

ADAM SUGAR MILLS LIMITED



QUARTERLY REPORT

**FOR THE QUARTER ENDED
DECEMBER 31, 2008**

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. 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 first quarter ended 31 December, 2008.

OPERATING RESULTS:

	<u>31-12-2008</u>	<u>31-12-2007</u>
Cane Crushed-Metric Tons	67,472	76,391
Average Recovery	8.00%	8.06%
Sugar Produced-Metric Tons	4,500	5,762
Commenced Crushing on	30/11/2008	26/11/2007
Number of season days	32	36

The financial results are better than previous year however, the production is not satisfactory in comparison to last year. There is shortage of sugarcane. The Government has also increased the sugarcane rate from Rs. 60/- per 40 KG to Rs. 80/- 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 09 February, 2009, we have already crushed 170,920 tons of sugarcane at an average recovery of 8.84% and have produced 15,280 tons of sugar.

Due to installation of new imported turbines 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: 11 February, 2009

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31 , 2008

		DECEMBER 31 2008 (Unaudited)	SEPTEMBER 30 2008 (Audited)
ASSETS	Note	Rupees.....	
ASSETS			
Non-Current Assets			
Property, plant and equipments	4	811,229,049	800,512,170
Long term deposits		1,541,450	1,541,450
Current Assets			
Biological assets - at fair value		446,614	446,614
Stores and spares		50,337,951	48,398,013
Stock in trade	5	173,074,864	173,825,326
Trade debts	6	172,345,625	197,561,594
Loans, advances, deposits, prepayments and other receivables		38,718,585	49,971,186
Cash and Bank balances	7	92,488,272	46,141,714
		<u>527,411,911</u>	<u>516,344,447</u>
TOTAL ASSETS		<u>1,340,182,410</u>	<u>1,318,398,067</u>
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>
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		98,287,291	86,052,562
		<u>113,287,291</u>	<u>101,052,562</u>
Shareholders equity		<u>170,923,831</u>	<u>158,689,102</u>
Surplus on revaluation of fixed assets		282,506,734	285,737,287
NON-CURRENT LIABILITIES			
Sponsors subordinated loan - unsecured (interest free)		239,324,437	239,324,437
Long term loans and finances - secured		55,000,000	58,666,667
Liabilities against assets subject to finance lease		14,905,471	15,949,434
Deferred liabilities		94,874,054	94,874,054
		<u>404,103,962</u>	<u>408,814,592</u>
CURRENT LIABILITIES			
Short term borrowings	8	263,596,500	333,000,656
Current maturity of long term liabilities		15,681,561	15,142,275
Creditors, accrued and other liabilities		186,778,396	100,422,729
Provision for taxation		14,852,957	14,852,957
Unclaimed dividend		1,738,469	1,738,469
		<u>482,647,883</u>	<u>465,157,086</u>
Contingencies and commitments	9		
TOTAL CAPITAL AND LIABILITIES		<u>1,340,182,410</u>	<u>1,318,398,067</u>

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

Karachi:
Dated: 11 February, 2009

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31 , 2008

		DECEMBER 31 2008 (Unaudited)	SEPTEMBER 30 2008 (Audited)
ASSETS	Note	Rupees.....	
Non-Current Assets			
Property, plant and equipments	4	811,229,049	800,512,170
Long term deposits		1,541,450	1,541,450
Current Assets			
Biological assets - at fair value		446,614	446,614
Stores and spares		50,337,951	48,398,013
Stock in trade	5	173,074,864	173,825,326
Trade debts	6	172,345,625	197,561,594
Loans, advances, deposits, prepayments and other receivables		38,718,585	49,971,186
Cash and Bank balances	7	92,488,272	46,141,714
		<u>527,411,911</u>	<u>516,344,447</u>
TOTAL ASSETS		<u>1,340,182,410</u>	<u>1,318,398,067</u>
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised 10,000,000 ordinary shares of Rs.10/-each		100,000,000	100,000,000
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		98,287,291	86,052,562
		<u>113,287,291</u>	<u>101,052,562</u>
Shareholders equity		170,923,831	158,689,102
Surplus on revaluation of fixed assets		282,506,734	285,737,287
NON-CURRENT LIABILITIES			
Sponsors subordinated loan - unsecured (interest free)		239,324,437	239,324,437
Long term loans and finances - secured		55,000,000	58,666,667
Liabilities against assets subject to finance lease		14,905,471	15,949,434
Deferred liabilities		94,874,054	94,874,054
		<u>404,103,962</u>	<u>408,814,592</u>
CURRENT LIABILITIES			
Short term borrowings	8	263,596,500	333,000,656
Current maturity of long term liabilities		15,681,561	15,142,275
Creditors, accrued and other liabilities		186,778,396	100,422,729
Provision for taxation		14,852,957	14,852,957
Unclaimed dividend		1,738,469	1,738,469
		<u>482,647,883</u>	<u>465,157,086</u>
Contingencies and commitments	9		
TOTAL CAPITAL AND LIABILITIES		<u>1,340,182,410</u>	<u>1,318,398,067</u>

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

Karachi:
Dated: 11 February, 2009

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2008

	DECEMBER 31 2008	DECEMBER 31 2007
Rupees.....	
Sales - net	220,002,554	183,651,000
Cost of sales	195,554,737	200,369,000
Gross Profit /(Loss)	24,447,817	(16,718,000)
Operating expenses		
Administrative expenses	6,636,188	5,894,000
Selling expenses	140,581	96,000
Financial charges	10,617,717	4,875,000
	17,394,486	10,865,000
Operating Profit / (Loss)	7,053,331	(27,583,000)
Other income	2,606,593	3,000
Profit / (Loss) before taxation	9,659,924	(27,580,000)
Worker's profit participation fund	477,760	-
Worker's welfare fund	177,989	-
	655,749	-
	9,004,175	(27,580,000)
Taxation	-	918,000
Profit / (Loss) after taxation	9,004,175	(28,498,000)
Earning /(Loss) Per share	1.56	(4.94)

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

Karachi:
Dated: 11 February, 2009

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, 2008

	DECEMBER 31 2008	DECEMBER 31 2007
Rupees.....	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	9,004,175	(27,581,000)
Adjustment for:		
Depreciation	9,333,595	9,406,000
Financial Charges	10,617,717	4,875,000
Operating Profit / (Loss) before working capital changes	28,955,487	(13,300,000)
Movement in working capital:		
(Increase) / decrease in operating assets		
Stores and spares	(1,939,938)	1,857,000
Stock in trade	750,462	47,405,000
Trade debts	25,215,969	(814,000)
Loans, advances, prepayments and other receivable	11,735,122	(14,197,000)
	35,761,615	34,251,000
(Increase) / decrease in operating liabilities		
Creditors, accrued and other liabilities	85,435,402	24,543,000
Advances and deposits	1,389,309	5,452,000
Worker's profit participation	757,335	-
Worker's welfare fund	177,989	-
	87,760,035	29,995,000
Cash generated from operations after working capital changes	152,477,137	50,946,000
Financial charges paid	(12,022,085)	(2,517,000)
Taxes paid	(482,521)	(2,080,000)
	(12,504,606)	(4,597,000)
Net cash used in operations	139,972,531	46,349,000
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(694,779)	(110,000)
Additions in capital work in progress	(19,355,694)	(4,681,000)
	(20,050,473)	(4,791,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Sponsor's subordinated loan-unsecured	-	3,300,000
Loan From Director-Unsecured	-	100,300,000
Long term loan	(3,029,174)	-
Repayment of lease liability	(1,142,170)	(1,015,000)
Net cash (outflow) generated from financing activities	(4,171,344)	102,585,000
Net increase in cash and cash equivalents	115,750,714	144,143,000
Cash and cash equivalents at the beginning of the period	(286,858,942)	(196,816,000)
Cash and cash equivalents at the end of the period	(171,108,228)	(52,673,000)
CASH AND CASH EQUIVALENTS COMPRISES		
Cash and bank balances	92,488,272	87,844,000
Short term borrowings	(263,596,500)	(140,517,000)
	(171,108,228)	(52,673,000)

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

Karachi:
Dated: 11 February, 2009

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31 , 2008

DESCRIPTION	SHARE CAPITAL	Reserves		TOTAL
		GENERAL RESERVE	ACCUMULATED PROFIT / (LOSS)	
.....Rupees.....				
Balance as at October 1,2007	57,636,540	15,000,000	33,907,873	106,544,413
(Loss) for the three months Oct. 2007 to Dec. 2007	-	-	(28,498,000)	(28,498,000)
Incremental depreciation transferred from surplus on revaluation of fixed assets			3,407,000	3,407,000
Balance as at December 31, 2007	57,636,540	15,000,000	8,816,873	81,453,413
Profit for the nine months Jan. 01, 2008 to Sept. 30, 2008			67,010,863	67,010,863
Incremental depreciation transferred from surplus on revaluation of fixed assets	-	-	10,224,826	10,224,826
Balance as at September 30, 2008	57,636,540	15,000,000	86,052,562	158,689,102
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	98,287,291	170,923,831

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

Karachi:
Dated: 11 February, 2009

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED DECEMBER 31 , 2008

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.

	December 31 2008 (Unaudited)	September 30 2008 (Audited)
.....Rupees.....		

4. PROPERTY , PLANT AND EQUIPMENTS

Additions to fixed assets - tangible

Factory Building on free hold land	328,673	7,725,053
Plant and machinery	175,000	21,122,066
Computer and other equipments	110,200	73,500
Vehicles	-	599,630
Office equipments	73,276	68,000
Furniture and fixtures	-	3,000
Tools and other equipments	7,630	391,766
	<u>694,779</u>	<u>29,983,015</u>

Additions to capital work in progress

	19,355,694	-
	<u>20,050,473</u>	<u>29,983,015</u>

ADAM SUGAR MILLS LIMITED

	December 31 2008 (Unaudited)	September 30 2008 (Audited)
.....Rupees.....		
5. STOCK IN TRADE		
Sugar in process	23,674,520	12,405,907
Molasses	17,550,000	-
Sugar - Finished goods	131,850,344	161,419,419
	173,074,864	173,825,326
6. TRADE DEBTS		
Unsecured - Considered good	172,345,625	197,561,594
7. CASH AND BANK BALANCES		
Cash in hand	14,894,156	940,383
Cash at bank - in current accounts	77,594,116	45,201,331
	92,488,272	46,141,714
8. SHORT TERM BORROWINGS		
Unsecured		
- from directors	90,300,000	90,300,000
Secured		
- from banking companies	173,296,500	242,700,656
	263,596,500	333,000,656

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

8.1 These finances are secured against pledge of refined white sugar, parri pasu 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 + 2.00% and three months KIBOR + 3.00% payable of quarterly basis. The maximum facilities available are Rs.400 million.

9. CONTINGENCIES AND COMMITMENTS

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

10. TAXATION

No provision has been made for tax due to carry forward tax losses.

ADAM SUGAR MILLS LIMITED

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 are as follows:

	December 31 2008 (Unaudited)	September 30 2008 (Audited)
Rupees.....	
Receipts of subordinated loan from the Chief Executive	-	90,300,000
Purchase of oil and lubricants from Adam Lubricants	-	1,501,174
Payment of office rent to Adam Limited	45,270	181,080

12. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 11 February, 2009 by the Board of Directors of the Company.

13. SEASONALITY OF OPERATIONS

The sugar industry operates 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 for this period.

Karachi:
Dated: 11 February, 2009

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director