

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

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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	MR. JUNAID G. ADAM
MEMBER	MR. JAWAID AHMED
MEMBER	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

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, 2008.

OPERATING RESULTS:	2008	2007
Cane Crushed-Metric Tons	350,662	289,898
Average Recovery	9.02%	7%
Sugar Produced-Metric Tons	31,622	19,959

The Company has earned a satisfactory profit and the latest policy of the Government to ban export of sugar will be beneficial for the sugar industry. The directors are pleased to report cordial relations with the staff and workers and look forward to their continued cooperation and devotion to duty.

Thank you.

(GHULAM AHMED ADAM)
CHIEF EXECUTIVE

Karachi: 30 July, 2008

PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED 30 JUNE, 2008

	For the period Oct. 2007 to June 2008	For the period Oct. 2006 to June 2007	3rd Quarter Apr. 2008 to June 2008	3rd Quarter Apr. 2007 to June 2007
..... (Rupees in thousands)				
Sales	504,954	431,949	200,328	21,119
Cost of Sales	438,713	528,767	176,743	81,613
Gross Profit (Loss)	66,241	(96,818)	23,585	(60,494)
Operating Expenses				
Administrative	16,997	16,091	5,388	4,345
Selling	4,492	862	3,700	130
Financial	27,145	15,906	12,618	9,547
	48,634	32,859	21,706	14,022
Operating Profit (Loss)	17,607	(129,677)	1,879	(74,516)
Other Income	14	100	4	93
	17,621	(129,577)	1,883	(74,423)
Worker's Profit Participation Fund	963	-	963	-
Profit/(Loss) before taxation	16,658	(129,577)	920	(74,423)
Provision for Taxation				
- Current	2,525	2,160	1,002	106
- Deferred	(10,895)	-	(3,632)	-
	(8,370)	2,160	(2,630)	106
Profit / (Loss) after taxation	25,028	(131,737)	3,550	(74,529)
Earning / (Loss) per share	Rs. 4.34	Rs. (22.86)	Rs. 0.62	Rs. (12.93)

The annexed notes form an integral part of these financial statements

Karachi:
Dated: 30 July, 2008

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

**BALANCE SHEET
AS AT**

	June 30 2008	Sept. 30 2007
 (Rupees in thousands)	
CAPITAL AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital Authorised 10,000,000 Ordinary Shares Of Rs.10 each	100,000	100,000
Issued,Subscribed and Paid-Up	57,637	57,637
General Reserve	15,000	15,000
Accumulated Profit	69,160	33,908
	84,160	48,908
Total shareholders equity	141,797	106,545
Surplus on revaluation of fixed assets	289,145	299,369
NON-CURRENT LIABILITIES		
Sponsors subordinated loan - secured (interest free)	236,024	236,024
Long term loan-secured	-	3,029
Liabilites against assets subject to finance lease	17,201	20,729
Deferred liabilities	67,741	78,637
	320,966	338,419
CURRENT LIABILITIES		
Short term borrowings	467,023	218,151
Current Maturity of Long Term Liability	11,174	18,260
Creditors,Accrued Expenses and Other Liabilities	199,233	141,172
Provision for Taxation	17,042	16,501
Dividend payable	1,738	1,738
	696,210	395,822
	1,448,118	1,140,155

Contingencies and commitment (Note No. 9)

**(UN-AUDITED)
30TH JUNE, 2008**

	June 30 2008	Sept. 30 2007
 (Rupees in thousands)	
PROPERTY AND ASSETS		
NON CURRENT ASSETS		
Property,plant and equipment	720,885	742,762
Long term deposits	1,514	1,514
CURRENT ASSETS		
Stores and Spares	49,113	47,251
Stock in Trade	472,792	267,296
Trade Debts	6,948	-
Loans,advances,deposits and prepayments	72,260	59,997
Cash and Bank Balances	124,606	21,335
	725,719	395,879
	1,448,118	1,140,155

The annexed notes form an integral part of these financial statements

Karachi:
Dated: 30 July, 2008

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2008**

	June 30, 2008	June 30, 2007
	... (Rupees in thousands) ...	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	16,658	(129,577)
Depreciation	28,283	28,562
Gain on sale of assets	-	(85)
Financial charges	27,145	15,906
	55,428	44,383
Operating Profit/(Loss) before working capital changes	72,086	(85,194)
Working capital changes		
Decrease/(Increase) in stores and spares	(1,862)	1,154
Decrease/(Increase) in stock in trade	(205,496)	(74,474)
Decrease/(Increase) in trade debts	(6,948)	2,290
Decrease / (Increase) in loans, advances, deposits & other receivables	(8,964)	(18,531)
	(223,270)	(89,561)
Increase/ (decrease) in operating liabilities		
Increase/ (Decrease) in creditors , accrued & other liabilities	(53,105)	91,333
Increase/ (Decrease) in Advances & deposits	103,962	7,943
Increase/ (Decrease) in Worker's profit participation fund	1,193	314
	52,050	99,590
	(99,134)	(75,165)
Cash used in operations		
Financial charges paid	(21,134)	(17,991)
Dividend paid	-	(5,166)
Taxes paid	(5,283)	(1,283)
	(26,417)	(24,440)
Net cash used in operating activities	(125,551)	(99,605)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(949)	(26,340)
Addition in Capital Work in Progress	(5,458)	100
Net cash used in investing activities	(6,407)	(26,240)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance Lease	-	25,000
Security Deposits	-	(1,250)
Repayment of Long Term Loan	(10,500)	(10,500)
Repayment of lease liability	(3,143)	(886)
Sponsor's subordinated loan	-	(21,000)
Net cash (outflow) from financing activities	(13,643)	(8,636)
Net (Decrease) in cash & cash equivalent	(145,601)	(134,481)
Cash and cash equivalents at beginning of year	(196,816)	(136,260)
Cash and cash equivalents at end of year	(342,417)	(270,741)
CASH AND CASH EQUIVALENTS COMPRISES		
CASH AND BANK BALANCES	124,606	10,652
SHORT TERM FINANCES	(467,023)	(281,393)
	(342,417)	(270,741)

The annexed notes form an integral part of these financial statements

Karachi:
Dated: 30 July, 2008

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2008**

Description	Share Capital	General Reserves	Accumulated Profit/(Loss)	Total
 (Rupees in thousands)			
Balance as at September 30, 2007	57,637	15,000	33,908	106,545
Profit for the nine months Oct 2007 to June 2008	-	-	25,028	25,028
Incremental depreciation transferred from surplus on revaluation of Fixed Assets	-	-	10,224	10,224
Balance as at JUNE 30, 2008	57,637	15,000	69,160	141,797

The annexed notes form an integral part of these financial statements

Karachi:
Dated: 30 July, 2008

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

**NOTES TO THE ACCOUNTS FOR THE NINE MONTHS ENDED JUNE 30, 2008
(UN-AUDITED)**
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 Exchanges. The Company is principally engaged in the manufacture and sale of sugar.

2. BASIS OF PREPARATION

These unaudited accounts 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 accounts should be read in conjunction with the accounts of the Company for the year ended September 30,2007.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of these accounts are same as those applied in preparing the accounts for the year ended September 30,2007.

	June 30 2008 (Un-audited)	September 30 2007 (Audited)
 (Rupees in thousands)	

4. PROPERTY, PLANT AND EQUIPMENT

Additions to fixed assets-tangible		
Factory Building on freehold land	-	2,094
Plant and machinery	137	843
Computer and other equipments	30	234
Vehicles	599	1,024
Office equipments	32	10
Furniture and fixture	-	45
Tools and other equipments	150	49
Airconditioners and refrigerators	-	51
Plant and machinery under lease	-	25,000
	948	29,350
Disposal of fixed assets - tangible		
Vehicle	-	(406)
	-	-
Additions to capital work in progress	5,457	-

	June 30 2008 (Un-audited)	September 30 2007 (Audited)
 (Rupees in thousands)	
5. STOCK IN TRADE		
Sugar in Process	11,813	1,616
Molasses	24,891	-
Sugar-Finished goods	436,088	265,680
	472,792	267,296
6. TRADE DEBTS		
Unsecured-Considered good	6,948	-
	6,948	-
7. CASH AND BANK BALANCES		
Cash in hand	1,682	429
Cash at bank	122,924	20,906
	124,606	21,335
8. SHORT TERM BORROWINGS		
Unsecured		
- From director	8.1	93,600
Secured		
- From banking companies	8.2	373,423
	467,023	218,151

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. Markup is at the rates of one month KIBOR + 2.00% and three months KIBOR + 3.00% 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 30,2007.

10. TAXATION

Due to carry forward taxable losses, provision for tax has been made in the accounts on the basis of turnover under section 113 of the Income Tax Ordinance,2001.

11. 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 2008 (Un-audited)	September 30 2007 (Audited)
 (Rupees in thousands)	
Receipts of subordinated loan from the Chief Executive	-	35,696
Repayment of subordinated loan to Chief Executive	-	37,035
Purchase of lubricant from Adam Lubricants	11,201	1,410
Payment of office rent to Adam Limited	-	181
Receipts of short term loan from the Chief Executive	93,600	-
Repayment of short term loan to the Chief Executive	-	-

12. DATE OF AUTHORISATION FOR ISSUE

These accounts have been authorised for issue on 30 July, 2008 by the Board of Directors of the Company.

13. 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.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Karachi:
Dated: 30 July, 2008

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

ADAM SUGAR MILLS LIMITED

QUARTERLY REPORT

**FOR THE THIRD QUARTER ENDED
30 JUNE, 2008
(UN-AUDITED)**