

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE QUARTER ENDED
DECEMBER 31, 2009**

ADAM SUGAR MILLS LIMITED

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

CONTENTS

1. Company Information	1
2. Chief Executive's Review	2
3. Balance Sheet	3
4. Profit and Loss Account	4
5. Cash Flow Statement	5
6. Statement of Changes in Equity	6
7. Notes to the Financial Statements	7

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 MR. LT. COL (R) MUHAMMAD MUJTABA MR. JUNAID G. ADAM MR. OMAR G. ADAM
AUDIT COMMITTEE (all non-executive directors)	
CHAIRMAN	MR. JUNAID G. ADAM
MEMBER	MR. JAWAID AHMED
MEMBER	MR. ABDUL KARIM
DIRECTOR FINANCE/ CORPORATE SECRETARY	MR. QAMAR RAFI KHAN, ACA
AUDITORS	HAROON ZAKARIA & COMPANY Chartered Accountants
REGISTERED OFFICE	HAJI ADAM CHAMBERS, ALTAH 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 Board of Directors, I am pleased to present to you the unaudited accounts of the Company for the first quarter ended December 31, 2009.

OPERATING RESULTS:	31-12-2009	31-12-2008
Cane Crushed-Metric Tons	88,907	67,472
Average Recovery	8.20 %	8.00 %
Sugar Produced-Metric Tons	6,585	4,500
Commenced Crushing on	23/11/2009	30/11/2008
Number of season days	39	32

The financial results are better than previous year. There is shortage of sugarcane. The Government has also increased the sugarcane rate from Rs.80/- per 40 KG to Rs.100/- per 40 KG. The growers are not supplying sugarcane at the rates fixed by the Government and the mills are forced to purchase sugarcane at a higher prices to continue production.

Until January 26, 2010, we have already crushed 177,524 tons of sugarcane at an average recovery of 8.44% and have produced 14,374 tons of sugar.

We hope that we will be able to produce more sugar than previous year subject to availability of sugarcane.

Thank you.

(GHULAM AHMED ADAM)
CHIEF EXECUTIVE

Karachi: January 28, 2010

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31, 2009

		December 31 2009 (Unaudited)	September 30 2009 (Audited)
ASSETS	Note	----- Rupees -----	
Non-Current Assets			
Property, plant and equipments	4	841,074,260	846,515,865
Long term deposits		1,277,400	1,277,400
Current Assets			
Biological assets-at fair value		1,273,700	1,273,700
Stores and Spare parts		38,277,422	52,901,936
Stock in trade	5	228,109,950	284,679,932
Trade Debts	6	39,439,095	-
Loans, advances, deposits and prepayments	6	28,320,245	26,809,078
Tax refund due from government		4,246,947	4,246,947
Cash and Bank balances	7	74,399,846	55,101,766
		<u>414,067,205</u>	<u>425,013,359</u>
TOTAL ASSETS		<u>1,256,418,865</u>	<u>1,272,806,624</u>
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
10,000,000 Ordinary shares of Rs. 10/- each		<u>100,000,000</u>	<u>100,000,000</u>
57 Issued, Subscribed and paid-up capital		57,636,540	57,636,540
Reserves and surplus			
General Reserve		15,000,000	15,000,000
Accumulated Profit		140,371,390	113,352,067
		<u>155,371,390</u>	<u>128,352,067</u>
Shareholders equity			
		213,007,930	185,988,607
Surplus on revaluation of property , plant and equipment-net		277,468,175	280,631,849
NON-CURRENT LIABILITIES			
Director's subordinated loan		239,324,437	239,324,437
Long term finances		40,333,332	43,999,999
Liabilities against assets subject to finance lease		8,819,716	11,287,527
Deferred liabilities		209,080,589	209,080,589
		<u>497,558,074</u>	<u>503,692,552</u>
CURRENT LIABILITIES			
Short term finances	8	60,000,000	150,000,000
Current maturity of non current liabilities		20,336,054	19,328,555
Trade & other payables		164,089,780	103,745,279
Accrued markup on borrowings		240,797	7,776,239
Provision for taxation		21,979,586	19,905,074
Unclaimed dividend		1,738,469	1,738,469
		<u>268,384,686</u>	<u>302,493,616</u>
TOTAL CAPITAL AND LIABILITIES		<u>1,256,418,865</u>	<u>1,272,806,624</u>

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

Karachi:
Dated: January 28, 2010

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

	December 31 2009	December 31 2008
----- Rupees -----		
Sales	489,810,268	220,002,554
Cost of Sales	458,705,586	195,554,737
Gross Profit	31,104,682	24,447,817
Operating Expenses		
Administrative Expenses	5,903,104	6,636,188
Selling and distribution expenses	165,480	140,581
	6,068,584	6,776,769
Operating Profit	25,036,098	17,671,048
Other Income	7,110,735	2,606,593
	32,146,833	20,277,641
Financial charges	3,903,894	10,617,717
Worker's profit participation fund	1,412,146	477,760
Worker's welfare fund	526,093	177,989
	5,842,133	11,273,466
Profit before taxation	26,304,700	9,004,175
Provision for taxation		
Current	2,449,051	-
Deferred	-	-
	2,449,051	-
Profit after taxation	23,855,649	9,004,175
Earning per share	4.14	1.56

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

Karachi:
Dated: January 28, 2010

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

	December 31 2009	December 31 2008
----- Rupees -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	26,304,700	9,004,175
Adjustments:		
Depreciation	11,018,983	9,333,595
Financial Charges	3,903,894	10,617,717
	14,922,877	19,951,312
Operating Profit before working capital changes	41,227,577	28,955,487
Decrease/(Increase) in Current Assets		
Stores and spare	14,624,514	(1,939,938)
Stock in trade	56,569,982	750,462
Trade Debtors-unsecured (considered good)	(39,439,095)	25,215,969
Loans & Advances	(455,605)	11,735,122
	31,299,796	35,761,615
Increase / (Decrease) in current Liabilities		
Trade and other payables	60,344,501	87,760,035
	91,644,297	123,521,650
Cash generated from operations after working capital changes	132,871,874	152,477,137
Financial charges paid	(11,439,336)	(12,022,085)
Taxes paid	(1,430,621)	(482,521)
Net Cash Generated from / (used) in operating activities	120,001,917	139,972,531
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,577,378)	(694,779)
Addition in capital work in progress	-	(19,355,694)
Net Cash (used) in investing activities	(5,577,378)	(20,050,473)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment / Proceeds from long term loans-net	(3,666,667)	(3,029,174)
Repayment / Proceeds from short term loans-net	(90,000,000)	-
Repayment of lease liability	(1,459,792)	(1,142,170)
Net cash used in / generated from financing activities	(95,126,459)	(4,171,344)
Net increase in cash & cash equivalents	19,298,080	115,750,714
Cash and Cash equivalents at beginning of year	55,101,766	(286,858,942)
Cash and Cash equivalents at end of year	74,399,846	(171,108,228)

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

Karachi:
Dated: January 28, 2010

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

DESCRIPTION	SHARE CAPITAL	GENERAL RESERVE	ACCUMULATED PROFIT/(LOSS)	TOTAL
..... Rupees				
Balance as at October 1, 2008	57,636,540	15,000,000	51,864,740	124,501,280
Profit for the three months Oct 01, 2008 to Dec. 31 2008	-	-	9,004,175	9,004,175
Incremental depreciation transferred from surplus on revaluation of fixed assets			3,230,554	3,230,554
Balance as at December 31, 2008	57,636,540	15,000,000	64,099,469	136,736,009
Profit for the nine months Jan. 01, 2009 to Sept. 30, 2009			39,457,557	39,457,557
Incremental depreciation transferred from surplus on revaluation of fixed assets			9,795,041	9,795,041
Balance as at September 30, 2009	57,636,540	15,000,000	113,352,067	185,988,607
Profit for the three months Oct 01, 2009 to Dec. 31 2009			23,855,649	23,855,649
Incremental depreciation transferred from surplus on revaluation of fixed assets			3,163,674	3,163,674
Balance as at December 31, 2009	57,636,540	15,000,000	140,371,390	213,007,930

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

Karachi:
Dated: January 28, 2010

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT FOR THE QUARTER ENDED DECEMBER 31, 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, 2009.

3. ACCOUNTING POLICIES & ESTIMATES

The accounting policies and methods of computation followed for the preparation of these financial statements are same as those applied in preparing the financial statements for the year ended September 30, 2009.

4. ACQUISITION AND DISPOSAL OF FIXED ASSETS

	December 31 2009 (Unaudited) Rupees	September 30 2009 (Audited) Rupees
Additions		
Freehold land (surplus revaluation)	-	3,281,000
Factory Building on freehold land	-	13,852,683
Non-Factory Building on freehold land (surplus revaluation)	-	673,614
Plant and Machinery including transfer from CWIP	87,160	131,824,595
Vehicles	-	2,700,080
Office equipment	-	127,726
Computer and other equipments	109,990	552,836
Furniture and Fixture	-	893,900
Electric Generator	5,300,000	-
Water connection and Electric installation	-	157,841
Tools and other equipments	80,228	180,853
Air Conditioner and Refrigerators	-	591,500
	5,577,378	154,836,628
Disposals at cost		
Vehicles	-	(1,878,082)

ADAM SUGAR MILLS LIMITED

	December 31 2009 (Unaudited) Rupees	September 30 2009 (Audited) Rupees
5. STOCK IN TRADE		
Sugar in process	28,329,088	2,088,181
Molasses	36,603,047	1,202,520
Sugar - finished goods	163,177,815	281,389,231
	228,109,950	284,679,932
6. TRADE DEBTS		
Unsecured - Considered good	39,439,095	-
7. CASH AND BANK BALANCES		
Cash in hand	5,648,314	329,326
Cash at bank - in current accounts	68,751,532	54,772,440
	74,399,846	55,101,766
8. SHORT TERM BORROWING		
Unsecured		
- from directors	-	100,000,000
Secured		
- from banking companies	60,000,000	50,000,000
	60,000,000	150,000,000
8.1	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% payable on quarterly basis. The maximum facilities available are Rs. 500 million.	
9. CONTINGENCIES	There is no significant change in contingencies reported in the last audited financial statements for the year ended September 30, 2009.	
10. TAXATION	Due to taxable losses for the period, provision for tax has been made in the financial statements on the basis of turnover under section 113 of the Income Tax Ordinance, 2001.	
11. TRANSACTION WITH RELATED PARTIES	The related parties and associated undertaking comprise related group companies, local associates, directors and key management personnel.	
	Transactions with associated undertakings and related parties and other key management personnel under the term of their employment, as described in relevant note are as follows:	

ADAM SUGAR MILLS LIMITED

	December 31 2009 (Unaudited) Rupees	September 30 2009 (Audited) Rupees
Receipts of short term loan from the Chief Executive	-	50,654,000
Repayments of short term loan to the Chief Executive	100,000,000	40,654,000
Purchase of oil and lubricants - from associated undertaking	4,048,863	748,980
Payment to associated undertaking against oil and lubricants	3,396,108	381,743
Payment of office rent	45,270	181,080
Receipt of payment from funded provident fund scheme	-	13,450,476

12. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 28 January, 2010 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 rupee.

Karachi:
Dated: 28 January, 2010

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director
