Mr. Syed Nazar Mahmood Shah	1	14,406
Mr. Jawaid Ahmed	1	7,500
Lt. Co. (Rtd) Muhammad Mujtaba	1	7,500
Mr. Junaid G. Adam	1	7,500
Mr. Omar G. Adam	1	7,500
Mr. Mustafa G. Adam	1	7,500
<b>Executive:</b>		
	-	-
<b>Public Sector Companies and Corporation</b>		
	-	-
<b>BANK DFIs, INSURANCE COMPANIES MODARABAS AND MUTUAL FUNDA:</b>		
United Bank Limited	1	178
MCB Bank Limited	1	223
State Life Insurance Company Limited	1	190
<b>SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST</b>		
Mr. Ghulam Ahmed Adam	1	8,666,197
Adam Pakistan Limited	1	3,503,389

#### **FUTURE PROSPECTS**

The Government has increased the minimum support price of sugarcane from Rs.170 to Rs.180 per 40KG. However, the sugar selling price is depressed below economical level and the Pakistan Sugar Mills Association has requested the Government to export excess quantity of sugar. During the cane crushing season 2014-2015 we have already crushed 103,905 tons of sugarcane at an average recovery of 8.7% and has produced 8,350 tons of sugar.

#### **EMPLOYEE RELATIONS:**

Your directors appreciate the spirit of cooperation shown by the officers, staff and workers and we hope that their dedication will continue in future.

#### **AUDITORS:**

M/s. Haroon Zakaria & Co, Chartered Accountants, the auditors of the company retire and offer themselves for reappointment. The Audit Committee has recommended their reappointment for the year 2014-2015.



On behalf of the Directors  
**GHULAM AHMED ADAM**  
Chief Executive



**JUNAID G. ADAM**  
Director

Karachi: January 02, 2015.

## Statement of Compliance with the Code of Corporate Governance

**Name of Company:** Adam Sugar Mills Limited

**Year Ended:** September 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Chapter XI listing regulation of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on the Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Syed Nazar Mahmood Shah
	Jawaid Ahmed
	Lt.Col.(R)Muhammad Mujtaba
Executive Directors	Ghulam Ahmed Adam
	Omar G.Adam
Non-Executive Directors	JunaidG.Adam
	Mustafa G.Adam

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. No casual vacancy has occurred during the period ended September 30, 2014.
5. The company has developed "Code of Conduct" and appropriate steps are taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have duly executed and decisions on material transactions, including appointment and determination of remuneration and terms and conditions or employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were appropriately recorded and circulated. The minutes of the meetings were appropriately recorded and circulated in time.
9. The directors at the Board are adequately trained to perform their duties and have been provided in-house presentation to acquaint them on their roles and responsibilities under the requirements of CCG. During this financial year, none of the director has attended any training program of Corporate Governance due to their busy schedule. However, Company has planned the same for the coming year.

10. The Board had approved appointment of CFO and Company Secretary and head of internal audit including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the Committee is non-executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of committee is a non-executive director.
18. The Board has set up an effective internal audit department which is considered suitably qualified and fully conversant with policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control program of the Institute of Chartered Accountants of Pakistan (ICAP), that they are any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Association of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim/final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



**Ghulam Ahmed Adam**

Chief Executive Officer

Karachi

Dated : 2<sup>nd</sup> January 2015

## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Adam Sugar Mills Limited** to comply with the relevant Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi and Lahore stock exchanges require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transaction are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September30, 2014.

We draw attention to 9 of the statement of compliance with the code of corporate governance highlighting that orientation courses by directors have not been attained during the year.

*Haroon Zakaria & Co.*  
**Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi

**Dated:** : 2<sup>nd</sup> January 2015

## AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Adam Sugar Mills Limited** as at September 30, 2014 and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and





- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) In our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

*Haroon Zakaria & Co.*

**Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi

**Dated:** 2<sup>nd</sup> January 2015

**Engagement Partner:**

**Farhan Ahmed Memon**

**PATTERN OF HOLDING OF THE SHARES HELD BY THE  
SHAREHOLDERS AS AT 30 SEPTEMBER ' 2014**

NUMBER OF SHAREHOLDERS	SIZE OF SHSREHLADING			TO	TOTAL SHARE HELD
1,514	FROM	1	TO	100	36,457
492	FROM	101	TO	500	133,248
116	FROM	501	TO	1,000	95,723
245	FROM	1,001	TO	5,000	719,978
87	FROM	5,001	TO	10,000	617,778
23	FROM	10,001	TO	15,000	300,053
16	FROM	15,001	TO	20,000	286,980
12	FROM	20,001	TO	25,000	285,800
6	FROM	25,001	TO	30,000	167,395
3	FROM	30,001	TO	35,000	98,014
2	FROM	35,001	TO	40,000	74,000
1	FROM	40,001	TO	45,000	40,500
1	FROM	45,001	TO	50,000	47,000
2	FROM	50,001	TO	55,000	106,500
2	FROM	55,001	TO	60,000	114,500
4	FROM	65,001	TO	70,000	268,800
1	FROM	80,001	TO	85,000	81,731
1	FROM	85,001	TO	90,000	90,000
2	FROM	95,001	TO	100,000	197,500
1	FROM	115,001	TO	120,000	115,500
1	FROM	130,001	TO	135,000	133,000
1	FROM	155,001	TO	160,000	158,157
1	FROM	195,001	TO	200,000	200,000
1	FROM	255,001	TO	260,000	256,479
1	FROM	295,001	TO	300,000	295,500
1	FROM	455,001	TO	460,000	457,683
1	FROM	3,500,001	TO	3,505,000	3,502,968
1	FROM	8,405,001	TO	8,410,000	8,409,718
<u>2,539</u>					<u>17,290,962</u>

CATAGORIES OF SHARE HOLDERS	NUMBER	SHARE HELD	PERCNATAGES
INDIVIDUALS	2,504	13,451,629	77.80
INVESTMENT COMPANIES	1	117	-
INSURANCE COMPANIES	1	190	-
JOINT STOCK COMPANIES	19	3,703,533	21.42
FINANCIAL INSTITUTIONS	2	401	-
OTHERS ( SEE BELOW )	5	135,092	0.78
<b>TOTAL</b>	<u>2,539</u>	<u>17,290,962</u>	<u>100.00</u>

**OTHERS**

Administrator Abandoned Properties	91
Securities & Exchange Commission of Pakistan	1
Trustee Karachi Sheraton Hotel and Tower	500
Trustee Treet Corp. Ltd. Emp. Provident Fund	133,000
Trustee Treet Corp. Ltd. Emp. Super Anvat Fund	1,500

135,092

**BALANCE SHEET  
AS AT SEPTEMBER 30, 2014**

	Note	2014 Rupees	2013 Rupees Restated	October 1, 2012 Rupees Restated
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	4	1,531,781,049	1,408,055,187	1,163,459,026
Long term deposits	5	40,000	40,000	40,000
Intangible assets	6	185,384	427,284	669,184
		<b>1,532,006,433</b>	<b>1,408,522,471</b>	<b>1,164,168,210</b>
<b>Current Assets</b>				
Biological assets	7	290,263	167,513	112,513
Stores and spares	8	116,529,672	83,745,348	90,226,603
Stock in trade	9	1,278,925,726	1,788,783,932	1,133,237,021
Short term investments	10	23,518,154	23,518,154	18,814,639
Trade debts - considered good	11	145,667,574	37,805,574	37,843,149
Loans and advances - considered good	12	146,219,456	82,721,312	78,099,520
Deposits and prepayments	13	56,909,410	44,979,091	33,483,953
Others receivables - considered good		966,192	1,428,191	766,921
Interest accrued		391,451	394,975	561,420
Tax refund due from government		55,463,102	38,397,261	10,514,313
Cash and bank balances	14	100,411,514	66,925,706	46,106,465
		<b>1,925,292,514</b>	<b>2,168,867,057</b>	<b>1,449,766,517</b>
<b>Total Assets</b>		<b>3,457,298,947</b>	<b>3,577,389,528</b>	<b>2,613,934,727</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Authorized Share Capital</b>				
10,000,000 Ordinary shares of Rs. 10 each		250,000,000	100,000,000	100,000,000
<b>Issued, subscribed and paid-up capital</b>	15	172,909,620	57,636,540	57,636,540
<b>Reserves</b>				
<b>Revenue Reserves</b>				
Share Premium		172,909,620	-	-
General reserve		200,000,000	200,000,000	200,000,000
Accumulated profit		210,090,810	193,110,700	112,568,735
		<b>583,000,430</b>	<b>393,110,700</b>	<b>312,568,735</b>
<b>Shareholders' Equity</b>		<b>755,910,050</b>	<b>450,747,240</b>	<b>370,205,275</b>
Surplus on revaluation of property, plant and equipment - net	16	401,462,754	233,903,358	244,649,461
<b>Non-Current Liabilities</b>				
Director's subordinated loan	17	24,959,712	239,324,437	239,324,437
Long term finances	18	247,124,300	318,162,100	200,000,000
Deferred liabilities	19	116,253,448	290,218,618	241,073,039
		<b>388,337,460</b>	<b>847,705,155</b>	<b>680,397,476</b>
<b>Current Liabilities</b>				
Short term borrowings	20	1,304,001,480	1,094,508,667	515,251,863
Trade and other payables	21	413,896,914	805,377,234	759,623,769
Accrued markup		44,295,557	38,108,598	6,318,588
Current maturity of non-current liabilities	22	100,000,000	50,000,000	-
Unclaimed dividend		4,680,863	4,227,845	2,444,807
Provision for taxation		44,713,869	52,811,431	35,043,488
		<b>1,911,588,683</b>	<b>2,045,033,775</b>	<b>1,318,682,515</b>
<b>Contingencies</b>	23	-	-	-
<b>Total Equity and Liabilities</b>		<b>3,457,298,947</b>	<b>3,577,389,528</b>	<b>2,613,934,727</b>

The annexed notes from 1 to 43 form an integral part of these financial statements

  
**GHULAM AHMED ADAM**  
 Chief Executive

  
**JUNAID G. ADAM**  
 Director

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees Restated</i>
Sales - net	24	<b>3,174,410,211</b>	2,069,448,065
Cost of sales	25	<b>(3,005,957,329)</b>	(1,759,311,056)
<b>Gross profit</b>		<b>168,452,882</b>	310,137,009
Administrative expenses	26	<b>(59,254,397)</b>	(64,214,645)
Selling and distribution expenses	27	<b>(7,170,893)</b>	(7,757,803)
<b>Operating profit</b>		<b>102,027,592</b>	238,164,561
Other operating income	28	<b>9,894,602</b>	17,715,632
		<b>111,922,194</b>	255,880,193
Finance cost	29	<b>(171,356,044)</b>	(112,876,284)
Other operating charges	30	-	(9,875,713)
<b>(Loss) / Profit before taxation</b>		<b>(171,356,044)</b>	(122,751,997)
		<b>(59,433,850)</b>	133,128,196
Taxation	31	<b>89,811,270</b>	(48,923,199)
<b>Profit after taxation</b>		<b>30,377,420</b>	84,204,997
<b>Earning per share - Basic &amp; diluted</b>	32	<b>2.64</b>	13.50

The annexed notes from 1 to 43 form an integral part of these financial statements

  
**GHULAM AHMED ADAM**  
 Chief Executive

  
**JUNAID G. ADAM**  
 Director

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
		<i>Restated</i>
<b>Profit after taxation</b>	<b>30,377,420</b>	84,204,997
<b>Other comprehensive income</b>		
Incremental depreciation transferred from surplus	<b>1,314,678</b>	16,532,466
Remeasurement of defined benefit liability	<b>34,844</b>	-
Deferred tax related to defined benefit liability	<b>(11,499)</b>	-
Less: Deferred tax related to incremental depreciation	<b>(326,198)</b>	(5,786,363)
	<b>1,011,825</b>	10,746,103
<b>Total comprehensive income for the year</b>	<b>31,389,245</b>	94,951,100

The annexed notes from 1 to 43 form an integral part of these financial statements

  
**GHULAM AHMED ADAM**  
 Chief Executive

  
**JUNAID G. ADAM**  
 Director

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b> <i>Restated</i>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	<b>(59,433,850)</b>	133,128,196
<b>Adjustments:</b>		
Depreciation	<b>73,602,745</b>	67,039,493
Amortization of intangible assets	<b>241,900</b>	241,900
Finance cost	<b>171,356,044</b>	112,876,284
Provision for gratuity	<b>221,849</b>	222,380
Workers' Profit Participation Fund	-	7,156,314
Workers' Welfare Fund	-	2,719,399
Gain on sale of fixed assets	-	(1,366,131)
Unrealized farming (loss)/gain-net	<b>(89,349)</b>	(122,762)
	<b>245,333,189</b>	188,766,877
<b>Cash generated from operating activities before working capital changes</b>	<b>185,899,339</b>	321,895,073
<b>Working capital changes:</b>		
<b>Decrease / (increase) in current assets</b>		
Biological assets	<b>(33,401)</b>	67,762
Stores and spares	<b>(32,784,324)</b>	6,481,255
Stock in trade	<b>509,858,206</b>	(655,546,911)
Trade debts	<b>(107,862,000)</b>	37,575
Loans and advances	<b>(49,781,871)</b>	9,755,873
Deposits and prepayments	<b>(11,930,319)</b>	(11,495,138)
Interest accrued	<b>3,524</b>	166,445
Others receivables	<b>461,999</b>	(661,270)
	<b>307,931,814</b>	(651,194,409)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	<b>(393,431,897)</b>	49,471,298
	<b>(85,500,083)</b>	(601,723,111)
<b>Net cash generated from / (used in) operations after working capital changes</b>	<b>100,399,256</b>	(279,828,038)
Financial charges paid	<b>(163,217,508)</b>	(77,032,252)
Workers' profit participation fund paid	-	(17,647,568)
Gratuity paid	<b>(272,212)</b>	-
Dividend paid	<b>(13,956,117)</b>	(12,626,097)
Taxes paid	<b>(38,879,676)</b>	(24,492,670)
<b>Net cash used in operating activities</b>	<b>(115,926,257)</b>	(411,626,625)

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
		<i>Restated</i>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions in operating fixed assets-net of transfer	<b>(65,217,801)</b>	(592,888,384)
Additions in/ (Transfer from) capital work in progress	<b>(47,643,122)</b>	280,863,822
Sale proceeds of fixed assets	-	1,755,039
<b>Net cash used in investing activities</b>	<b>(112,860,923)</b>	<b>(310,269,523)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Subordinated loan from director	<b>(214,364,725)</b>	-
Proceeds from long term loan - net	<b>(21,037,800)</b>	168,162,100
Proceeds from short term loans - net	<b>209,492,813</b>	579,256,804
Proceeds against issue of right shares	<b>288,182,700</b>	-
<b>Net cash generated from financing activities</b>	<b>262,272,988</b>	<b>747,418,904</b>
<b>Net increase in cash and cash equivalent (A+B+C)</b>	<b>33,485,808</b>	25,522,756
<b>Cash and cash equivalents at beginning of year</b>	<b>90,443,860</b>	64,921,104
<b>Cash and cash equivalents at end of year</b>	<b>123,929,668</b>	90,443,860
<b>Cash and cash equivalents</b>		
Cash and bank balances	<b>100,411,514</b>	66,925,706
Short term investments	<b>23,518,154</b>	23,518,154
	<b>123,929,668</b>	90,443,860

The annexed notes from 1 to 43 form an integral part of these financial statements



**GHULAM AHMED ADAM**  
Chief Executive



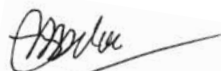
**JUNAID G. ADAM**  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<i>Description</i>	<i>Share Capital</i>
<b>Balance as at September 30, 2012 - as previously reported</b>	<b>57,636,540</b>
Effect of change in accounting policy	
<b>Balance as at September 30, 2012 - Restated</b>	<b>57,636,540</b>
Profit for the year	-
Other comprehensive income for the year	-
<b>Total comprehensive income</b>	<b>-</b>
Final dividend paid @ 25% (Rupee 2.5 per share) for the year ended September 30, 2012	-
<b>Balance as at September 30, 2013</b>	<b>57,636,540</b>
Profit for the year	-
Other comprehensive income for the year	-
<b>Total comprehensive income</b>	<b>-</b>
Issuance of 200% right shares @ Rs.25/- each	115,273,080
Final dividend paid @ 25% (Rupee 2.5 per share) for the year ended September 30, 2013	-
<b>Balance as at September 30, 2014</b>	<b>172,909,620</b>

The general reserves and accumulated profit can be utilized for meeting any contingencies and for distribution of profits by way of dividends.

The annexed notes from 1 to 43 form an integral part of these financial statements



**GHULAM AHMED ADAM**  
Chief Executive



<i>Revenue Reserves</i>				
<i>Share Premium</i>	<i>General Reserves</i>	<i>Accumulated Profit</i>	<i>Total</i>	<i>Total</i>
<i>----- Rupees -----</i>				
-	200,000,000	112,185,754	312,185,754	369,822,294
		382,981	382,981	382,981
-	200,000,000	112,568,735	312,568,735	370,205,275
-	-	84,204,997	84,204,997	84,204,997
-	-	10,746,103	10,746,103	10,746,103
-	-	94,951,100	94,951,100	94,951,100
-	-	(14,409,135)	(14,409,135)	(14,409,135)
-	200,000,000	193,110,700	393,110,700	450,747,240
-	-	30,377,420	30,377,420	30,377,420
-	-	1,011,825	1,011,825	1,011,825
		31,389,245	31,389,245	31,389,245
172,909,620	-	-	172,909,620	288,182,700
		(14,409,135)	(14,409,135)	(14,409,135)
<b>172,909,620</b>	<b>200,000,000</b>	<b>210,090,810</b>	<b>583,000,430</b>	<b>755,910,050</b>

  
**JUNAID G.ADAM**  
 Director

**ADAM SUGAR MILLS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**1 COMPANY AND ITS OPERATIONS**

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 Karachi and Lahore stock exchanges. 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 factory is situated in Chak # 4, Fordwah, Chishtian, district Bahawalnagar, Punjab.

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further, accrual basis of accounting is followed except for cash flow information.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani rupees which is the functional currency of the Company.

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

**Property, plant, equipment and intangible asset**

The Company reviews the appropriateness of rate of depreciation / amortization, useful life and residual value used in calculation of depreciation / amortization. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant, equipment and intangible asset with a corresponding effect on the depreciation / amortization charge and impairment.

**Stock in trade and stores and spares**

The Company reviews the net realizable value of stock-in-trade and stores and spares parts to assess any diminution in the respective carrying values. Net realizable values are estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

**Trade debtors**

The Company reviews its receivables against any provision required for any doubtful balances on a on-going basis. The provision is made while taking into consideration expected recoveries, if any.

**Taxation**

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

**Staff retirement benefits - Gratuity**

Certain actuarial assumptions have been adopted as disclosed in the relevant note to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

**2.5 Standards, amendments and interpretations which became effective during the year**

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company except for the revised IAS-19'Employee benefits' details of which are discussed below:

**2.5.1 Change in accounting policy**

**Employee benefits**

With effect from 1 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees. Further, any past service cost is now recognized immediately in the Profit and Loss Account as soon as the change in the benefit plans are made whereas previously, only vested past service cost was recognized immediately in the Profit and Loss Account and non-vested cost was amortized to the Profit and Loss Account over the vesting period. The Standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. Refer to note 3.9 for revised accounting

The effects of the change have been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 1 October 2012 has been presented and disclosed as part of the Statement of Changes in Equity, while the corresponding period adjustment through other comprehensive of the Statement of Changes in Equity, while the corresponding period adjustment through other comprehensive income is restated and disclosed as part of the Statement of Comprehensive Income respectively. The Balance Sheet also presents the prior year numbers as restated, due to the aforementioned change.

30-Jun-13			01-Jul-12		
<i>As previously reported</i>	<i>Impact due to change in policy</i>	<i>As restated</i>	<i>As previously reported</i>	<i>Impact due to change in policy</i>	<i>As restated</i>

**Effect on Balance Sheet**

Staff retirement benefit	1,686,706	(466,838)	1,219,868	1,586,689	(589,201)	997,488
Deferred taxation	288,835,357	163,393	288,998,750	239,869,331	206,220	240,075,551
Unappropriated profit	192,807,255	303,445	193,110,700	112,185,754	382,981	112,568,735

This change in accounting policy has no impact on the Statement of Cash Flows and on earnings per share.