



DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present you the Un-Audited Financial Statements of the Company for the first quarter ending December 31, 2023.

Operating Results

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cane crushed – Metric Tons	212,881	175,099
Average Recovery	9.67%	9.36%
Sugar Produced – Metric Tons	19,920	15,324
Commenced Crushing on	25-11-2023	27-11-2022
No. of season days	37	35

The minimum support price of sugarcane has been increased by the Punjab Government from Rs. 300 to Rs. 400 per 40 kgs. The current average sugarcane cost will be much higher than the indicative support price of Rs. 400 per 40 kgs due to inflationary trends affecting other purchase incidentals.

Future Outlook

We are anticipating good results due to a better sugar recovery rate. According to reports, sugar sowing was lower than last year; however, lower acreage is supplemented by a better yield of sugarcane per acre.

As reported in our September 2023 annual report, there is overall uncertainty on the political front in the country due to general elections, affecting the business environment. This is further disturbed by international crisis situations like the war in Gaza/Ukraine. Additionally, rising overheads and increased funding costs have already elevated the cost of doing business. There is also an IMF demand to increase the State Bank of Pakistan's policy rate and imposition of excise duty on sugar production. If implemented, these measures will increase product prices and affect the already overburdened common man.

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

On behalf of the Board of Directors

Ghulam Ahmed Adam
Chief Executive

Karachi: January 29, 2024

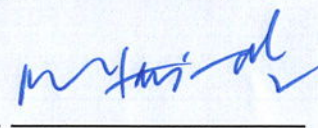
Junaid G. Adam
Director

Adam Sugar Mills Limited
Condensed Interim Statement of Financial Position (Un-Audited)
As at December 31, 2023

		December 31, 2023	September 30, 2023
		Rupees	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	4	6,479,689,837	6,532,712,172
Long term advances		-	1,503,424
Long term deposits		47,065,549	4,306,481
		<u>6,526,755,386</u>	<u>6,538,522,077</u>
Current assets			
Stores and spares		220,637,180	199,341,127
Stock in trade	5	3,001,378,301	1,827,839,307
Short term investments		25,204,970	25,204,970
Trade debts - unsecured	6	255,265,573	98,357,818
Short term deposits, loans, advances and prepayments	7	74,395,059	75,388,674
Others receivables		11,456,837	11,456,837
Cash and bank balances	8	558,943,844	35,231,198
		<u>4,147,281,765</u>	<u>2,272,819,931</u>
Total assets		<u>10,674,037,151</u>	<u>8,811,342,008</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized Capital</i>		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital		<u>172,909,620</u>	<u>172,909,620</u>
<i>Capital reserves:</i>			
Surplus on revaluation of property, plant and equipment- net		3,961,895,666	3,972,855,205
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
		<u>4,153,406,977</u>	<u>4,164,366,516</u>
<i>Revenue reserves:</i>			
General reserve		200,000,000	200,000,000
Unappropriated profits		1,131,518,031	946,325,477
		<u>1,331,518,031</u>	<u>1,146,325,477</u>
Total equity		<u>5,657,834,628</u>	<u>5,483,601,613</u>
Non-current liabilities			
Subordinated loan from Chief Executive	9	20,951,705	20,411,807
Long term financing	10	291,191,038	312,254,709
Deferred liabilities		955,157,550	958,788,704
Provident fund payable		4,389,482	4,267,808
		<u>1,271,689,775</u>	<u>1,295,723,028</u>
Current liabilities			
Short term borrowings	11	2,281,325,682	664,802,282
Trade and other payables		1,159,050,785	1,090,915,331
Accrued markup		21,875,714	78,451,764
Current maturity of long term financing		108,611,972	96,771,337
Current maturity of deferred income - Government grant		2,571,285	2,110,493
Dividend		66,769,494	6,251,126
Taxation-net		104,307,818	92,715,034
		<u>3,744,512,749</u>	<u>2,032,017,367</u>
Contingencies and commitments	12	-	-
Total equity and liabilities		<u>10,674,037,151</u>	<u>8,811,342,008</u>


Chief Executive


Director


Chief Financial Officer


The annexed notes from 1 to 16 forms an integral part of these financial statements.

Adam Sugar Mills Limited
Condensed Interim Statement of Profit or Loss (Un-Audited)
For the period ended December 31, 2023

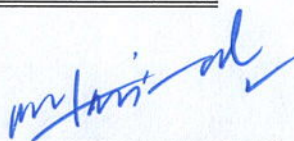
	Note	December 31, 2023	December 31, 2022
		Rupees	
Sales revenue - net	13	1,801,716,579	900,731,372
Cost of sales		(1,304,189,891)	(847,392,724)
Gross profit		497,526,688	53,338,648
Administrative expenses		(50,087,135)	(54,240,529)
Selling and distribution costs		(1,799,988)	(1,267,095)
		(51,887,123)	(55,507,624)
Operating profit		445,639,565	(2,168,976)
Finance costs		(41,702,897)	(25,401,343)
Other income		3,479,123	4,862,056
Other operating expenses		(28,111,690)	-
		(66,335,464)	(20,539,287)
(Loss) / Profit before taxation		379,304,101	(22,708,263)
Taxation - current		(144,552,719)	(11,259,142)
(Loss) / Profit after taxation		234,751,382	(33,967,405)
Earnings per share- basic and diluted		13.58	(1.96)



Chief Executive



Director



Chief Financial Officer

The annexed notes from 1 to 16 forms an integral part of these financial statements.

Adam Sugar Mills Limited
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the period ended December 31, 2023

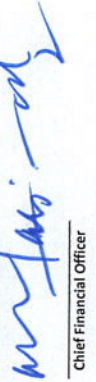
	December 31, 2023	December 31, 2022
	Rupees	
(Loss) / Profit after taxation	234,751,382	(33,967,405)
Other comprehensive (loss) / income for the year		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Gain / (Loss) on remeasurement of defined benefit obligation	-	-
Deferred tax on above	-	-
Total comprehensive (loss) / income for the year	<u>234,751,382</u>	<u>(33,967,405)</u>

 _____ Chief Executive	 _____ Director	 _____ Chief Financial Officer
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The annexed notes from 1 to 16 forms an integral part of these financial statements.

Adam Sugar Mills Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the period ended December 31, 2023

	Capital reserves			Revenue reserves		Total
	Issued, subscribed and paid up capital	Surplus on revaluation of property, plant and equipment	Share premium	Capital contribution from Director	General reserve	
Balance as at September 30, 2021 (As restated)	172,909,620	2,738,425,918	172,909,620	18,601,691	200,000,000	565,134,776
<i>Total comprehensive income for the year ended September 30, 2021</i>	-	21,426,365	-	-	-	158,390,368
- Profit after tax	-	21,426,365	-	-	-	23,137,752
- Other comprehensive income	-	-	-	-	-	160,101,755
Transfer to unappropriated profits on account of incremental depreciation - net of deferred tax	-	(98,121,289)	-	-	-	98,121,289
Transaction with owners Final Cash dividend @ 20% for the year ended September 30, 2021	-	-	-	18,601,691	200,000,000	(34,581,924)
Balance as at September 30, 2022 (As restated)	172,909,620	2,661,730,994	172,909,620	18,601,691	200,000,000	788,775,896
<i>Total comprehensive income for the year ended September 30, 2023</i>	-	1,436,597,905	-	-	-	101,323,710
- Profit after tax	-	1,436,597,905	-	-	-	(83,975)
- Other comprehensive income	-	-	-	-	-	101,239,735
Transfer to unappropriated profits on account of incremental depreciation - net of deferred tax	-	(125,473,694)	-	-	-	125,473,694
Transaction with owners Final Cash dividend @ 25% for the year ended September 30, 2023 Interim Cash dividend @ 15% for the quarter ended June 30, 2023	-	-	-	-	-	(43,227,405)
Balance as at September 30, 2023	172,909,620	3,972,855,205	172,909,620	18,601,691	200,000,000	946,325,477
<i>Total comprehensive income for the period ended December 31, 2023</i>	-	-	-	-	-	234,751,382
- Profit after tax	-	-	-	-	-	(25,936,443)
- Other comprehensive income/loss	-	-	-	-	-	(69,163,848)
Transfer to unappropriated profits on account of incremental depreciation	-	(10,959,539)	-	-	-	10,959,539
Transaction with owners Final Cash dividend @ 35% for the year ended September 30, 2023	-	-	-	-	-	(60,518,367)
Balance as at December 31, 2023	172,909,620	3,961,895,666	172,909,620	18,601,691	200,000,000	1,131,518,031


Chief Financial Officer

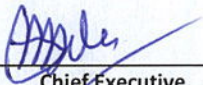

Director


Chief Executive

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Adam Sugar Mills Limited
Condensed Interim Statement of Cash Flows (Un-Audited)
For the period ended December 31, 2023

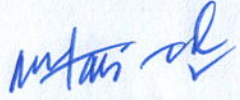
		December 31, 2023	December 31, 2022
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>		
Profit before taxation		379,304,101	(22,708,263)
<i>Adjustments for non cash and other items:</i>			
- Depreciation on property, plant and equipment	4.1	70,321,864	54,711,912
- Provision for gratuity		493,881	541,841
- Finance cost		41,702,897	25,401,343
- Provision for Workers' Profit Participation Fund		20,370,790	-
- Provision for Workers' Welfare Fund		7,740,900	-
- Provision for provident fund		60,837	108,519
		<u>140,691,168</u>	<u>80,763,615</u>
Cash generated from operating activities before working capital changes		519,995,269	58,055,352
Working capital changes:			
<i>Decrease / (increase) in current assets</i>			
- Stores and spares		(21,296,053)	(32,191,292)
- Stock in trade		(1,173,538,994)	(674,295,150)
- Trade debts		(156,907,755)	(295,977,381)
- Short term deposits, loans, advances and prepayments		993,615	17,109,595
- Other receivables - considered good		(0)	-
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		40,023,764	688,742,680
		<u>(1,310,725,423)</u>	<u>(296,611,548)</u>
Cash (used) / generated from operations		(790,730,154)	(238,556,196)
- Financial costs paid		(98,278,947)	(43,256,612)
- Payment to Provident fund		(481,692)	(97,714)
- Gratuity paid		(2,047,631)	-
- Taxes paid		(132,959,936)	(38,744,610)
		<u>(233,768,206)</u>	<u>(82,098,936)</u>
Net cash (used) / generated from operating activities		(1,024,498,360)	(320,655,132)
CASH FLOWS FROM INVESTING ACTIVITIES			
- Fixed Capital Expenditure		(17,299,529)	(76,245,629)
- Long term deposits/advances paid/transferred		(41,255,644)	38,093,963
- Short term investments		0	(100,000,000)
Net cash used in investing activities		(58,555,173)	(138,151,666)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Dividend paid		0	(38,250)
- Long term loan obtained		-	295,624,000
- Long term loan repaid		(9,757,221)	(39,097,222)
Net cash generated from financing activities		(9,757,220)	256,488,528
Net (decrease) / increase in cash and cash equivalents		(1,092,810,753)	(202,318,270)
Cash and cash equivalents at the beginning of the period		<u>(629,571,084)</u>	<u>(898,426,889)</u>
Cash and cash equivalents at the end of the period		<u>(1,722,381,837)</u>	<u>(1,100,745,159)</u>



Chief Executive



Director



Chief Financial Officer

The annexed notes from 1 to 16 forms an integral part of these financial statements.

Adam Sugar Mills Limited
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the quarter ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

Adam Sugar Mills Limited ('the Company') was incorporated in Pakistan on October 19, 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company under the provisions of the Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and subsequently, the Companies Act, 2017, promulgated in May 2017). In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Pakistan Stock Exchange ("the Exchange"). The Company is principally engaged in the manufacturing and sale of white sugar.

The geographical location and address of the Company's business units, including plant, are as under:

Head office: The Company's registered office is situated at first floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

Mill: The Company's plant is located at Chak #4, Fordwah, Chishtian, District Bahawalnagar, Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance with the applicable accounting and reporting standards

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the IFRS, the provision of, and directive issued under, the Companies Act, 2017 have been followed.

2.2 Basis of measurement of items in these financial statements

Items included in these financial statements have been measured at their historical cost except for freehold land, factory building, non-factory building and plant and machinery which are carried at revalued amounts less accumulated depreciation charged thereon.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Area of judgement	Brief description of the judgement applied
Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and accordingly, whether it is appropriate to use 'diminishing method' as the depreciation method.
Timing of revenue recognition	<i>Local sales revenue</i> Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises <i>Export sales revenue</i> Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Property, plant and equipment	- Estimation of useful lives and residual values of the operating fixed assets. - Estimation of revalued amounts of free hold land, factory building, non-factory building, plant and machinery.
Deferred taxation	Recognition of deferred tax asset on unused tax losses and unused tax credits - availability of future taxable profits against which deductible temporary differences and unused tax losses and unused tax credits can be utilised.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these interim condensed financial statements are those applied in the preparation of the financial statements for the year ended September 30, 2023.

	Dec 31, 2023 Un-Audited	Sep 30, 2023 Audited
Note	Rupees	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	4.1 6,479,689,837	6,532,712,172
	<u>6,479,689,837</u>	<u>6,532,712,172</u>
4.1 Operating fixed assets		
Opening written down value	6,532,712,172	4,825,029,489
Addition to fixed assets - tangible	17,299,529	333,999,084
Effect of Revaluation - Cost		50,947,009
Depreciation charged	(70,321,864)	(272,798,044)
Disposal of fixed assets	-	(152,736)
Effect of Revaluation - Depreciation		1,595,687,370
	<u>6,479,689,837</u>	<u>6,532,712,172</u>

4.2 Additions to fixed assets - tangible

Factory buildings on freehold land	380,642	15,578,006
Plant and machinery	14,812,587	284,847,833
Vehicles	-	1,939,627
Computer and other equipments	1,063,000	1,788,658
Furniture and fixtures	-	2,558,434
Water connections and electrical installations	539,000	25,409,477
Tools and other equipments	504,300	1,877,049
	<u>17,299,529</u>	<u>333,999,084</u>

5 STOCK IN TRADE

Work-in-process	67,947,441	4,427,369
Finished goods- Sugar	<u>2,562,002,750</u>	<u>1,741,362,883</u>
Finished goods- Molasses	<u>371,428,110</u>	<u>82,049,055</u>
	<u>2,933,430,860</u>	<u>1,823,411,938</u>
	<u>3,001,378,301</u>	<u>1,827,839,307</u>

6 TRADE DEBTS - unsecured, considered good

Receivable against sales of sugar	<u>255,265,573</u>	<u>317,686,918</u>
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7 SHORT TERM LOANS AND ADVANCES

Loans to staff	2,843,079	2,761,121
Advances:		
- to growers	<u>9,082,813</u>	<u>16,897,081</u>
- to contractors	275,785	291,295
- to suppliers	47,795,661	45,404,255
- against expenses	201,525	23,549
- others	<u>9,658,236</u>	<u>9,658,236</u>
	67,014,020	72,274,416
Prepayments	<u>4,537,960</u>	<u>353,137</u>
	<u>74,395,059</u>	<u>75,388,674</u>

8 CASH AND BANK BALANCES

Cash in hand	4,071,240	-
Cash at bank		
- Current accounts	<u>542,828,675</u>	<u>34,699,552</u>
- Deposit accounts	<u>12,043,930</u>	<u>531,646</u>
	<u>554,872,604</u>	<u>35,231,198</u>
	<u>558,943,844</u>	<u>35,231,198</u>

9 SUBORDINATED LOAN FROM THE CHIEF EXECUTIVE- unsecured

Outstanding amount of the loan (on undiscounted basis)	<u>24,959,713</u>	<u>24,959,713</u>
Outstanding amount of the loan (on discounted basis):		
Balance as at the beginning of the year	20,411,807	18,458,845
Add: Interest on unwinding of the loan during the period	<u>539,898</u>	<u>1,952,962</u>
	<u>20,951,705</u>	<u>20,411,807</u>

As of September 30, 2020, the outstanding carrying amount of the loan was fully amortized to its nominal value (i.e. Rs. 24.96 million). However, the terms of the loan were renegotiated with the Chief Executive of the Company whereby the contractual maturity of the loan was extended for a further period of five (05) years ending on September 30, 2025. Accordingly, in view thereof, the nominal value of the loan was, again, discounted to its present value, as of September 30, 2020, determined using the discount rate of 10.58% (computed as 1-year KIBOR + 3% credit spread).

10 LONG TERM FINANCE - secured

From conventional banking companies

Habib Bank Limited	370,624,000	378,124,000
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From Islamic banking companies

Dubai Islamic Bank Pakistan Limited - SBP Solar Financing	29,179,010	30,902,046
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	<u>399,803,010</u>	<u>409,026,046</u>
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Current maturity shown under current liabilities

	<u>(108,611,972)</u>	<u>(96,771,337)</u>
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	<u>291,191,038</u>	<u>312,254,709</u>
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11 SHORT TERM BORROWINGS

Unsecured - interest free

- from Chief Executive	32,164,394	32,164,394
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- from Adam Lubricants Limited (a related concern)	880,000,000	165,000,000
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	<u>912,164,394</u>	<u>197,164,394</u>
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Secured

- from Conventional banking companies

- JS Bank Limited	98,296,586	98,337,888
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- Habib Bank Limited	436,446,875	-
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	534,743,461	98,337,888
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- from Islamic banking companies

- AlBaraka Bank Limited	395,608,850	269,300,000
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- Askari Bank Limited	359,395,793	100,000,000
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- Meezan Bank Limited	79,413,184	-
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- Dubai Islamic Bank Pakistan Limited	834,417,827	369,300,000
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	<u>2,281,325,682</u>	<u>664,802,282</u>
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11.1 The short term credit facilities availed from banking companies comprise of Conventional Financing and Islamic Financing. These finances are secured against pledge of white refined sugar and personal guarantee of Chief Executive of the Company. Mark up charging rate for Conventional Financing ranges from relevant KIBOR + 1.25% to relevant KIBOR + 3.0% and for Islamic Financing markup rate ranges from relevant KIBOR + 1.50% to relevant KIBOR + 2.25%.

12 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended September 30, 2023.

	Dec 31, 2023 Un-Audited	Dec 31, 2022 Un-Audited
	Rupees	
13 SALES REVENUE - net		
Local		
Sale of Sugar	1,783,387,049	900,731,372
Sale of Molasses	17,010,023	
Sale of Others	1,319,507	
	-	
	<u>1,801,716,579</u>	<u>900,731,372</u>
Export		
Sale of Sugar	-	
	<u>1,801,716,579</u>	<u>900,731,372</u>

14 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, related group companies, local associates, directors and key management personnel. Transaction with related parties are carried out on arm's length basis.

Transactions with associated undertakings and related parties and other key management personnel under the term of their employment are as follows: -

	31-Dec-23 Un-Audited	30-Sep-23 Audited
	Rupees	
Adam Lubricants Limited		
<i>Transactions during the period</i>		
Purchases made during the period	3,724,841	18,923,044
Payments made during the period	-	18,566,914
Short term loan received during the period	715,000,000	360,000,000
Short term loan repaid during the period	-	697,500,000
<i>Balances at the end of the period</i>		
Payable against purchase	4,081,272	356,431
Short term loan payable	880,000,000	165,000,000
Chief Executive		
<i>Balances at the end of the period</i>		
Short term loan	32,164,394	32,164,394
Subordinated loan (On undiscounted basis)	24,959,713	24,959,713

15 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on January 29, 2024 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest rupees.


Chief Executive


Director


Chief Financial Officer

The annexed notes from 1 to 16 forms an integral part of these financial statements.