

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.htm

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 TRADER 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.

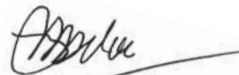
SIX YEARS' REVIEW AT A GLANCE

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Cane Crushed (Metric Tons)	506,091	523,558	457,538	313,363	256,030	(Restated) 350,663
Recovery	10.00%	9.84%	9.38%	8.84%	9.47%	9.02%
Sugar Produced (Metric Tons)	50,650	51,530	42,883	27,716	24,835	31,622
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Paid up Capital	57,636,540	57,636,540	57,636,540	57,636,540	57,636,540	57,636,540
Reserve & Surplus	392,807,255	312,185,754	272,538,221	228,037,946	128,352,067	66,864,740
Shareholders Equity	450,443,795	369,822,294	330,174,761	285,674,486	185,988,607	124,501,280
Fixed Assets	1,408,055,187	1,163,459,026	836,759,233	826,170,487	846,515,865	800,512,170
Sales	2,069,488,065	1,535,411,250	2,440,692,655	2,138,540,950	1,156,966,342	716,110,167
Cost of Sales	1,759,311,056	1,363,541,357	2,231,510,507	1,920,020,876	887,464,811	635,037,900
Gross Profit/(Loss)	310,311,056	171,869,893	209,182,148	218,520,074	269,501,531	81,072,267
Profit/(Loss) Before Tax	133,250,559	62,052,713	74,701,831	133,706,647	184,914,663	10,211,191
Profit/(Loss) after Tax	84,284,533	42,710,537	46,927,846	92,794,839	48,461,732	4,325,041
Earning/(Loss) per Share	14.62	7.41	8.14	16.10	8.41	0.75
Break up value of share	78.15	64.14	57.29	49.56	32.27	21.60

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 48th Annual General Meeting of the shareholders of the Company will be held at 9:00 AM. on Friday, January 31, 2014 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

- 1) To confirm the Minutes of 47th Annual General Meeting held on January 31, 2013.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2013 together with Directors' and Auditors' Reports thereon.
- 3) To approve the payment of dividend @ 25% (Rupee 2/50= per share) as recommended by the Board of Directors.
- 4) To appoint auditors of the Company for the year 2013-2014 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.
- 5) To elect Seven Directors in accordance with the provisions of section 178 of the Companies Ordinance, 1984 for the period of 3 years. The names of the retiring Directors are as follows:
1) Mr. Ghulam Ahmed Adam 2) Mr. Syed Nazar Mahmood Shah 3) Mr. Jawaid Ahmed 4) Lt. Col (R) Muhammad Mujtaba 5) Mr. Junaid G. Adam 6) Mr. Omar G. Adam 7) Mr. Mustafa G. Adam.
- 6) To Consider and approve increase in the authorised capital of the Company from Rs.100 million to Rs.250 Million
- 7) To transact any other ordinary business with the permission of the Chair.



By Order of the Board
GHULAM AHMED ADAM

Karachi: December 26, 2013

Chief Executive

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 at least 48 hours before the meeting.
- 2) The Directors of the Company in their meeting held 26 December, 2013 have decided to issue 200% Right Shares in the ratio of two right shares against every one existing share at a premium of Rs. 15 per share (Total Rs. 25/= Per Share).
- 3) The Share Transfer Book of the Company will remain closed from 23rd January, 2014 to 31st January, 2014 (both days inclusive). Transfer received at Company Share Registrar M/s C & K Management Associates (Pvt) Ltd, 4th Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi at the close of business on 22st January, 2014 will be treated in time for attending of meeting and for entitlement of dividend and right shares.
- 4) For identification, CDC account holders should present the participant's CNIC, and CDC Account Number.
- 5) Shareholders are requested to notify the Company of any change in address immediately.

- 6) Any member who seeks to contest the election to the office of directors, shall whether he/ she is retiring Director or otherwise, file with the company, not later the 14 days before the date of the meeting at which elections are to be held, a notice of his / her intention to offer himself / herself for election as a director in terms of section 178 (3) of the Companies Ordinance, 1984. He / She should also furnish the Declaration as required under clause II to V of the code of Corporate Governance.
- 7) A statement under section 160 of the Companies Ordinance, 1984 showing material facts in respect of Special Resolution is attached with the notice.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the special business to be transacted at the 48th Annual General Meeting of the Company to be held on 31 January, 2014.

The present authorised capital of the company is Rs. 100 million divided into 10 million ordinary shares of Rs.10/- each. To cater for the future growth in the company's capital, it is necessary to increase the authorised capital of the Company from Rs. 100 million to Rs. 250 million. Accordingly the Memorandum and Articles of Association is sought to be amended to reflect the increase in the amount of authorised capital appearing therein. The directors of the company are interested in the above mentioned business upto the extent of their shareholding in the company. The Following resolution is proposed to be passed as special resolution:

“RESOLVED that the authorised Capital of the Company be and is hereby increased from Rs. 100,000,000/= to Rs. 250,000,000/= and accordingly :

- a) In clause 5 of the Memorandum of Association of the Company, the words and figures “Rs. 100,000,000 (rupees one hundred million only) dividend into 10,000,000 ordinary shares” be and is hereby replaced by the words and figures “Rs. 250,000,000 (rupees two hundred fifty million) dividend into 25,000,000 ordinary shares.”
- b) In Article 4 of the Articles of Association of the Company, the words and figures “Rs.100,000,000 (Rupees one hundred million) dividend into 10,000,000 ordinary shares” be and is hereby replaced by the words and figures “Rs.250,000,000 (rupees two hundred fifty million) dividend into 25,000,000 ordinary shares”.

DIRECTORS' REPORT

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Dear shareholders,

On behalf of the Board, we welcome you to 48th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2013.

FINANCIAL RESULTS:

	Rs.
Profit after taxation	84,284,533
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	10,746,103
Un-appropriated profit brought forward	<u>97,776,618</u>
Profit available for appropriation	192,807,254
Appropriation:-	
Proposed-Cash dividend @ 25% (Rs. 2/50 per Ordinary share of Rs.10 each)	<u>14,409,135</u>
Un-appropriated profit carried forward	192,807,254
	=====
Earning per share – basic and diluted	14.62
	=====

OPERATING RESULTS

	<u>2013</u>	<u>2012</u>
Cane Crushed-Metric Tons	506,091	523,558
Average Recovery	10.01%	9.84%
Sugar Produced-Metric Tons	50,650	51,530
Commenced Crushing on	30/11/2012	18/11/2011
Stop Crushing on	05/04/2013	31/03/2012
Number of Season Days	127	135
Earning per Share (Rupees)	14.62	7.41

The Company earned a pre-tax profit of Rs.133 million. The Government had increased the minimum support price of sugarcane from Rs.125 to Rs.150 per 40KG, the 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	2
Lt. Col. (Rtd) Muhammad Mujtaba	5
Mr.Junaid G.Adam	5
Mr.Omar G.Adam	5
Syed Nazar Muhammad Shah	2
Mr. Mustafa Adam	5

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.

DETAILS OF SHAREHOLDERS

	NUMBER	SHARE HELD
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:		
Adam Pakistan Ltd	1	3,503,389
Adam Lubricants Ltd	1	4,057
ICP:		
Investment Corporation of Pakistan	1	117
DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam	1	91,608
Mr. Syed Nazar Mahmood Shah	1	4,802
Mr. Mustafa G. Adam	1	2,500
Mr. Jawaid Ahmed	1	2,500
Lt. Col (Rtd) Muhammad Mujtaba	1	2,500
Mr. Junaid G. Adam	1	2,500
Mr. Omar G. Adam	1	2,500
Executive:	-	-
Public Sector Companies and Corporation	-	-
BANK DFIs, INSURANCE COMPANIES MODARABAS AND MUTUAL FUNDS:		
United Bank Limited	1	178
MCB Bank Ltd	1	223
State Life Insurance Company Limited	1	190
SHAREHOLDERS HOLDING 10% OR MORE		
VOTING INTEREST:		
Adam Pakistan Limited	1	3,503,389



FUTURE PROSPECTS

The minimum support price of sugarcane has not been increased by the Government: 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 2013-2014 we have already crushed 107,529 tons of sugarcane at an average recovery of 8.24% and have produced 7,705 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 2013-2014.

On behalf of the Directors
GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

Karachi: December 26, 2013.

Statement of Compliance with the Code of Corporate Governance

Name of Company: Adam Sugar Mills Limited

Year Ended: September 30, 2013

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
Executive Directors	Ghulam Ahmed Adam
	Omar G.Adam
Non-Executive Directors	Syed Muhammad Rashid Ahmed Shah
	Jawaid Ahmed
	Lt.Col.(R)Muhammad Mujtaba
	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, 2013.
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 Board will arrange orientation course for its directors, to apprise them of their duties and responsibilities, in the coming financial 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-executives 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 setup Human Recourses and Remuneration Committee
18. The Board has setup an effective internal audit function.
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: December 26, 2013

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 September 30, 2013

We draw attention to note 9 of the statement of compliance which states that orientation course for directors will be held in the coming financial year.

Haroon Zakaria & Co.
Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: December 26, 2013

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ADAM SUGAR MILLS LIMITED** as at September 30, 2013 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, 2013 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: December 26, 2013

Engagement Partner:
Farhan Ahmed Memon

**PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS AS AT 30 SEPTEMBER, 2013**

NUMBER OF SHAREHOLDERS		SIZE OF SHAREHOLDING			TOTAL SHARES HELD
1764	FROM	1	TO	100	53,275
268	FROM	101	TO	500	61,727
63	FROM	501	TO	1,000	53,073
121	FROM	1,001	TO	5,000	366,007
45	FROM	5,001	TO	10,000	297,144
3	FROM	10,001	TO	15,000	35,241
5	FROM	15,001	TO	20,000	86,441
2	FROM	25,001	TO	30,000	56,000
1	FROM	35,001	TO	40,000	36,500
1	FROM	80,001	TO	85,000	81,731
1	FROM	85,001	TO	90,000	88,993
1	FROM	130,001	TO	135,000	133,214
1	FROM	155,001	TO	160,000	158,157
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
2279					5,763,654

CATAGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Individuals	2,256	2,218,345	38.49%
Investment Companies	1	117	0.00%
Insurance Companies	1	190	0.00%
Joint Stock Companies	16	3,544,009	61.49%
Financial Institutions	2	401	0.01%
Others (see below)	3	592	0.01%
TOTAL	2279	5,763,654	100.00%

OTHERS:

Administrator Abandoned Properties	91
Securities & Exchange Commission of Pakistan	1
Trustee Karachi Sheraton Hotel & Tower	500
	592

BALANCE SHEET AS AT SEPTEMBER 30, 2013

ASSETS

	Note	2013 Rupees	2012 Rupees
Non-Current Assets			
Property, plant and equipment	4	1,408,055,187	1,163,459,026
Long term deposits	5	40,000	40,000
Intangible assets	6	427,284	669,184
		1,408,522,471	1,164,168,210
Current Assets			
Biological assets	7	167,513	112,513
Stores and spares	8	83,745,348	90,226,603
Stock in trade	9	1,788,783,932	1,133,237,021
Short term investments	10	23,518,154	18,814,639
Trade debts - considered good	11	37,805,574	37,843,149
Loans and advances - considered good	12	82,721,312	78,099,520
Deposits and prepayments	13	44,979,091	33,483,953
Others receivables - considered good		1,428,191	766,921
Interest accrued		394,975	561,420
Tax refund due from government		38,397,261	10,514,313
Cash and bank balances	14	66,925,706	46,106,465
		2,168,867,057	1,449,766,517
Total Assets		3,577,389,528	2,613,934,727
<u>EQUITY AND LIABILITIES</u>			
Authorized Share Capital			
10,000,000 Ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
	15	57,636,540	57,636,540
Reserves			
Revenue Reserves			
General reserve		200,000,000	200,000,000
Accumulated profit		192,807,255	112,185,754
		392,807,255	312,185,754
Shareholders' Equity			
Surplus on revaluation of property, plant and equipment - net	16	233,903,358	244,649,461
Non-Current Liabilities			
Director's subordinated loan	17	239,324,437	239,324,437
Long term finances	18	318,162,100	200,000,000
Deferred liabilities	19	290,522,063	241,456,020
		848,008,600	680,780,457
Current Liabilities			
Short term borrowings	20	1,094,508,667	515,251,863
Trade and other payables	21	805,377,234	759,623,769
Accrued markup		38,108,598	6,318,588
Current maturity of non-current liabilities	22	50,000,000	-
Unclaimed dividend		4,227,845	2,444,807
Provision for taxation		52,811,431	35,043,488
		2,045,033,775	1,318,682,515
Contingencies			
	23	-	-
Total Equity and Liabilities		3,577,389,528	2,613,934,727

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, 2013

	Note	2013 Rupees	2012 Rupees
Sales - net	24	2,069,448,065	1,535,411,250
Cost of sales	25	(1,759,311,056)	(1,363,541,357)
Gross profit		310,137,009	171,869,893
Administrative expenses	26	(64,092,282)	(52,187,960)
Selling and distribution expenses	27	(7,757,803)	(3,474,761)
Operating profit		238,286,924	116,207,172
Other operating income	28	17,715,632	26,878,455
		256,002,556	143,085,627
Finance cost	29	(112,876,284)	(76,433,948)
Other operating charges	30	(9,875,713)	(4,598,966)
Profit before taxation		133,250,559	62,052,713
Taxation	31	(48,966,026)	(19,342,176)
Profit after taxation		84,284,533	42,710,537
Earning per share - basic and diluted	32	14.62	7.41

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, 2013

	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
Profit after taxation	84,284,533	42,710,537
Other comprehensive income		
Incremental depreciation transferred from surplus	16,532,466	17,455,584
Less: Related deferred tax	(5,786,363)	(6,109,454)
	10,746,103	11,346,130
Total comprehensive income for the year	95,030,636	54,056,667

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, 2013

	2013 Rupees	2012 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	133,250,559	62,052,713
Adjustments:		
Depreciation	67,039,493	45,832,667
Amortization of intangible assets	241,900	206,983
Finance cost	112,876,284	76,433,948
Provision for gratuity	100,017	174,016
Workers' Profit Participation Fund	7,156,314	3,332,584
Workers' Welfare Fund	2,719,399	1,266,382
Gain on sale of fixed assets	(1,366,131)	(3,090,471)
Unrealized farming gain/(loss)-net	(122,762)	2,796,575
	<u>188,644,514</u>	<u>126,952,684</u>
Cash generated from operating activities before working capital changes	321,895,073	189,005,397
Working capital changes:		
Decrease / (increase) in current assets		
Biological assets	67,762	(1,680,824)
Stores and spares	6,481,255	(32,749,636)
Stock in trade	(655,546,911)	(894,252,633)
Trade debts	37,575	2,900,028
Loans and advances	9,755,873	(13,184,077)
Deposits and prepayments	(11,495,138)	(30,048,913)
Interest accrued	166,445	(551,631)
Others receivables	(661,270)	(423)
	<u>(651,194,409)</u>	<u>(969,568,109)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	49,471,298	642,498,419
	<u>(601,723,111)</u>	<u>(327,069,690)</u>
Net cash (used in) / generated from operations after working capital changes	(279,828,038)	(138,064,293)
Financial charges paid	(77,032,252)	(68,229,881)
Workers' profit participation fund paid	(17,647,568)	-
Gratuity paid	-	(34,375)
Dividend paid	(12,626,097)	(14,214,808)
Taxes paid	(24,492,670)	(47,333,479)
Net cash used in operating activities	(411,626,625)	(267,876,836)

	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions in operating fixed assets-net of transfer	(592,888,384)	(97,906,059)
Additions in / (Transfer from) capital work in progress	280,863,822	(275,435,930)
Purchase of intangibles	-	(209,500)
Sale proceeds of fixed assets	1,755,039	3,900,000
Net cash used in investing activities	<u>(310,269,523)</u>	<u>(369,651,489)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finance - net	-	(29,333,332)
Receipt of long term finances	168,162,100	200,000,000
Receipt of short term borrowings - net	579,256,804	415,251,863
Repayment of lease liabilities	-	(5,323,391)
Net cash generated from financing activities	<u>747,418,904</u>	<u>580,595,140</u>
Net increase / (decrease) in cash and cash equivalent (A+B+C)	25,522,756	(56,933,185)
Cash and cash equivalents at beginning of year	64,921,104	121,854,289
Cash and cash equivalents at end of year	<u>90,443,860</u>	<u>64,921,104</u>
Cash and cash equivalents		
Cash and bank balances	66,925,706	46,106,465
Short term investments	23,518,154	18,814,639
	<u>90,443,860</u>	<u>64,921,104</u>

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, 2013

Description	Share Capital	Revenue Reserves			Total
		General Reserves	Accumulated Profit	Total	
----- Rupees -----					
Balance as at September 30, 2011	57,636,540	100,000,000	172,538,222	272,538,222	330,174,762
Profit for the year	-	-	42,710,537	42,710,537	42,710,537
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	11,346,130	11,346,130	11,346,130
Total comprehensive income	-	-	54,056,667	54,056,667	54,056,667
Owners transactions					
Transfer to general reserve	-	100,000,000	(100,000,000)	-	-
Final dividend paid @ 25% (Rupees 2.5 per share) for the year ended September 30, 2011	-	-	(14,409,135)	(14,409,135)	(14,409,135)
Balance as at September 30, 2012	57,636,540	200,000,000	112,185,754	312,185,754	369,822,294
Profit for the year	-	-	84,284,533	84,284,533	84,284,533
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	10,746,103	10,746,103	10,746,103
Total comprehensive income	-	-	95,030,636	95,030,636	95,030,636
Final dividend paid @ 25% (Rupees 2.5 per share) for the year ended September 30, 2012	-	-	(14,409,135)	(14,409,135)	(14,409,135)
Balance as at September 30, 2013	57,636,540	200,000,000	192,807,255	392,807,255	450,443,795

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



JUNAID G. ADAM
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013

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.

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

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:

<i>Standards or interpretation</i>		<i>(effective for annual periods beginning on or after)</i>
IFRS-7	Financial Statement Disclosures (Amendment)	January 01, 2013
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2013
IAS 16	Property, Plant and Equipments (Amendments)	January 01, 2013
IAS 19	Employee benefits (Amendments)	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates and Joint Ventures	January 01, 2013
IAS 32	Financial Instruments: Presentation (Amendments)	January 01, 2014
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2013
IAS 36	Impairments of assets (Amendments)	January 01, 2014
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 01, 2014
IFRIC 20	Stripping cost in the production phase of surface mine.	January 01, 2013
IFRIC 21	Levies	January 01, 2014

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.

In addition to the above, amendments to various accounting standards have also been issued by the IASB (International Accounting Standards Board). Such improvements are generally effective for accounting periods beginning on or after January 01, 2013. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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.