



ADAM

SUGAR MILLS LIMITED



46th Annual Report 2011

IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

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

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.comp /Adamsugar.htm](http://www.adam.comp/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



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

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
				(Restated)		
Cane Crushed (Metric Tons)	457,538	313,363	256,030	350,663	289,898	310,099
Recovery	9.38%	8.84%	9.47%	9.02%	7.00%	7.86%
Sugar Produced (Metric Tons)	42,883	27,716	24,835	31,622	19,959	24,391
	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	272,538,221	228,037,946	128,352,067	66,864,740	48,907,872	149,871,501
Shareholders Equity	330,174,761	285,674,486	185,988,607	124,501,280	106,544,412	207,508,041
Fixed Assets	836,759,233	826,170,487	846,515,865	800,512,170	742,761,651	753,497,603
Sales	2,440,692,655	2,138,540,950	1,156,966,342	716,110,167	528,249,877	794,344,453
Cost of Sale	2,231,510,507	1,920,020,876	887,464,811	635,037,900	652,142,248	761,331,758
Gross Profit/(Loss)	209,182,148	218,520,074	269,501,531	81,072,267	(123,892,371)	33,012,695
Profit/(Loss) Before Tax	74,701,831	133,706,647	184,914,663	10,211,191	(172,686,923)	41,753,857
Profit/(Loss) after Tax	46,927,846	92,794,839	48,461,732	4,325,041	(109,946,688)	58,218,190
Earning per Share	8.14	16.10	8.41	0.75	(19.08)	10.10
Break up value of share	57.29	49.56	32.27	21.60	18.49	36.00

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 46th Annual General Meeting of the shareholders of the Company will be held at 9:30 a.m. on Saturday, January 28, 2012 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

- 1) To confirm the Minutes of 45th Annual General Meeting held on January 29, 2011.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2011 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 2011-2012 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 transact any other ordinary business with the permission of the Chair.

By Order of the Board
GHULAM AHMED ADAM
Chief Executive

Karachi: 20 December, 2011

NOTES:

- 1) Members who are not able to attend the meeting in person may send their respective proxies duly signed and stamped in the usual form. Such proxies should reach the Registered Office of the Company atleast 48 hours before the meeting.
- 2) The Share Transfer Book of the Company will remain closed from 22nd January, 2012 to 30th January, 2012 (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 21st January, 2012 will be treated in time for attending of meeting.
- 3) For identification, CDC account holders should present the participant's CNIC, and CDC Account Number.
- 4) Shareholders are requested to notify the Company of any change in address immediately.



DIRECTORS' REPORT

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Dear shareholders,

On behalf of the Board, we welcome you to 46th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2011.

FINANCIAL RESULTS:

Profit after taxation	Rs.	46,927,846
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	Rs.	11,981,564
Un-appropriated profit brought forward	Rs.	<u>113,628,811</u>
Profit available for appropriation	Rs.	172,538,221
Appropriation:-		
Proposed-Cash dividend @ 25% (Rs. 2/50 per Ordinary share of Rs.10 each)	Rs.	14,409,135
Transfer to General Reserve	Rs.	100,000,000
		<u>Rs. 114,409,135</u>
Un-appropriated profit carried forward	Rs.	58,129,086
		=====
Earning per share – basic and diluted	Rs.	8.14
		=====

OPERATING RESULTS

	<u>2011</u>	<u>2010</u>
Cane Crushed-Metric Tons	457,538	313,363
Average Recovery	9.38%	8.85%
Sugar Produced-Metric Tons	42,883	27,716
Commenced Crushing on	26/11/2010	23/11/2009
Stop Crushing on	02/04/2011	06/03/2010
Number of Season Days	128	103
Earning per Share (Rupees)	8.14	16.10

The Company earned a pre-tax profit of Rs.74 million. The Government had increased the minimum support price of sugarcane from Rs.100 to Rs.125 per 40KG but due to shortage of sugarcane we were compelled to purchase at a higher cost.



BOARD MEETINGS.

During the year four 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	4
Mr.Syed Rafique Muhammad Shah	2
Mr.Abdul Karim	4
Mr.Jawaid Ahmed	2
Lt. Col. (Rtd) Muhammad Mujtaba	4
Mr.Junaid G.Adam	4
Mr.Omar G.Adam	4

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
Investment Corporation of Pakistan	1	117
DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam	1	91,608
Mr. Syed Rafique Muhammad Shah	1	4,802
Mr. Abdul Karim	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
Executives:	-	-
Public Sector Companies and Corporations:	-	-
BANKS, DFIs, INSURANCE COMPANIES MODARABAS AND MUTUAL FUNDS:		
United Bank Limited	1	178
Muslim Commercial Bank Limited	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 been increased by the Government from Rs.125 to Rs.150 per 40 KG. During the cane crushing season 2011-2012 we have already crushed 103,785.27 tons of sugarcane at an average recovery of 8.22% and have produced 8,185 tons of sugar.

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 2011-2012.

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.

On behalf of the Directors
GHULAM AHMED ADAM
Chief Executive

Karachi: 20 December, 2011

OMAR G.ADAM
Director



**STATEMENT OF COMPLIANCE WITH THE CODE
OF CORPORATE GOVERNANCE FOR THE
YEAR ENDED 30 SEPTEMBER, 2011.**

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations 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 Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board and at present the Board includes five independent non executive directors. The Company encourages representation of minority shareholders, on the Board, however none of the minority shareholder offered himself for election.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or NBFIs or being a member of a Stock Exchange has been declared as a defaulter by that Stock Exchange.
4. No casual vacancies occurred in the Board during the year
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
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 been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman. The Board met four times during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has arranged an in-house orientation course in which directors have been provided with copy of "Role of Directors under the Companies Ordinance, 1984 And The Code Of Corporate Governance" issued by the Institute of Chartered Accountants of Pakistan. The directors are well conversant with their duties and responsibilities.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit. The Board has also approved the remuneration and terms and conditions of employment of CFO, Company Secretary and Head of Internal Audit, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code 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 Code.



15. The Board has formed an Audit Committee. It comprises of three members which all are Non-Executive Director.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company. During the year four meetings of the Audit Committee were held. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has outsourced the internal audit function to a firm of chartered accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold share of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.



21. We confirm that all other material principles contained in the Code have been complied with.

MR. GHULAM AHMED ADAM
Chief Executive
Karachi: 20 December, 2011

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 (the Code) prepared by the Board of Directors of **ADAM SUGAR MILLS LIMITED** ("the Company") to comply with the Listing Regulations of the Stock Exchanges 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 the Karachi and Lahore Stock Exchanges require the company to place before the Board of Directors for their consideration and approval 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 transactions 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 transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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 of Governance as applicable to the Company for the year ended September 30, 2011.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 20 December, 2011

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ADAM SUGAR MILLS LIMITED** as at September 30, 2011 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, 2011 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 & Company
Chartered Accountants

Place: Karachi
Dated: 20 December, 2011

Engagement Partner:
Muhammad Haroon



**PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS AS AT 30 SEPTEMBER, 2011**

NUMBER OF SHAREHOLDERS	SIZE OF SHAREHOLDING				TOTAL SHARES HELD
1,739	FROM	1	TO	100	45,381
253	FROM	101	TO	500	58,516
60	FROM	501	TO	1,000	49,517
115	FROM	1,001	TO	5,000	358,773
48	FROM	5,001	TO	10,000	320,742
4	FROM	10,001	TO	15,000	50,573
3	FROM	15,001	TO	20,000	54,509
1	FROM	25,001	TO	30,000	26,000
1	FROM	55,001	TO	60,000	59,450
1	FROM	65,001	TO	70,000	69,151
1	FROM	80,001	TO	85,000	81,731
2	FROM	85,001	TO	90,000	174,582
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	3,503,389
2,232					5,763,654

CATAGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Individuals	2,215	2,222,983	38.58%
Investment Companies	1	117	0.00%
Insurance Companies	1	190	0.00%
Joint Stock Companies	10	3,539,371	61.41%
Financial Institutions	2	401	0.00%
Others (see below)	3	592	0.01%
TOTAL	2,232	5,763,654	100.00%

OTHERS:

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

592

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BALANCE SHEET AS AT SEPTEMBER 30, 2011

ASSETS

Non-Current Assets

Property, plant and equipment
Long term deposits
Intangible assets

<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
4	836,759,233	826,170,487
5	40,000	1,277,400
6	666,667	866,667
	837,465,900	828,314,554

Current Assets

Biological assets
Stores and spares
Stock in trade
Trade debts
Loans and advances
Deposits and prepayments
Others receivables - considered good
Interest accrued
Tax refund due from government
Cash and bank balances

7	1,228,264	484,349
8	57,476,967	56,030,049
9	238,984,388	8,449,084
10	40,743,177	222,549,400
11	58,964,196	22,900,831
12	1,842,466	739,396
	766,498	323,281
	9,789	284,771
	5,801,024	4,621,005
13	121,854,288	34,084,605
	527,671,057	350,466,771
	1,365,136,957	1,178,781,325

Total Assets

EQUITY AND LIABILITIES

Share Capital and Reserves

Share Capital

14	57,636,540	57,636,540
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Reserves

Revenue Reserves

General reserve
Accumulated Profit

	100,000,000	15,000,000
	172,538,221	213,037,946
	272,538,221	228,037,946

Shareholders' Equity

	330,174,761	285,674,486
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Surplus on revaluation of property,
plant and equipment - net

15	255,995,591	267,977,155
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Non-Current Liabilities

Director's subordinated loan
Long term finances
Liabilities against assets subject to finance leases
Deferred liabilities

16	239,324,437	239,324,437
17	14,666,665	29,333,332
18	-	5,323,391
19	231,017,048	227,726,955
	485,008,150	501,708,115

Current Liabilities

Short term borrowings
Trade and other payables
Accrued markup on borrowings
Current portion of non-current liabilities
Unclaimed dividend
Provision for taxation

20	100,000,000	-
21	110,551,904	64,493,622
	89,001	-
22	19,990,058	20,156,074
	2,250,480	2,101,738
	61,077,012	36,670,135
	293,958,455	123,421,569

Contingencies and Commitments

23	-	-
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Total Equity and Liabilities

	1,365,136,957	1,178,781,325
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The annexed notes form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
Sales - net	24	2,440,692,655	2,138,540,950
Cost of sales	25	(2,231,510,507)	(1,920,020,876)
Gross profit		209,182,148	218,520,074
Administrative expenses	26	(38,639,728)	(32,907,274)
Selling and distribution expenses	27	(2,270,799)	(1,066,128)
		(40,910,527)	(33,973,402)
Operating Profit		168,271,621	184,546,672
Other operating income	28	8,967,218	5,836,550
		177,238,839	190,383,222
Finance cost	29	(97,224,538)	(46,593,758)
Other operating expenses	30	(5,312,470)	(10,082,817)
Profit before taxation		74,701,831	133,706,647
Taxation	31	(27,773,985)	(40,911,808)
Profit for the year after taxation		46,927,846	92,794,839
Earning per share - basic and diluted	32	8.14	16.10

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
Profit for the year after taxation	46,927,846	92,794,839
Other comprehensive income		
Incremental depreciation transferred from surplus	18,433,175	19,468,760
Less: Related Deferred tax	6,451,611	6,814,066
	11,981,564	12,654,694
Total comprehensive income for the year	58,909,410	105,449,533

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



CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<i>2011 Rupees</i>	<i>2010 Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	74,701,831	133,706,647
Adjustments:		
Depreciation	44,535,144	44,643,891
Amortization of intangibles	200,000	133,333
Financial charges	97,224,538	46,593,758
Provision for gratuity	48,835	849,598
Workers' profit participation fund	4,000,715	-
Workers' welfare fund	1,311,755	-
Gain on sale of fixed assets	(12,695)	-
	147,308,292	92,220,580
Cash generated from operating activities before working capital changes	222,010,123	225,927,227
Working capital changes		
Decrease / (Increase) in current assets		
Biological assets	(743,915)	789,351
Stores and spares	(1,446,918)	(3,128,113)
Stock in trade	(230,535,304)	276,230,848
Trade debtors	181,806,223	(222,549,400)
Loans and advances	(22,383,815)	(1,567,858)
Deposits and prepayments	(1,103,070)	1,718,092
Interest accrued	274,982	(284,771)
Others receivables	(443,217)	(202,818)
	(74,575,034)	51,005,331
Increase / (Decrease) in current liabilities		
Trade and other payables	39,595,496	(15,939,022)
	(34,979,538)	35,066,309
Cash generated from operations after working capital changes	187,030,585	260,993,536
Financial charges paid	(95,985,221)	(54,369,997)
Workers' profit participation fund paid	-	(16,952,685)
Workers' welfare fund paid	-	(6,359,950)
Gratuity paid	(125,800)	(564,666)
Dividend paid	(14,260,393)	(5,400,385)
Taxes paid	(14,859,619)	(3,261,217)
Long term deposits	1,237,400	-
Net cash generated from operating activities	63,036,952	174,084,636



	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(51,665,747)	(22,526,069)
Additions in Capital work in progress	(3,655,448)	(1,772,444)
Purchase of intangibles	-	(1,000,000)
Sale proceeds of fixed assets	210,000	-
Net cash used in investing activities	<u>(55,111,195)</u>	<u>(25,298,513)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finance - net	(14,666,667)	(14,666,667)
Repayment of short term borrowings - net	100,000,000	(150,000,000)
Repayment of lease liability	(5,489,407)	(5,136,617)
Net cash generated from / (used in) financing activities	<u>79,843,926</u>	<u>(169,803,284)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	87,769,683	(21,017,161)
Cash and cash equivalents at beginning of year	34,084,605	55,101,766
Cash and cash equivalents at end of year	<u>121,854,288</u>	<u>34,084,605</u>

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



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2011

Description	Share Capital	Revenue Reserves			Total
		General Reserves	Accumulated Profit	Total	
----- Rupees -----					
Balance as at September 30, 2009	57,636,540	15,000,000	113,352,067	128,352,067	185,988,607
Profit for the year	-	-	92,794,839	92,794,839	92,794,839
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	12,654,694	12,654,694	12,654,694
Total comprehensive income	-	-	105,449,533	105,449,533	105,449,533
Owners transactions					
Final dividend paid @ 10% (Rupee 1 per share) for the year ended September 30, 2009	-	-	(5,763,654)	(5,763,654)	(5,763,654)
Balance as at September 30, 2010	57,636,540	15,000,000	213,037,946	228,037,946	285,674,486
Profit for the year	-	-	46,927,846	46,927,846	46,927,846
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	11,981,564	11,981,564	11,981,564
Total comprehensive income	-	-	58,909,410	58,909,410	58,909,410
Owners transactions					
Transfer to general reserve	-	85,000,000	(85,000,000)	-	-
Final dividend paid @ 25% (Rupee 2.5 per share) for the year ended September 30, 2010	-	-	(14,409,135)	(14,409,135)	(14,409,135)
Balance as at September 30, 2011	57,636,540	100,000,000	172,538,221	272,538,221	330,174,761

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 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011

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 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.

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 asset, 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 standard 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 is 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:

- Presentation of items of Other Comprehensive Income (Amendments to IAS 1: Presentation of Financial Statements) effective for annual periods beginning on or after 1 July 2012.
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12) effective for annual periods beginning on or after 1 January 2012.
- IAS 19 Employee Benefits (amended 2011) effective for annual periods on or after 1 January 2013.
- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) effective for annual periods beginning on or after 1 January 2011.
- IAS 24 Related Party Disclosures (revised 2009) effective for annual periods beginning on or after 1 January 2011.
- Disclosures - Transfers of Financial Assets (Amendments to IFRS 7) effective for annual periods beginning on or after 1 July 2011.



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 rate 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 byproduct	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.

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 costs are recognized as an expense in the period in which they are incurred.

3.21 Biological asset

Biological assets are measured at its fair value less its 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.



4 PROPERTY, PLANT AND EQUIPMENT	Note	2011 Rupees	2010 Rupees
Operating fixed assets	4.1	831,331,341	824,398,043
Capital work in progress	4.2	5,427,892	1,772,444
		836,759,233	826,170,487

4.1 Operating fixed assets

Particular	Freehold land	Factory building on freehold land	Non-factory building on freehold land	Plant and Machinery	Building construction machinery	Railway siding
	----- Rupees -----					
At September 30, 2009						
Cost / revaluation	36,100,000	67,637,890	12,185,595	1,028,129,543	238,125	2,191,346
Accumulated depreciation	-	31,323,426	5,464,399	294,583,626	233,868	2,151,976
Net book value	36,100,000	36,314,464	6,721,196	733,545,917	4,257	39,370
Year ended September 30, 2010						
Additions	-	2,086,657	-	16,431,758	-	-
Disposals						
- Cost	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-
Transfer from capital work in progress	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-
Depreciation charged	-	3,683,223	336,060	37,408,145	383	3,937
Net book value as at September 30, 2010	36,100,000	34,717,898	6,385,136	712,569,530	3,874	35,433
Year ended September 30, 2011						
Additions	-	2,446,569	-	45,020,912	-	-
Transfer/Disposal						
- Cost	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-
Transfer from capital work in progress	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-
Depreciation charged	-	3,692,853	319,257	37,106,679	349	3,543
Net book value as at September 30, 2011	36,100,000	33,471,614	6,065,879	720,483,763	3,525	31,890
At September 30, 2010						
Cost / revaluation	36,100,000	69,724,547	12,185,595	1,044,561,301	238,125	2,191,346
Accumulated depreciation	-	35,006,649	5,800,459	331,991,771	234,251	2,155,913
Net book value	36,100,000	34,717,898	6,385,136	712,569,530	3,874	35,433
At September 30, 2011						
Cost / revaluation	36,100,000	72,171,116	12,185,595	1,089,582,213	238,125	2,191,346
Accumulated depreciation	-	38,699,502	6,119,716	369,098,450	234,600	2,159,456
Net book value	36,100,000	33,471,614	6,065,879	720,483,763	3,525	31,890
Rate of depreciation %	-	10	5	5	9	10

4.1.1 The vehicle costing Rs.469,000/- having book value of Rs.197,305/- has been disposed-off at Rs.210,000/- to Mr. Muhammad Rizwan Ibrahim through negotiation.



Owned								Leased		Total
Vehicles	Office equipment	Computer and other equipments	Furniture and fixtures	Electric generator	Water connection and electric installation	Tools and other equipments	Air conditioners and refrigerators	Plant and machinery	Vehicles	
----- Rupees -----										
15,178,123	1,545,398	3,667,770	3,255,707	556,759	2,497,536	7,921,453	1,547,394	25,000,000	2,640,500	1,210,293,139
10,531,048	1,149,870	1,872,761	1,939,755	504,814	2,179,228	6,448,349	899,362	2,719,531	1,775,261	363,777,274
4,647,075	395,528	1,795,009	1,315,952	51,945	318,308	1,473,104	648,032	22,280,469	865,239	846,515,865
2,915,360	99,640	72,800	46,960	500,000	-	372,894	-	-	-	22,526,069
2,640,500	-	-	-	-	-	-	-	-	2,640,500	-
(1,775,261)	-	-	-	-	-	-	-	-	(1,775,261)	-
865,239	-	-	-	-	-	-	-	-	(865,239)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,314,672	44,640	182,458	133,506	40,300	47,746	237,593	97,205	1,114,023	-	44,643,891
7,113,002	450,528	1,685,351	1,229,406	511,645	270,562	1,608,405	550,827	21,166,446	-	824,398,043
	21,698	383,440	314,730		1,617,318	1,749,080	112,000	-	-	51,665,747
469,000	-	-	-	-	-	-	-	-	-	469,000
(271,695)	-	-	-	-	-	-	-	-	-	(271,695)
197,305	-	-	-	-	-	-	-	-	-	197,305
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,383,139	45,162	189,030	147,705	46,048	66,250	390,547	86,260	1,058,322	-	44,535,144
5,532,558	427,064	1,879,761	1,396,431	465,597	1,821,630	2,966,938	576,567	20,108,124	-	831,331,341
20,733,983	1,645,038	3,740,570	3,302,667	1,056,759	2,497,536	8,294,347	1,547,394	25,000,000	-	1,232,819,208
13,620,981	1,194,510	2,055,219	2,073,261	545,114	2,226,974	6,685,942	996,567	3,833,554	-	408,421,165
7,113,002	450,528	1,685,351	1,229,406	511,645	270,562	1,608,405	550,827	21,166,446	-	824,398,043
20,264,983	1,666,736	4,124,010	3,617,397	1,056,759	4,114,854	10,043,427	1,659,394	25,000,000	-	1,284,015,955
14,732,425	1,239,672	2,244,249	2,220,966	591,162	2,293,224	7,076,489	1,082,827	4,891,876	-	452,684,614
5,532,558	427,064	1,879,761	1,396,431	465,597	1,821,630	2,966,938	576,567	20,108,124	-	831,331,341
20	10	10	10	9	15	15	15	5	20	



	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
4.1.2 Depreciation has been charged to:			
Cost of sales	25	42,770,108	42,968,615
Administrative expenses	26	1,765,036	1,675,276
		44,535,144	44,643,891
4.2 Capital work in progress			
Factory building - Civil works		5,427,892	1,772,444
5 LONG TERM DEPOSITS			
Lease deposits		1,250,000	1,250,000
Others		40,000	27,400
		1,290,000	1,277,400
Current maturity of lease deposit		(1,250,000)	-
		40,000	1,277,400
6 INTANGIBLE ASSETS			
- Accounting Software			
Cost		1,000,000	1,000,000
Accumulated amortization		(333,333)	(133,333)
		666,667	866,667
Rate of amortization		20%	20%
7 BIOLOGICAL ASSETS			
At fair value			
Carrying value at beginning of the year		484,349	1,273,700
Addition due to cultivation		800,686	399,179
Gain arising from changes in fair value less estimated cost to sale		303,762	158,515
		1,588,797	1,831,394
Deduction due to harvesting		(360,533)	(1,347,045)
Carrying value at end of the year		1,228,264	484,349
7.1 Operations and principal activities at farms			

The company's agriculture activities include sugar cane and seeds cultivation, which is supplied to various sugar cane growers.



	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
8 STORES AND SPARES			
Stores		44,677,790	42,075,643
Spares		12,799,177	13,954,406
		57,476,967	56,030,049
9 STOCK IN TRADE			
Sugar in process		6,374,599	4,000,944
Sugar - Finished goods		221,056,747	-
Molasses		11,553,042	4,448,140
		238,984,388	8,449,084
10 TRADE DEBTORS			
Considered good	23.5	40,743,177	222,549,400
11 LOANS AND ADVANCES			
Loans - considered good			
- growers		8,997,690	2,815,190
- staff		641,847	615,842
		9,639,537	3,431,032
Advances - considered good			
- suppliers		32,344,813	16,222,541
- against income tax		16,613,411	2,933,861
- against expenses		366,435	313,397
		49,324,659	19,469,799
considered bad			
- suppliers		-	5,722
- provision against considered doubtful		-	(5,722)
		-	-
		58,964,196	22,900,831



	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
12 DEPOSITS AND PREPAYMENTS			
Current maturity of lease deposit		1,250,000	-
Prepayments		592,466	739,396
		<u>1,842,466</u>	<u>739,396</u>

13 CASH AND BANK BALANCES

Cash in hand		2,011,240	1,140,117
Cash at Bank			
- Current accounts		101,028,410	17,732,461
- Deposit account	13.1	18,814,638	15,212,027
		<u>119,843,048</u>	<u>32,944,488</u>
		<u>121,854,288</u>	<u>34,084,605</u>

13.1 It carries markup ranging from 8.5% to 11.5% (2010: 8.5% to 10.5%) annually.

14 SHARE CAPITAL

<i>2011 (Number of Shares)</i>	<i>2010</i>		<i>2011 Rupees</i>	<i>2010 Rupees</i>
Authorized capital				
<u>10,000,000</u>	<u>10,000,000</u>	Ordinary shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up capital				
3,440,913	3,440,913	Ordinary shares of Rs. 10 each issued for cash	34,409,130	34,409,130
250,000	250,000	Issued to PICIC under terms of loan agreement	2,500,000	2,500,000
<u>2,072,741</u>	<u>2,072,741</u>	Issued as fully paid bonus shares	<u>20,727,410</u>	<u>20,727,410</u>
<u>5,763,654</u>	<u>5,763,654</u>		<u>57,636,540</u>	<u>57,636,540</u>

14.1 The number of shares held by associated companies - (related parties) of the company are 3,507,446 (2010: 3,507,446).



	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET		
Opening balance	393,094,128	412,562,888
Transferred to equity in respect of incremental depreciation - net of deferred tax	(11,981,564)	(12,654,694)
Related deferred tax liability of incremental depreciation.	(6,451,611)	(6,814,066)
	(18,433,175)	(19,468,760)
	374,660,953	393,094,128
Less: Related deferred tax liability		
- at beginning of the year	125,116,973	131,931,039
- on Incremental depreciation for the year	(6,451,611)	(6,814,066)
	118,665,362	125,116,973
	255,995,591	267,977,155

15.1 Land, building, plant and machinery of the Company were first time revalued by an independent professional valuer M/s. Asif Associates (Private) Limited on the basis of present value as on July 14, 2004 resulting in surplus of Rs.488.629 million incorporated in the financial statements for the year ended September 30, 2006. Subsequently these were again revalued by the same professional valuer on the basis of present value as on July 09, 2009 resulting in surplus of Rs.10.418 million which has been credited to surplus on revaluation of property plant and equipment.

15.2 Had there been no revaluation, the status of revalued assets (after providing depreciation) would have been as follows: -

	<i>Cost as at September 30, 2011</i>	<i>Accumulated Depreciation</i>	<i>Written down Value as at September 30, 2011</i>
	----- <i>Rupees</i> -----		
Free hold land	482,937	-	482,937
Factory building on free hold land	55,941,998	32,538,179	23,403,819
Non - Factory building on free hold land	5,688,514	4,501,059	1,187,455
Plant and machinery	643,578,124	251,975,282	391,602,842
	705,691,573	289,014,520	416,677,053



16 DIRECTOR'S SUBORDINATED LOAN

This is an interest free and unsecured long term loan from Chief Executive of the company and not payable within twelve months from the balance sheet date.

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
17 LONG TERM FINANCES			
From banking company - secured			
Demand Finance Facility	17.1	29,333,332	43,999,999
Current maturity shown under current liabilities	22	(14,666,667)	(14,666,667)
		<u>14,666,665</u>	<u>29,333,332</u>

17.1 This represents demand finance facility of Rs. 66 million and carries mark up at the rate of average of 3 months KIBOR plus 2.5%. The loan is payable in 18 equal quarterly installments of Rs.3.67 million. The loan is secured against equitable mortgage over factory premises and first pari passu charge of Rs. 175 million on the present and future fixed assets of the Company and subordination of director loan up to Rs. 200 million and personal guarantee of the Chief Executive.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

This represents finances obtained under the lease arrangement for plant and machinery. The total minimum lease payment are payable in 60 monthly installments. The internal rate of return ranging from 12.97% to (2010: 12.97%).



The amount of future payments for the lease and the period in which these payments will become due are:

	<i>Note</i>	2011 <i>Rupees</i>	2010 <i>Rupees</i>
Minimum lease payments			
Upto one year		5,524,000	6,411,000
More than 1 year but not later than 5 years		-	5,524,000
		5,524,000	11,935,000
Finance charges not yet due			
Upto one year		200,609	921,593
More than 1 year but not later than 5 years		-	200,609
		200,609	1,122,202
Present value of minimum lease payments			
Upto one year		5,323,391	5,489,407
More than 1 year but not later than 5 years		-	5,323,391
		5,323,391	10,812,798
Current portion shown under current liabilities	22	5,323,391	5,489,407
		-	5,323,391
19 DEFERRED LIABILITIES			
Deferred taxation	19.1	229,570,000	226,202,942
Staff retirement benefits	19.2	1,447,048	1,524,013
		231,017,048	227,726,955
19.1 Deferred taxation comprises differences relating to:			
Credit balance arises due to:			
Accelerated tax depreciation		231,812,141	223,112,570
Assets subject to finance lease		7,037,843	7,408,256
		238,849,984	230,520,826
Debit balance arises due to:			
Provision for gratuity		(506,467)	(533,405)
Liabilities against assets subject to finance lease		(1,863,187)	(3,784,479)
Minimum tax impact		(6,910,330)	-
		(9,279,984)	(4,317,884)
		229,570,000	226,202,942



19.2 Staff retirement benefits	Note	2011	2010
Gratuity		Rupees	Rupees
a) Reconciliation of obligation as at year end			
Reconciliation of defined benefit obligation		206,146	1,038,264
Benefits payables		919,369	128,490
Unrecognized actuarial loss		321,533	357,259
Net liability at end of the year		<u>1,447,048</u>	<u>1,524,013</u>
b) Charge for the year			
Current service cost		29,576	613,721
Interest cost		54,985	148,690
Actuarial (gain)/ loss recognized for the year		(35,726)	87,187
		<u>48,835</u>	<u>849,598</u>
c) Movement in defined benefit obligation			
Present value of defined benefit obligation			
at beginning of the year		1,038,264	840,519
charge for the year		48,835	849,598
benefits paid during the year		(125,800)	(564,666)
actuarial (Gain) on PVDBO		(755,153)	(87,187)
at the end of the year		<u>206,146</u>	<u>1,038,264</u>
d) Changes in actuarial gains / (losses)			
Unrecognized actuarial gains/(losses)			
at the beginning of the year		357,259	270,072
actuarial gain / (losses) arising during the year		-	128,490
recognized for the year		(35,726)	(41,303)
at the end of the year		<u>321,533</u>	<u>357,259</u>



e) The principal actuarial assumptions used for the purpose of the valuation were as follows:

	2011	2010
Discount	12% per	12% per
Expected rate of increase in salary	12% per	12% per
Average expected remaining working life time of employees	2 years	3 years

f) Present value of defined benefits obligations :-

	2011	2010	2009	2008	2007
	----- Rupees in Thousands -----				
Present value of defined obligations at the end of the year	206,146	1,038,264	840,519	N/A	N/A

g) Experience adjustments

Experience adjustment arising on plan liabilities	755,153	87,187	206,872	N/A	N/A
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20 SHORT TERM BORROWINGS

Unsecured - interest free

- from director	20.1	100,000,000	-
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Secured - interest bearing

- from banking companies	20.2 & 20.3	-	-
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Note	2011 Rupees	2010 Rupees
	100,000,000	-

20.1 This is an interest free short term loan from Chief Executive of the company.

20.2 The short term credit facilities available from banking companies and unavailed in respect of cash finances as at September 30, 2011 amounting to Rs. 750 (2010: Rs. 520) million and Rs. 750 (2010: Rs. 520) million respectively. These finances are secured against pledge of refined white sugar, pari passu charge on fixed assets, subordination of director's loan and personal guarantee of chief executive of the Company. Mark up charging rate ranges from three month KIBOR + 2.5% and 2.75% to three months KIBOR +3% (2010: one month KIBOR +2.75 % to three months KIBOR + 3 %).



20.3 The details of other credit facilities available to the company and not availed as at September 30, 2011 are as under:

	2011	2010
	Rupees	Rupees
Nature of Facilities		
Murabaha Finance	200,000,000	100,000,000
Sub-limits of cash finance facilities are:		
Letter of Credit (0.10% per quarter)	250,000,000	250,000,000
Finance against import (one month KIBOR + 3%)	250,000,000	250,000,000
Shipping guarantee (as per bank schedule of charges)	250,000,000	250,000,000

The aggregate of the above sublimit should not exceed the total limit of cash finance facility of one of the banking companies amounting to Rs. 300 (2010: Rs 300) million.

	Note	2011	2010
		Rupees	Rupees
21 TRADE AND OTHER PAYABLES			
Trade Creditors		36,849,300	17,693,379
Accrued liabilities		17,148,891	11,045,838
Advance from customers		24,254,653	133,158
Sales tax payable		-	8,505,000
Retention money		152,266	148,566
Workers profit participation fund payable	21.1	12,340,504	7,189,473
Workers welfare fund payable		4,205,099	2,893,344
Provident fund payable	21.2	6,865,753	7,182,150
Market committee fee payable		1,907,163	866,763
Others		6,828,275	8,835,951
		110,551,904	64,493,622

21.1 Workers' profit participation fund payable

Opening balance		7,189,473	14,773,893
Interest on funds utilized in the Company's business	29	1,150,316	2,178,792
		8,339,789	16,952,685
Payments made during the year to workers		-	16,952,685
		8,339,789	-
Provision for the year		4,000,715	7,189,473
		12,340,504	7,189,473



21.2 The Company is maintaining separate bank account for Provident fund.

	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
22 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current maturity of long term loan	17	14,666,667	14,666,667
Current maturity of liabilities against finance lease	18	5,323,391	5,489,407
		19,990,058	20,156,074

23 CONTINGENCIES AND COMMITMENTS

Contingencies

23.1 The Company has filed an appeal under section 34 of the Federal Excise Act 2005 before the Customs, Central Excise & Sales Tax Appellate Tribunal, Lahore against the liability for central excise duty amounting to Rs. 4.1 million and equal amount of penalty. The management is confident of a favourable outcome.

23.2 The Company has filed an appeal with Punjab Security Court Lahore against order of director Punjab Employees Social Security Institution for payment of social security contribution amounting to Rs. 6.6 million (2009 : Rs. 7.3 million). The appeal is in process and the Company is confident of a favourable outcome.

23.3 The food Secretary Punjab imposed a penalty of Rs.372,494 against the Company. The Company made appeal in Lahore High Court which was dismissed by the Honourable Court. Now the case has been filed in the Supreme Court of Pakistan and the Company expects favourable outcome of the case.

23.4 The company has filed an appeal before the Honourable High Court of Sindh and with the Supreme Court of Pakistan against the orders of Income Tax Appellate Tribunal and Honourable High Court of Sindh for the various assessment years against various inadmissible expenses, the financial effect of which can not be reliably measured till the final outcome of the cases. However, the management is confident that the cases will be decided in favour of the company.

23.5 The company has filed case in Honourable 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 recorded receivable amounting to Rs. 37,507,900 at Rs. 38/kg.



- 23.6** CPLA titled "Adam Sugar Mills Vs. Secretary to Govt. of Punjab. Food Department and Others" filed on 10.7.10 in the Supreme Court against the judgment dated 17.06.2010 of the Lahore High Court.
Matter involves no future liability as the disputed amount has already been paid under direction of the High Court.
- 23.7** A case has been filed by the Company in Honorable Lahore High Court against Additional Collector in which legal interpretation is sought about whether the Company should pay sales tax on the price charged by the Company or on the rate fixed by the FBR. The Company is confident of favourable outcome of this case.
- 23.8** The company has filed case in Honorable Lahore High Court in which it was prayed to declare the provision of Federal Excise Act, 2005 regarding payment of 1% Special Excise Duty under section 3(a) as illegal and quash. The Honorable Lahore High Court gave interim relief till the case is finally decided based on future hearings. The Company is quite sure for a positive decision.
- 23.9** Guarantees issued by Banking Companies on behalf of the Company are as follows:

	2011	2010
	Rupees	Rupees
In favour of :		
Market committee Chistian	125,000	125,000
Excise Duty collection Multan	50,000	50,000
PESSI against lien by banking Company over TDR	8,930,000	-
	<u>9,105,000</u>	<u>175,000</u>
Commitments		
Future Lease rentals	<u>5,524,000</u>	<u>11,935,000</u>

24 SALES - NET

Sugar- Local	2,378,487,247	2,104,528,338
Molasses	157,625,451	116,997,739
	<u>2,536,112,698</u>	<u>2,221,526,077</u>
Sales Tax and Excise Duty	(95,420,043)	(82,985,127)
	<u>2,440,692,655</u>	<u>2,138,540,950</u>



	<i>Note</i>	<i>2011</i> <i>Rupees</i>	<i>2010</i> <i>Rupees</i>
25 COST OF SALES			
Manufacturing cost			
Sugarcane purchased & Consumed		2,253,152,222	1,495,508,029
Handling expenses		2,531,055	1,866,360
Road cess		11,438,457	5,890,892
Stores consumed		24,714,179	12,556,444
Market committee fees		11,850,665	1,566,815
Salaries, wages and allowances	25.1	60,497,923	42,708,018
Repairs and maintenance	25.2	34,162,300	26,481,474
Fuel and power		15,514,674	10,951,371
Insurance		3,491,662	1,892,751
Flying ash removal expenses		1,922,566	1,399,259
Depreciation	4.1.1	42,770,108	42,968,615
		2,462,045,811	1,643,790,028
Opening stock of sugar in process		4,000,944	2,088,181
Closing stock of sugar in process		(6,374,599)	(4,000,944)
		(2,373,655)	(1,912,763)
Cost of goods manufactured		2,459,672,156	1,641,877,265
Opening stock			
Molasses		4,448,140	1,202,520
Sugar - Finished goods		-	281,389,231
		4,448,140	282,591,751
Closing stock			
Molasses		(11,553,042)	(4,448,140)
Sugar - Finished goods		(221,056,747)	-
		(232,609,789)	(4,448,140)
		2,231,510,507	1,920,020,876

25.1 This include Rs.77,341 (2010: Rs.83,278) contribution each from the employees and the Company towards the provident fund scheme.

25.2 It includes an amount of Rs.3,872,939 (2010 : Rs4,301,461) paid against purchase of lube oil from Adam Lubricants Limited (associated undertaking). The pricing policy and terms and conditions are approved by the management and the same are entered at fair value.



	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and other allowances	26.1	21,988,922	18,388,414
Directors' remuneration		670,500	675,750
Printing and stationery		1,001,780	592,426
Postage, Telegram and Telephone		1,405,031	1,273,613
Security guard services		180,000	165,000
Vehicle running expenses		3,216,999	2,704,591
Conveyance and travelling		1,176,870	1,236,596
Auditors' remuneration	26.2	455,000	375,000
Legal and professional charges		1,625,948	1,616,324
Rent, rates and taxes		815,965	860,005
Electricity		784,567	988,751
Fee and subscription		403,314	236,527
Entertainment		450,528	325,723
General expenses		880,340	1,062,542
Repair and maintenance		260,497	136,468
Charity and donation	26.3	691,304	397,910
Computer expenses		667,127	63,025
Amortization of intangible assets	6	200,000	133,333
Depreciation	4.1.1	1,765,036	1,675,276
		38,639,728	32,907,274
26.1 This include staff retirement benefits of Rs. 48,835 (2010: Rs. 849,598).			
26.2 Auditors' remuneration			
Statutory Audit			
Haroon Zakaria & Company			
- Statutory Audit fee		300,000	225,000
- Review of half yearly accounts		25,000	25,000
- Review of compliance with corporate governance		30,000	25,000
		355,000	275,000
Cost audit			
Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq & Company			
- Cost audit fee		100,000	100,000
		455,000	375,000
26.3 None of the director or their spouse had any interest in the donee institutions.			
27 SELLING AND DISTRIBUTION EXPENSES			
Loading and unloading expenses		854,962	449,222
Shifting expenses		1,126,779	552,420
Advertisement expenses		145,250	38,000
Others		143,808	26,486
		2,270,799	1,066,128



	<i>Note</i>	<i>2011 Rupees</i>	<i>2010 Rupees</i>
28 OTHER OPERATING INCOME			
Income from financial assets			
Profit on fixed deposit		6,096,500	5,383,740
Income from assets other than financial assets			
Rent		18,000	18,000
Profit on sale of fixed assets		12,695	-
Farming (loss) / income - net		1,181,670	(220,980)
Miscellaneous		1,658,353	655,790
		2,870,718	452,810
		8,967,218	5,836,550
29 FINANCIAL CHARGES			
Mark up on			
- short term finances		86,631,158	33,739,425
- long term loan		6,277,719	7,775,317
- liabilities against assets subject to finance lease		921,541	1,586,475
- mark up on workers profit participation fund	21.1	1,150,316	2,178,792
		94,980,734	45,280,009
Bank charges and commission		2,243,804	1,313,749
		97,224,538	46,593,758
30 OTHER OPERATING CHARGES			
Workers' Profit Participation Fund		4,000,715	7,189,473
Workers' Welfare Fund		1,311,755	2,893,344
		5,312,470	10,082,817



31 TAXATION	Note	2011 Rupees	2010 Rupees
Current			
- for the year		24,406,927	34,043,457
Deferred			
- for the year		3,367,058	13,682,417
- reversal relating to surplus on revaluation		-	(6,814,066)
		3,367,058	6,868,351
		27,773,985	40,911,808

31.1 Relationship between tax expense and accounting profit

	2011 Effective tax rate	2010	2011 Rupees	2010 Rupees
Profit before tax			74,701,831	133,706,647
Tax at the applicable tax rate of 35%	1%	35.00	-	46,797,326
Tax effective of expenses that are not admissible in determining taxable income	-		-	16,477,987
Tax effect of expenses that are admissible but not included in determining accounting profit	-		-	(13,654,461)
Effect of tax losses brought forward			-	(15,577,395)
	1	35.00	-	34,043,457

Reconciliation between accounting profit and tax expense is not justifiable for current year as current year taxation is based on minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001. This is due to the fact that 1% tax on turnover is higher than taxation at 35% on taxable profit.

31.2 Income tax returns upto and including the tax year 2011 have been filed, which are deemed to be the assessment orders under provisions of the Income Tax Ordinance, 2001. However the commissioner of income tax may any time during the period of five years select the deemed assessment for audit.



	2011	2010
	Rupees	Rupees
32 EARNING PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	Rs. 46,927,846	92,794,839
No of Ordinary shares outstanding	5,763,654	5,763,654
Earning per share - basic and diluted	Rs. 8.14	16.10
33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		
33.1 Financial assets		
Loans and receivables		
Long term deposits	40,000	1,277,400
Trade debts - unsecured (considered good)	40,743,177	222,549,400
Loans and advances	641,847	615,842
Other receivables	766,498	323,281
Interest accrued	9,789	284,771
Cash and bank balances	121,854,288	34,084,605
	164,055,599	259,135,299
33.2 Financial liabilities - at cost		
Director's subordinated loan	239,324,437	239,324,437
33.3 Financial liabilities - at amortized cost		
Long term finances	14,666,665	29,333,332
Long term lease liabilities	-	5,323,391
Deferred liabilities	1,447,048	1,524,013
Trade and other payables	69,751,647	39,077,531
Short term borrowings	100,000,000	-
Accrued markup on borrowings	89,001	-
Current portion of non-current liabilities	19,990,058	20,156,074
Unclaimed dividend	2,250,480	2,101,738
	447,519,336	336,840,516



33.4 The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of prices of the sugar and byproduct (molasses) and purchase price of the sugarcane and seeks potential adverse effects on the company's financial performance.

Risk managed and measured by the company are explained below: -

- Credit risk
- Liquidity risk
- Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

33.5 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. Out of the total financial assets of Rs.164.056 (2010 : Rs.259.135) million, the financial assets which are subject to credit risk amounted to Rs.162.044 (2010 : Rs.257.995) million.

The carrying amount of financial assets representing the maximum credit exposure at the reporting date as follows: -

	2011	2010
	Rupees	Rupees
Long term deposits	40,000	1,277,400
Trade debts - unsecured (considered good)	40,743,177	222,549,400
Loans and advances	641,847	615,842
Other receivables	766,498	323,281
Interest accrued	9,789	284,771
Bank balances	119,843,048	32,944,488
	162,044,360	257,995,182

33.5.1 The maximum exposure to credit risk for trade debtors is Rs. 37.51(2010: Rs.185.041) million.



33.5.2 Impairment

The ageing of trade debts as at balance sheet date are as follows;

	2011		2010	
	<i>Gross debts</i>	<i>Impaired</i>	<i>Gross debts</i>	<i>Impaired</i>
	----- Rupees -----			
Past due 0 - 30 days	373,189	-	185,041,500	-
Past due 31 - 180 days	2,862,088	-	-	-
Past due 181 and above	37,507,900	-	37,507,900	-
	<u>40,743,177</u>	<u>-</u>	<u>222,549,400</u>	<u>-</u>

33.5.3 Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto 360 days do not require any impairment. (Refer Note - 23.5).

33.6 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The following are the contractual maturities of the financial liabilities, including estimated interest payments: -

	2011			
<i>Financial Liabilities</i>	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
Loan from directors	239,324,437	(239,324,437)		(239,324,437)
Finances (Long and short)	29,333,332	(35,105,033)	(18,835,117)	(16,269,917)
Liabilities against assets subject to				
finance leases	5,323,391	(5,524,000)	(5,524,000)	-
Deferred liabilities	1,447,048	(1,447,048)	-	(1,447,048)
Trade and other payables	69,751,648	(69,751,648)	(69,751,648)	-
Unclaimed dividend	2,250,480	(2,250,480)	(2,250,480)	-
	<u>347,430,336</u>	<u>(353,402,646)</u>	<u>(96,361,245)</u>	<u>(257,041,402)</u>



<i>Financial Liabilities</i>	<i>2010</i>			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	<i>----- Rupees -----</i>			
Loan from directors	239,324,437	(239,324,437)	-	(239,324,437)
Finances (Long and short)	43,999,999	(59,544,806)	(24,749,972)	(34,794,834)
Liabilities against assets subject to finance leases	10,812,798	(11,935,000)	(6,411,000)	(5,524,000)
Deferred liabilities	1,524,013	(1,524,013)	-	(1,524,013)
Trade and other payables	39,077,531	(39,077,531)	(39,077,531)	-
Unclaimed dividend	2,101,738	(2,101,738)	(2,101,738)	-
	336,840,516	(353,507,525)	(72,340,241)	(281,167,284)

33.7 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of its holdings of financial instruments.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to any currency risk.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments were as follows: -

	2011	2010
	Effective Interest Rate	
	(In Percent)	
Variable Rate Instruments		
Financial liabilities		
Demand finance from banking company	15.77%	14.92%
Liabilities against assets subject to finance leases	12.97%	12.97%
Short term borrowings	16.46%	15.22%
	15.07%	14.37%



Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant.

	<i>Profit and Loss 100 bp</i>	
	<i>Increase</i>	<i>(Decrease)</i>
<i>Cash flow Sensitivity - Variable Rate Instruments</i>		
As at September 30 2011	6,227,751	(6,227,751)
Cash flow Sensitivity		
As at September 30 2010		
Cash flow Sensitivity	3,000,085	(3,000,085)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

iii) Price Risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

At reporting date, the company is not exposed to price risk as the company has no investment.

34 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may issue new shares and take other measures commensurating the circumstances.



Consistent with others in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from banking companies less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2011	2010
	Rupees	Rupees
Total borrowings	134,656,723	54,812,797
Less: Cash and bank balances	121,854,288	34,084,605
Net debt	12,802,435	20,728,192
Total equity	330,174,761	285,674,486
Total Capital	342,977,196	306,402,678
Gearing ratio (%)	3.73	6.77

35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The estimated fair value of financial instruments is not significantly different from their carrying value as shown in these financial statements.

36 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

<i>Particulars</i>	2 0 1 1			2 0 1 0		
	<i>Chief Executive</i>	<i>Directors</i>	<i>Total</i>	<i>Chief Executive</i>	<i>Directors</i>	<i>Total</i>
	----- Rupees -----					
Fees	-	6,000	6,000	-	6,500	6,500
Managerial remuneration	36,000	628,500	664,500	36,000	633,250	669,250
	36,000	634,500	670,500	36,000	639,750	675,750
Number of persons	1	6	7	1	6	7

36.1 Chief executive and two directors of the Company have been provided with free use of Company's car.

36.2 No employees of the company fall under the definition of "Executives" as per the Companies Ordinance 1984.



37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel. Year end balances of related parties are shown in the relevant notes to the financial statements. Other transactions with related parties are disclosed as follows: -

	2011	2010
	Rupees	Rupees
Receipts of short term loan from the director	250,000,000	214,138,169
Repayments of short term loan from the director	150,000,000	314,138,169
Purchases of oil and lubricants - from associated undertaking	3,872,939	4,301,461

37.1 The above transactions with related parties are entered into on arm's length basis except loan from director which are interest free.

38 CAPACITY AND PRODUCTION

	2011	2010
Crushing capacity - based on 142 days (M. Tons)	639,000	639,000
Cane crushed (M. Tons)	457,538	313,363
Sugar produced (M. Tons)	42,883	27,716
Days worked (Number of days)	128	103

Cane crushed is less than installed capacity due to the shortage of sugarcane.

39 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

39.1 Revenue from sale of sugar represents 94% (2010 : 95%) of the gross sales of the Company.

39.2 All sales of the Company are made to customers located in Pakistan.

39.3 All non-current assets of the Company at 30 September 2011 are located in Pakistan.

39.4 One customer of the Company accounts for 38% (2010 : 45.5%) of gross sales of the Company for the year.



40 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Director of the company in its meeting held on December 20, 2011 has proposed a final cash dividend of Rs.2.5 (2010: Rs.2.5) per share amounting to Rs.14.409 (2010 : Rs.14.409) million and appropriation to general reserve amounting to Rs. 100 million (2010 : Rs.85 million) for approval of the member in the Annual General Meeting to be held on January 28, 2012. The Financial Statement for the year ended September 30, 2011 do not include the effect of the proposed cash dividend and appropriation to general reserve, which will be accounted for in the financial statements for the year ended September 30, 2012.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20 December, 2011 by the Board of Directors of the Company.

42 GENERAL

Figures have been rounded off to the nearest rupee.

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director



46th ANNUAL GENERAL MEETING

PROXY FORM

Please Quote Reg. Folio No.

I/We _____

of _____

Being a member of **Adam Sugar Mills Limited** Holder of _____

shares hereby appoint _____ of _____

(another Member of the Company) or failing him _____ as

my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 9:30 a.m. on Saturday, 28 January, 2012 at The Arts Council Of Pakistan and at any adjournment thereof.

In witness my/our hand this _____ day of 2012

Signed by the said _____
(WITNESS'S SIGNATURE)

In the presence of _____
(WITNESS'S SIGNATURE)

Affix Rs. 5/-
Revenue
Stamp

This form of Proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hours before the time of the meeting.