

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE THIRD QUARTER ENDED
30 JUNE, 2009
(UN-AUDITED)**



ADAM SUGAR MILLS LIMITED

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

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ADAM SUGAR MILLS LIMITED

VISION

To be the leader in sugar industry by building the Company's 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.

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
MEMBER
MEMBER

MR. JUNAID G. ADAM
MR. JAWAID AHMED
MR. OMAR G. ADAM

DIRECTOR FINANCE/ CORPORATE SECRETARY

MR. QAMAR RAFI KHAN, ACA

AUDITORS

HAROON ZAKARIA & COMPANY
Chartered Accountants

REGISTERED OFFICE

HAJI ADAM CHAMBERS,
ALTAF HUSSAIN ROAD,
NEW CHALLI, KARACHI-2

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN
DISTRICT BAHAWALNAGAR

WEBSITE ADDRESS

www.adam.com.pk/Adamsugar.htm



ADAM SUGAR MILLS LIMITED

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

CHIEF EXECUTIVE'S REVIEW

On behalf of the Board of Directors, I am pleased to present to you the unaudited accounts of the company for the nine months ended 30 June, 2009.

The mills crushed 256,030 tons of sugarcane at an average recovery of 9.47% and produced 24,835 tons of sugar as compared to 350,662 tons of sugarcane at an average recovery of 9.02% and production of 31,622 tons of sugar in the previous period.

This year the Government raised the sugarcane price from Rs. 60/= per 40 kg to Rs.80/= per 40 kg. However due to shortage of sugarcane, we were compelled to purchase sugarcane at very high rate.

The production is less than previous year but, due to good recovery, the company managed to earn satisfactory profit in comparison to last year.

Your directors appreciate the spirit and cooperation shown by the officers, staff and workers.

Karachi: 30 July, 2009

(GHULAM AHMED ADAM)
CHIEF EXECUTIVE



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT JUNE 30, 2009

	JUNE 30 2009 (Unaudited)	SEPTEMBER 30 2008 (Audited)
Note(Rupees in thousands).....	
ASSETS		
Non- Current Assets		
Property, plant and equipment	800,332	800,512
Long term deposits	1,543	1,541
Current Assets		
Biological assets- at fair value	446	446
Stores and Spares	50,640	48,398
Stock in Trade	5 654,490	173,825
Trade Debts	6 -	197,561
Loans, advances, deposits and prepayments	62,725	49,971
Cash and Bank Balances	7 51,626	46,141
	<u>819,927</u>	<u>516,342</u>
TOTAL ASSETS	<u>1,621,802</u>	<u>1,318,395</u>
SHARE CAPITAL AND RESERVES		
Share Capital		
Authorised		
10,000,000 Ordinary Shares Of Rs.10 each	100,000	100,000
	<u>57,637</u>	<u>57,637</u>
Issued, Subscribed and Paid-Up Capital	57,637	57,637
Reserve and Surplus		
General Reserve	15,000	15,000
Accumulated Profit	112,044	86,052
	<u>127,044</u>	<u>101,052</u>
Shareholders equity	184,681	158,689
Surplus on revaluation of fixed assets	276,046	285,737
NON-CURRENT LIABILITIES		
Sponsors subordinated loan -secured (interest free)	239,325	239,325
Long term loan-secured	47,666	58,666
Liabilities against assets subject to finance lease	12,315	15,949
Deferred liabilities	179,659	94,874
	<u>478,965</u>	<u>408,814</u>
CURRENT LIABILITIES		
Short term borrowings	8 517,233	333,001
Current Maturity of Long Term Liabilities	19,552	15,142
Creditors, Accrued Expenses and Other Liabilities	129,467	100,422
Provision for Taxation	14,120	14,852
Unclaimed dividend	1,738	1,738
	<u>682,110</u>	<u>465,155</u>
Contingencies and commitments	9	
TOTAL CAPITAL AND LIABILITIES	<u>1,621,802</u>	<u>1,318,395</u>

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

Karachi:
Dated: 30th July, 2009

GHULAM AHMED ADAM
Chief Executive

OMAR G.ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED JUNE 30, 2009

	For the period Oct 2008 to Jun 2009(Rupees in thousands).....	For the period Oct 2007 to Jun 2008(Rupees in thousands).....	3rd Quarter Apr 2009 to Jun 2009(Rupees in thousands).....	3rd Quarter Apr 2008 to Jun 2008(Rupees in thousands).....
Sales- Net	519,617	504,954	167,224	200,328
Cost of Sales	356,564	438,713	146,530	176,743
Gross Profit	163,053	66,241	20,694	23,585
Operating Expenses				
Administrative	21,493	16,997	5,822	5,388
Selling	1,007	4,492	77	3,700
	22,500	21,489	5,899	9,088
Operating Profit	140,553	44,752	14,795	14,497
Other Income	13,640	14	4,096	4
	154,193	44,766	18,891	14,501
Financial	45,635	27,145	20,162	12,618
Worker's Profit Participation Fund	5,427	963	(64)	963
Worker's Welfare fund	2,023		(1,426)	
	53,085	28,108	18,672	13,581
Profit before taxation	101,108	16,658	219	920
Provision for Taxation				
Current	-	2,525	-	1,002
Deferred	84,808	(10,895)	-	(3,632)
	84,808	(8,370)	-	(2,630)
Profit after taxation	16,300	25,028	219	3,550
Earning per share	Rs. 2.83	Rs. 4.34	Rs. 0.04	Rs. 0.62

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

Karachi:
Dated: 30th July, 2009

GHULAM AHMED ADAM
Chief Executive

OMAR G.ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED JUNE 30, 2009

	JUNE 30 2009	JUNE 30 2008
(Rupees in thousands).....	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	101,108	16,658
Depreciation	30,475	28,283
Loss on sales of fixed assets	46	-
Financial charges	45,635	27,145
	<u>76,156</u>	<u>55,428</u>
Operating Profit before working capital changes	177,264	72,086
Decrease / (Increase) in current assets		
Stores and spares	(2,242)	(1,862)
Stock in trade	(480,665)	(205,496)
Trade debts	197,561	(6,948)
Loans, advances, deposits & other receivables	(7,446)	(8,964)
	<u>(292,792)</u>	<u>(223,270)</u>
Increase/ (decrease) in current liabilities		
Creditors , accrued & other liabilities	(8,093)	(53,105)
Advances & deposits	22,899	103,962
Worker's profit participation fund	5,954	-
Worker's Welfare fund	2,022	1,193
	<u>22,782</u>	<u>52,050</u>
	<u>(92,746)</u>	<u>(99,134)</u>
Net cash (used in) / generated from operations after working capital changes		
Financial charges paid	(39,394)	(21,134)
Taxes paid	(6,041)	(5,283)
	<u>(45,435)</u>	<u>(26,417)</u>
Net cash (used in) / generated from operating activities	(138,181)	(125,551)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(30,641)	(949)
Addition in Capital Work in Progress	-	(5,458)
Proceeds from sales of fixed assets	300	-
Net cash used in investing activities	(30,341)	(6,407)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance Lease	-	-
Security Deposits	(2)	-
Repayment of Long Term Loan	(6,696)	(10,500)
Repayment of lease liability	(3,528)	(3,143)
Sponsor's subordinated loan	-	-
Net cash (outflow) from financing activities	(10,226)	(13,643)
Net (Decrease) in cash & cash equivalent	(178,748)	(145,601)
Cash and cash equivalents at beginning of year	(286,859)	(196,816)
Cash and cash equivalents at end of year	<u>(465,607)</u>	<u>(342,417)</u>
CASH AND CASH EQUIVALENTS COMPRISES		
Cash and bank balances	51,626	124,606
Short term finances	(517,233)	(467,023)
	<u>(465,607)</u>	<u>(342,417)</u>

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

Karachi:

Dated: 30th July, 2009

GHULAM AHMED ADAM
Chief Executive

OMAR G.ADAM
Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED JUNE 30, 2009

DESCRIPTION	SHARE CAPITAL	(Rupees in thousands)		TOTAL
		GENERAL RESERVE	ACCUMULATED PROFIT	
Balance as at September 30, 2008	57,637	15,000	86,052	158,689
Profit for the nine months Oct 2008 to June 2009	-	-	16,300	16,300
Incremental depreciation transferred from surplus on revaluation of Fixed Assets	-	-	9,692	9,692
Balance as at JUNE 30, 2009	57,637	15,000	112,044	184,681

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

Karachi:
Dated: 30th July, 2009

GHULAM AHMED ADAM
Chief Executive

OMAR G.ADAM
Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED JUNE 30, 2009

1. THE COMPANY AND ITS OPERATIONS

Adam Sugar Mills Limited is a public limited company incorporated in Pakistan and is quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in the manufacture and sale of sugar.

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 have been prepared in accordance with the requirements of the International Accounting Standard, 34- interim financial reporting as applicable in Pakistan. These financial statements should be read in conjunction with the financial statements of the Company for the year ended September 30,2008.

3. ACCOUNTING POLICIES AND 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 30,2008.

	June 30 2009 (Unaudited)	September 30 2008 (Audited)
.....(Rupees in thousands).....		

4. PROPERTY , PLANT AND EQUIPMENTS

Additions to fixed assets - tangible

Factory Building on free hold land	7,093	7,725
Plant and machinery	87,062	21,122
Computer and other equipments	279	73
Vehicles	2,655	600
Office equipments	88	68
Furniture and fixtures	189	3
Tools and other equipments	89	392
	97,455	29,983

Disposal of fixed assets at cost - tangible

Vehicle	1,650	-
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Karachi:
Dated: 30th July, 2009

GHULAM AHMED ADAM
Chief Executive

OMAR G.ADAM
Director



ADAM SUGAR MILLS LIMITED

	June 30 2009 (Unaudited)	September 30 2008 (Audited)
(Rupees in thousands).....	
Additions to capital work in progress	-	5,457
5. STOCK IN TRADE		
Sugar in Process	650,244	12,406
Molasses	2,150	-
Sugar-Finished goods	2,096	161,419
	<u>654,490</u>	<u>173,825</u>
6. TRADE DEBTS		
Unsecured-Considered good	-	197,562
7. CASH AND BANK BALANCES		
Cash in hand	2,028	940
Cash at bank- in current account.	49,598	45,201
	<u>51,626</u>	<u>46,141</u>
8. SHORT TERM BORROWINGS		
Unsecured		
-From directors	8.1 120,316	90,300
Secured		
-From banking companies	8.2 396,917	242,701
	<u>517,233</u>	<u>333,001</u>

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

8.2 These finances are secured against pledge of refined white sugar, first charge on fixed assets and personal guarantee of Directors and chief executive of the Company. Mark up is at the rates of one month KIBOR + 3.00% and three months KIBOR + 3.50% payable on quarterly basis. The maximum facilities available are Rs.500 million.

9. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited accounts for the year ended September 30,2008.

10. TRANSACTION WITH RELATED PARTIES

The related parties and associated under takings comprise related group companies, local associates, directors and key management personnel.



ADAM SUGAR MILLS LIMITED

10. TRANSACTION WITH RELATED PARTIES

The related parties and associated under takings comprise related group companies, local associates, directors and key management personnel.

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

	June 30 2009 (Unaudited)	September 30 2008 (Audited)
(Rupees in thousands).....	
Purchase of lubricant from Adam Lubricants	746	1,501
Payment of office rent to Adam Limited	136	181
Receipts of short term loan from the Chief Executive	30,016	-

11. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 30 July,2009 by the Board of Directors of the Company.

12. SEASONALITY OF OPERATIONS

The sugar industry is operating on seasonal basis normally from November to March/April. Therefore all major production cost other than fixed cost, for example cost of goods manufactured, stock and short term finances being reflected to be high on this period.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Karachi:
Dated: 30th July, 2009

GHULAM AHMED ADAM
Chief Executive

OMAR G.ADAM
Director