STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Description	Share Capital
Balance as at September 30, 2013	**57,636,540**
Profit for the year	-
Other comprehensive income for the year	-
Total comprehensive income	-
Issuance of 200% right shares @ Rs.25/- each	115,273,080
Transaction with owners	
Final dividend paid @ 25% (Rupee 2.5 per share) for the year ended September 30, 2013	-
Balance as at September 30, 2014	**172,909,620**
Loss for the year	-
Other comprehensive income for the year	-
Total comprehensive income	-
Transaction with owner	
Amortization of subordinated director loan	-
Balance as at September 30, 2015	**172,909,620**

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 42 form an integral part of these financial statements

GHULAM AHMED ADAM
Chief Executive

	Revenue Reserves			
Share Premium	General Reserves	Accumulated Profit	Total	Total
- - - - - - - - Rupees - - - - - - - -				
-	**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)
172,909,620	**200,000,000**	**210,090,810**	**583,000,430**	**755,910,050**
-	**-**	**(70,500,029)**	(70,500,029)	(70,500,029)
-	**-**	**2,733,775**	2,733,775	2,733,775
-	-	(67,766,254)	(67,766,254)	(67,766,254)
-	-	8,737,612	8,737,612	8,737,612
172,909,620	**200,000,000**	**151,062,168**	**523,971,788**	**696,881,408**

JUNAID G.ADAM
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 •rovision 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.

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

2.6.1 The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

Standards or interpretation		***(effective for annual periods beginning on or after)***
IFRS 10	Consolidated Financial Statements	January 01, 2016
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities (Amendment)	January 01, 2015
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities - applying the consolidation exception (Amendment)	January 01, 2016
IFRS	Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets Between an investor and its associates or Joint venture (Amendment)	January 01, 2016

Standards or interpretation		(effective for annual perio beginning on or after)
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Joint Arrangements - Accounting for acquisition of interest in Joint operation (Amendment)	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 41 Agriculture : Bearer Plants (Amendment)	January 01, 2016
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements	January 01, 2016

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

Certain annual improvements have also been made to a number of IFRSs.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards		(effective for annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017

3 SUMMARY OF SIGNIFICANT POLICIES

The principal accounting policies adopted in preparing these financial statements are as follows:

3.1 Property, plant and equipment

Owned

Property, plant and equipment are initially recognized at cost. Subsequent to initial recognition these are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any except for freehold land which is stated at revalued amount.

Depreciation is charged to income by applying the diminishing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note 4 to the financial statement. Depreciation is charged from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Gains and losses on disposal of property, plant and equipment are taken in to profit and loss account. Maintenance and normal repairs are charged to income as and when incurred while major improvements, if any, are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying reducing balance method at the rates specified in the relevant note. Depreciation is charged on additions during the year from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Financial charge is allocated to accounting period in a manner so as to provide a constant periodic ate of charge on the outstanding liability.

3.2 Intangible asset

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is charged applying straight line method over estimated useful life.

Amortization on addition is charged from the month in which an asset is acquired while no amortization is charged from the month in which the asset is disposed off.

3.3 Capital work in progress

These are stated at cost less impairment, if any, and represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed asset category as and when assets are available for their intended use.

3.4 Stores and spares

These are valued at lower of the moving average cost or net realizable value. Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Provision is made for items considered obsolete and slow moving. Items in transit are valued at cost comprising invoice price and other charges paid thereon.

3.5 Stock in trade

These are valued at lower of weighted average cost and net realizable value. Cost is determined as follows:

Work in process	Prime cost plus proportionate allocation of manufacturing overheads based on stage of completion.
Finished goods	Prime cost plus an appropriate allocation of manufacturing overheads.
Stock of by product	Net realizable value.

Net realizable value comprises of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale.

3.6 Trade and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost net of provision for uncollectable amounts, if any. A provision for uncollectable amounts is established when there is an objective evidence that the Company will not be able to collect due amounts. Trade debts and other receivables considered irrecoverable are written off.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flows statement, cash and cash equivalents consist of cash in hand, balances with banks.

3.8 Loans, advances, deposits and prepayments

These are stated at their nominal values net of any allowance for uncollectable amounts (if any).

3.9 Staff retirement benefits

Defined Contribution Plan
The Company operates a funded provident fund scheme covering permanent employees of mill. Equal contribution are made by both employer and employees.

Defined Benefit Plan
The Company also operates an unfunded gratuity scheme for its permanent employees. Provisions are made in the financial statements to cover the obligations using the projected unit credit method. Actuarial gains / losses are amortized over the expected future service of the employees.

3.10 Taxation

Current
Provision for current taxation is based on the provisions of the Income Tax Ordinance, 2001.

Deferred
Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base, to the extent of probability that taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

3.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.13 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.14 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

3.15 Related party transactions

All transactions with related parties are carried out by the company at arms length prices using the admissible valuation methods except loan from directors which is interest free.

3.16 Translation of foreign currencies

Transaction in foreign currencies are recorded into rupees at the rates approximating those prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the balance sheet date. Exchange differences are included in income currently.

3.17 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers.

Rent income is recorded on accrual basis as per terms of agreement.

Return on bank deposits is recognized on accrual basis.

3.18 Dividend to share holders

Dividend is recognized as a liability in the period in which it is approved and declared.

3.19 Provisions

Provision are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.20 Borrowing cost

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.21 Biological asset

Biological assets are measured at their fair value less their point of sale costs. Gain / (loss) on such measurement is recognized in profit and loss account. Gain / (loss) on disposal of biological asset is recognized in profit and loss account in the year of disposal.

	Note	2015 Rupees	2014 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**1,466,125,299**	1,484,137,927
Capital work in progress	4.3	**17,276,169**	47,643,122
		1,483,401,468	1,531,781,049

4.1 Operating fixed assets

Particulars	*Freehold land*	*Factory building on freehold land*	*Non-factory building on freehold land*	*Plant and Machinery*	*Building construction machinery*	*Railway siding*	*Vehicles*
Net book value as at September 30, 2013	**53,632,093**	**53,974,858**	**8,807,989**	**1,256,396,627**	**2,919**	**25,831**	**20,555,388**
Year ended September 30, 2014							
Additions	-	5,251,800	-	54,572,905	-	-	2,861,621
Surplus / (deficit) on revaluation	320,767,907	2,167,847	8,606,261	(247,074,331)			
Disposals							
- Cost	-	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Depreciation charged	-	5,547,051	543,849	61,133,950	263	2,583	4,299,038
Net book value as at September 30, 2014	**374,400,000**	**55,847,455**	**16,870,401**	**1,002,761,251**	**2,656**	**23,248**	**19,117,971**
Year ended September 30, 2015							
Additions	**-**	**-**	**1,284,218**	**42,747,099**	**-**	**-**	**-**
Depreciation charged	**-**	**5,584,745**	**912,002**	**51,777,024**	**239**	**2,325**	**3,823,594**
Net book value as at September 30, 2015	**374,400,000**	**50,262,709**	**17,242,617**	**993,731,326**	**2,417**	**20,923**	**15,294,377**
At September 30, 2014							
Cost / revaluation	374,400,000	109,462,496	24,424,686	1,524,569,576	238,125	2,191,346	39,753,647
Accumulated depreciation	-	53,615,041	7,554,285	521,808,325	235,469	2,168,098	20,635,676
Net book value	**374,400,000**	**55,847,455**	**16,870,401**	**1,002,761,251**	**2,656**	**23,248**	**19,117,971**
At September 30, 2015							
Cost / revaluation	**374,400,000**	**109,462,496**	**25,708,904**	**1,567,316,675**	**238,125**	**2,191,346**	**39,753,647**
Accumulated depreciation	**-**	**59,199,787**	**8,466,287**	**573,585,349**	**235,708**	**2,170,423**	**24,459,270**
Net book value	**374,400,000**	**50,262,709**	**17,242,617**	**993,731,326**	**2,417**	**20,923**	**15,294,377**
Rate of depreciation %	**-**	**10**	**5**	**5**	**9**	**10**	**20**

Owned								Leased	
Office equipments	Computer and other equipments	Furniture and fixtures	Electrical equipments	Water connection and electric installations	Tools and other equipments	Arms and ammunition	Air conditioners and refrigerators	Plant and machinery	Total
Rupees									
1,054,354	**2,144,388**	**1,936,398**	**3,630,064**	**1,316,127**	**4,027,478**	**134,091**	**416,582**	**-**	**1,408,055,187**
-	724,030	20,000	552,864	432,480	396,101	250,000	156,000	-	65,217,801
									84,467,684
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
105,435	241,026	195,517	619,496	157,375	647,185	32,039	77,938	-	73,602,745
948,919	**2,627,392**	**1,760,881**	**3,563,432**	**1,591,232**	**3,776,394**	**352,052**	**494,644**	**-**	**1,484,137,927**
309,000	**88,370**	**-**	**1,461,978**	**-**	**253,155**	**-**	**-**	**-**	**46,143,819**
107,767	**268,478**	**176,088**	**673,862**	**143,211**	**577,711**	**35,205**	**74,196**		**64,156,448**
1,150,152	**2,447,284**	**1,584,793**	**4,351,548**	**1,448,021**	**3,451,838**	**316,847**	**420,448**	**-**	**1,466,125,299**
2,495,136	5,536,216	4,525,267	5,322,270	4,547,334	12,862,248	401,000	1,815,394	6,295,255	2,118,839,995
1,546,217	2,908,824	2,764,386	1,758,838	2,956,102	9,085,854	48,948	1,320,750	6,295,255	634,702,068
948,919	**2,627,392**	**1,760,881**	**3,563,432**	**1,591,232**	**3,776,394**	**352,052**	**494,644**	**-**	**1,484,137,927**
2,804,136	**5,624,586**	**4,525,267**	**6,784,248**	**4,547,334**	**13,115,402**	**401,000**	**1,815,394**	**6,295,255**	**2,164,983,815**
1,653,984	**3,177,302**	**2,940,474**	**2,432,700**	**3,099,313**	**9,663,564**	**84,153**	**1,394,946**	**6,295,255**	**698,858,516**
1,150,152	**2,447,284**	**1,584,793**	**4,351,548**	**1,448,021**	**3,451,838**	**316,847**	**420,448**	**-**	**1,466,125,299**
10	**10**	**10**	**9**	**15**	**15**	**6**	**15**	**5**	