

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE THIRD QUARTER ENDED
JUNE 30, 2011
(UN-AUDITED)**



ADAM SUGAR MILLS LIMITED

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

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ADAM SUGAR MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. GHULAM AHMED ADAM
MR. SYED RAFIQUE MOHAMMAD SHAH
MR. ABDUL KARIM
MR. JAWAID AHMED
LT. COL. (R) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM

AUDIT COMMITTEE (all non-executive directors)

CHAIRMAN	MR. JUNAID G. ADAM
MEMBER	MR. JAWAID AHMED
MEMBER	MR. ABDUL KARIM

DIRECTOR FINANCE/ CORPORATE SECRETARY

MR. QAMAR RAFI KHAN, ACA

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 TRADE TOWER,
ABDULLAH HAROON ROAD, KARACHI.
TEL NO. 35685930
FAX NO. 35687839



ADAM SUGAR MILLS LIMITED

VISION

To be the leader in sugar industry by building the companys' image through quality improvement, competitive prices and meeting social obligations.

MISSION

- To endeavour to be the market leader by offering high quality sugar to our customers at competitive prices.
- To continue improving operating performance and profitability thereby ensuring growth for the Company while serving best interest of shareholders.



ADAM SUGAR MILLS LIMITED

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

CHIEF EXECUTIVES' REVIEW

On behalf of the Board of Directors, I am pleased to present to you the unaudited accounts of the Company for the third quarter ended 30th June, 2011.

The mills crushed 457,538 tons of sugarcane at an average recovery of 9.38% and produced 42,883 tons of sugar as compared to 313,363 tons of sugarcane at an average recovery of 8.85% and produced 27,716 tons of sugar in the previous period.

This year the Government raised the sugarcane price from Rs.100/- per 40 KG to Rs.125/- per 40 KG. However due to shortage of sugarcane, we were compelled to purchase sugarcane at very high rate.

The production is more than previous year, the company managed to earn satisfactory profit.

The directors are pleased to place on record their appreciation for the devoted and dedicated services of the officers, staff and workers of the company.

(GHULAM AHMED ADAM)
CHIEF EXECUTIVE

Karachi: 25th July, 2011



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT JUNE 30, 2011

	Note	June 30, 2011 (Unaudited)	September 30, 2010 (Audited)
..... (Rupees)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	814,941,480	826,170,487
Long term deposits		1,285,000	1,277,400
Intangible assets	6	<u>716,667</u>	<u>866,667</u>
		816,943,147	828,314,554
Current Assets			
Biological assets-at fair value		-	484,349
Stores and spares	7	<u>57,943,084</u>	<u>56,030,049</u>
Stock in trade	8	<u>334,986,854</u>	<u>8,449,084</u>
Trade debts	9	<u>1,419,466,397</u>	<u>222,549,400</u>
Loans and advances		<u>67,178,614</u>	<u>22,900,831</u>
Deposits and prepayments		<u>4,016,141</u>	<u>739,396</u>
Others receivables- considered good		<u>679,943</u>	<u>323,281</u>
Interest accrued		-	284,771
Tax refund due from government		<u>4,621,005</u>	<u>4,621,005</u>
Cash and bank balances	10	<u>60,519,301</u>	<u>34,084,605</u>
		<u>1,949,411,339</u>	<u>350,466,771</u>
Total assets		<u>2,766,354,486</u>	<u>1,178,781,325</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital			
Authorized			
10,000,000 ordinary shares of Rs. 10/- each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital		<u>57,636,540</u>	<u>57,636,540</u>
Reserves and Surplus			
General Reserve		<u>100,000,000</u>	<u>15,000,000</u>
Accumulated Profit		<u>193,543,695</u>	<u>213,037,946</u>
		<u>293,543,695</u>	<u>228,037,946</u>
Shareholders equity		<u>351,180,235</u>	<u>285,674,486</u>
Surplus on revaluation of Fixed assets		<u>258,990,982</u>	<u>267,977,155</u>
Non-current liabilities			
Subordinated loan from director	11	<u>239,324,437</u>	<u>239,324,437</u>
Long term finance		<u>18,333,330</u>	<u>29,333,332</u>
Liabilities against assets subject to finance lease		<u>351,760</u>	<u>5,323,391</u>
Deferred liabilities		<u>225,239,222</u>	<u>227,726,955</u>
		<u>483,248,749</u>	<u>501,708,115</u>
Current liabilities			
Short term borrowings	12	<u>1,313,377,674</u>	-
Current maturity of non-current liabilities		<u>21,077,667</u>	<u>20,156,074</u>
Trade and other payables		<u>212,027,661</u>	<u>64,493,622</u>
Accrued mark-up on borrowings		<u>50,490,280</u>	-
Provision for taxation		<u>75,784,853</u>	<u>36,670,135</u>
Unclaimed dividend		<u>176,385</u>	<u>2,101,738</u>
		<u>1,672,934,520</u>	<u>123,421,569</u>
Contingencies and commitments	13	-	-
Total equity and liabilities		<u>2,766,354,486</u>	<u>1,178,781,325</u>

The annexed notes form an integral part of these financial statements

Karachi: 25th July, 2011

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2011

	For the third quarter ended		Quarter ended	
	Oct 2010 to June 2011	Oct 2009 to June 2010	April 2011 to June 2011	April 2010 to June 2010
	Note (Rupees) (Rupees)	
Sales - net	14 2,320,565,243	1,495,344,399	121,452,357	468,099,786
Cost of sales	(2,103,935,954)	(1,336,409,728)	(114,021,889)	(429,674,387)
Gross Profit	216,629,289	158,934,671	7,430,468	38,425,399
Administrative expenses	(24,439,528)	(24,204,963)	(6,419,966)	(9,463,738)
Selling expenses	(1,757,685)	(975,336)	(81,294)	(104,484)
Operating profit	190,432,076	133,754,372	929,208	28,857,177
Other income	4,538,204	7,534,516	1,065,710	57,168
	194,970,280	141,288,888	1,994,918	28,914,345
Financial charges	(79,446,115)	(39,371,326)	(50,462,048)	(20,651,241)
Workers profit participation fund	(5,776,208)	(5,095,878)	2,423,357	(413,155)
Workers welfare fund	(2,151,921)	(1,936,434)	1,147,676	(156,999)
	(87,374,244)	(46,403,638)	(46,891,015)	(21,221,395)
Profit/(loss) before taxation	107,596,036	94,885,250	(44,896,097)	7,692,950
Taxation				
-Current	(39,114,768)	(33,665,792)	17,473,315	(3,784,709)
-Deferred	2,447,443	(3,158,293)	-	-
	(36,667,325)	(36,824,085)	17,473,315	(3,784,709)
Profit/(loss) after taxation	70,928,711	58,061,165	(27,422,782)	3,908,241
Earning per share- basic and diluted	12.31	10.07	(4.76)	0.68

The annexed notes form an integral part of these financial statements.

Karachi: 25th July, 2011

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2011

	For the third quarter ended		Quarter ended	
	Oct 2010 to June 2011	Oct 2009 to June 2010	April 2011 to June 2011	April 2010 to June 2010
 (R u p e e s)			
Profit after tax	70,928,711	58,061,165	(27,422,782)	3,908,241
Other comprehensive income				
Incremental depreciation transferred from surplus on revaluation of fixed assets	8,986,173	941,021	2,995,391	3,163,674
Total comprehensive income	79,914,884	59,002,186	(24,427,391)	7,071,915

The annexed notes form an integral part of these financial statements

Karachi: 25th July, 2011

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2011

	June 30 2011	June 30 2010
..... (Rupees)		
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	107,596,036	94,885,250
Adjustment:		
Depreciation	34,323,204	33,279,572
Amortization of intangible assets	150,000	83,333
Financial charges	79,446,115	39,371,326
Provision for gratuity	60,510	31,052
Workers' profit participation fund paid	5,776,208	5,095,878
Workers' welfare fund paid	2,151,921	1,936,434
Gain on sale of fixed assets	(12,695)	-
	<u>121,895,263</u>	<u>79,797,595</u>
Operating profit before working capital changes	229,491,299	174,682,845
Decrease (increase) in current assets		
Biological assets - at fair value	484,349	848,961
Stores and spares	(1,913,035)	(14,351,039)
Stock in trade	(326,537,770)	(266,326,020)
Trade debts	(1,196,916,997)	(37,507,900)
Loans, advances, prepayments and other receivable	(36,695,774)	(6,470,806)
Increase/ (decrease) in current liabilities		
Trade and other payable	137,175,279	52,811,580
	<u>(1,424,403,948)</u>	<u>(270,995,224)</u>
Cash used in operation after working capital changes	(1,194,912,649)	(96,312,379)
Financial charges paid	(28,955,835)	(28,832,431)
Gratuity paid	(100,800)	(420,291)
Long term deposit	(7,600)	-
Dividend paid	(14,257,602)	(5,398,504)
Taxes paid	(10,576,983)	(8,554,379)
Net cash generated from in operating activities	(53,898,820)	(43,205,605)
	<u>(1,248,811,469)</u>	<u>(139,517,984)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(22,928,262)	(10,676,292)
Additions in Capital work in progress	(363,238)	(501,210)
Proceeds from sale of fixed assets	210,000	-
Purchase of intangible assets	-	(1,000,000)
Net cash (used in) operating activities	(23,081,500)	(12,177,502)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finance-net	(11,000,001)	(11,000,001)
Proceeds from short term loans - net	1,313,377,674	154,200,000
Repayment of lease liability	(4,050,008)	(3,607,362)
Net cash (used in) financing activities	1,298,327,665	139,592,637
Net (decrease) / increase in cash and cash equivalents (A+B+C)	26,434,696	(12,102,849)
Cash and cash equivalents at the beginning of the period	34,084,605	55,101,766
Cash and cash equivalents at the end of the period	60,519,301	42,998,917

The annexed notes form an integral part of these financial statements.

Karachi: 25th July, 2011

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THIRD QUARTER ENDED JUNE 30, 2011

Description	Share Capital	Reserves		Total
		General Reserves	Accumulated Profit	
..... (Rupees)				
Balance as at October 1, 2009	57,636,540	15,000,000	113,352,067	185,988,607
Total Comprehensive Income				
Recognized profit for the nine months				
October 2009 to June 2010	-	-	58,061,165	58,061,165
Other Comprehensive Income				
Incremental depreciation transferred from surplus				
on revaluation of fixed assets	-	-	9,491,021	9,491,021
Total Comprehensive Income for the period	-	-	67,552,186	67,552,186
Transactions with owners				
Final dividend paid @ 10% (Rs. 1 per share)				
for the year ended September 30, 2009	-	-	(5,763,654)	(5,763,654)
Balance as at June 30, 2010	57,636,540	15,000,000	175,140,599	247,777,139
Balance as at October 1, 2010	57,636,540	15,000,000	213,037,946	285,674,486
Total Comprehensive Income				
Recognized profit for the nine months				
October, 2010 to June, 2011	-	-	70,928,711	70,928,711
Other Comprehensive Income				
Incremental depreciation net of deferred tax transferred				
from surplus on revaluation of fixed assets	-	-	8,986,173	8,986,173
Total Comprehensive Income for the period	-	-	79,914,884	79,914,884
Transfer to general reserve	-	85,000,000	(85,000,000)	-
Transaction with owners				
Final dividend paid @ 25% (Rs. 2.5 per share)				
for the year ended September, 2010	-	-	(14,409,135)	(14,409,135)
Balance as at June 30, 2011	57,636,540	100,000,000	193,543,695	351,180,235

The annexed notes form an integral part of these financial statements.

Karachi: 25th July, 2011

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED JUNE 30, 2011 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Adam Sugar Mills Limited (the company) was incorporated in Pakistan in 1965 as a public limited company. 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 company's registered office is situated at Haji Adam Chambers, Altaf Hussain Road, New challi, Karachi.

2. BASIS OF PREPARATION

These unaudited financial statements are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi and Lahore Stock Exchange of Pakistan and have been prepared in accordance with the requirements of the International Accounting Standard, 34 interim financial reporting as applicable in Pakistan. These condensed interim financial Statement do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements of the company for the year ended September 30, 2010.

3. ACCOUNTING POLICIES & ESTIMATES

The accounting policies and methods of computation followed for the preparation of these financial statements are same as those applied in preparing the financial statements for the year ended September 30, 2010 except for policy for recognition of intangible assets at cost and its amortization, applied first time in these interim condensed financial statements which is summarized below.

- Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using straight line method at the rates stated in relevant note from the months of purchase.
- The Company reviews the value of the intangible 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 intangible assets.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumption and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant Judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2010.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2010.



ADAM SUGAR MILLS LIMITED

	Note	June 30, 2011 (Unaudited)	September 30 2010 (Audited)
..... (Rupees)			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	812,805,798	824,398,043
Capital work-in-progress	5.2	2,135,682	1,772,444
		814,941,480	826,170,487
5.1 Opening written down value		824,398,043	846,515,865
Addition	5.1.1	22,928,264	22,526,069
Disposal	5.1.2	(197,305)	-
Depreciation charges		(34,323,204)	(44,643,891)
		812,805,798	824,398,043
5.1.1 Addition to fixed assets - tangible			
Factory building on free hold land		1,487,810	2,086,657
Plant and machinery		20,797,546	16,431,758
Computer and other equipments		246,050	72,800
Vehicles		-	2,915,360
Office Equipment		1,199	99,640
Furniture and fixture		265,050	46,960
Water connection and electric installation		-	500,000
Tools and other equipments		130,609	372,894
		22,928,264	22,526,069
5.1.2 Disposals of fixed assets at WDV - tangible			
Vehicles - WDV		197,305	-
		197,305	-
5.2 Capital work-in-progress			
Factory building - Civil works			
Opening		1,772,444	-
Additions		363,238	1,772,444
Closing		2,135,682	1,772,444
6. INTANGIBLE ASSETS			
Computer software			
- Cost		1,000,000	1,000,000
- Amortization		(283,333)	(133,333)
		716,667	866,667
6.1	This is amortized at the rate of 20% per annum on straight line basis from the month of purchase.		
7. STORE AND SPARES			
Stores		44,241,287	42,075,643
Spares		13,701,797	13,954,406
		57,943,084	56,030,049
8. STOCK IN TRADE			
Sugar in process		5,369,422	4,000,944
Sugar - Finished goods		233,017,712	-
Molasses		96,599,720	4,448,140
		334,986,854	8,449,084
9. TRADE DEBTS			
Considered good		1,419,466,397	222,549,400

The company has filed a case in Honorable Lahore High Court, Bahawalpur Bench, Bahawalpur against Province of Punjab through District Collector Bahawalnagar and other related Government departments for the recovery of Rs. 55,161,000/- being market value of sugar stock forcefully lifted by the Government of Punjab over and above from the quantity fixed by the Honorable Supreme Court of Pakistan at the rate of Rs. 38/kg. The management of the company is confident that the decision of the case will be in favour of the company. However, the company has shown receivable at Rs. 38/kg.



ADAM SUGAR MILLS LIMITED

	June 30, 2011 (Unaudited)	September 30 2010 (Audited)
..... (Rupees)		
10. CASH AND BANK BALANCES		
Cash in hand	1,136,416	1,140,117
Cash at banks		
-Current account	40,407,704	17,732,461
-Deposit account	18,975,181	15,212,027
	59,382,885	32,944,488
	60,519,301	34,084,605
11. SUBORDINATED LOAN FROM DIRECTOR		
This is an interest free and unsecured long term loan from Chief Executive of the company and not payable within twelve months from balance sheet date.		
12. SHORT TERM BORROWINGS		
Unsecured		
- from director - related party	250,000,000	-
Secured		
-from banking companies	1,063,377,674	-
	1,313,377,674	-

- 12.1** This represents an interest free short term loan from Chief Executive of the Company.
- 12.2** These finances are secured against pledge of refined white sugar and personal guarantee of directors and chief executive of the company. Mark-up is at the rates of one month KIBOR + 2.75% three months KIBOR + 3.00% and three months KIBOR + 2.50% payable on quarterly / semi-annually basis . The maximum amount of facilities available are Rs. 1.22 billion .
- 13. 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, 2010.

14. SALES - NET

	For the third quarter ended		Quarter Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Sales - gross	2,412,129,786	1,556,603,934	127,623,237	488,172,341
Sales tax	(91,564,543)	(61,259,535)	(6,170,880)	(20,072,555)
	2,320,565,243	1,495,344,399	121,452,357	468,099,786

15. 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:

	For the third quarter ended		Quarter ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Receipt of unsecured short term borrowing from the Chief Executive	250,000,000	171,850,669	-	11,850,669
Repayment of unsecured short term borrowing from the Chief Executive	-	212,650,669	-	112,650,669
Purchase of oil and lubricants - from associated undertaking	5,998,204	4,199,208	-	3,100
Payment to associated undertaking against oil and lubricants	6,386,704	4,055,463	-	3,500
Remuneration and other benefits of Chief executive and directors	498,375	506,125	166,125	163,125



ADAM SUGAR MILLS LIMITED

16. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue on 25th July, 2011 by the Board of Directors of the Company.

17. SEASONALITY OF OPERATIONS

The Sugar Industry are operating on seasonal basis normally from November to March/April as raw material i.e. sugarcane is available only in this period.

18. GENERAL

18.1 Figures have been rounded off to the nearest rupees.

Karachi: 25th July, 2011

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director
