

IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. GHULAM AHMED ADAM
MR. SYED NAZAR MAHMOOD SHAH
MR. JAWAID AHMED
LT. COL (RTD) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM
MR. MUSTAFA G. ADAM

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

MR. JUNAID G. ADAM
MR. MUSTAFA G. ADAM
MR. JAWAID AHMED

HUMAN RESOURCES AND REMUNERATION COMMITTEE

MR. JUNAID G. ADAM
MR. OMAR G. ADAM
LT. COL (RTD) MUHAMMAD MUJTABA

DIRECTOR FINANCE/ CORPORATE SECRETARY

MR. QAMAR RAFI KHAN
Chartered Accountant

REGISTERED OFFICE

HAJI ADAM CHAMBERS,
ALTAH HUSSAIN ROAD,
NEW CHALLI, KARACHI-2
TEL NO. 32417812-16 & 32401139-43
FAX NO. 32427560 / 32417907
WEBSITE : [www.adam.com.pk / Adamsugar.htm](http://www.adam.com.pk/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

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Cane Crushed (Metric Tons)	523,558	457,538	313,363	256,030	(Restated) 350,663	289,898
Recovery	9.84%	9.38%	8.84%	9.47%	9.02%	7.00%
Sugar Produced (Metric Tons)	51,530	42,883	27,716	24,835	31,622	19,959
	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	312,185,754	272,538,221	228,037,946	128,352,067	66,864,740	48,907,872
Shareholders Equity	369,822,294	330,174,761	285,674,486	185,988,607	124,501,280	106,544,412
Fixed Assets	1,163,459,026	836,759,233	826,170,487	846,515,865	800,512,170	742,761,651
Sales	1,535,411,250	2,440,692,655	2,138,540,950	1,156,966,342	716,110,167	528,249,877
Cost of Sales	1,363,541,357	2,231,510,507	1,920,020,876	887,464,811	635,037,900	652,142,248
Gross Profit/(Loss)	171,869,893	209,182,148	218,520,074	269,501,531	81,072,267	(123,892,371)
Profit/(Loss) Before Tax	62,052,713	74,701,831	133,706,647	184,914,663	10,211,191	(172,686,923)
Profit/(Loss) after Tax	42,710,537	46,927,846	92,794,839	48,461,732	4,325,041	(109,946,688)
Earning/(Loss) per Share	7.41	8.14	16.10	8.41	0.75	(19.08)
Break up value of share	64.14	57.29	49.56	32.27	21.60	18.49

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 47th Annual General Meeting of the shareholders of the Company will be held at 9:00 AM. on Thursday, January 31, 2013 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

- 1) To confirm the Minutes of 46th Annual General Meeting held on January 28, 2012.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2012 together with Directors' and Auditors' Reports thereon.
- 3) To approve the payment of dividend @ 25% (Rupees 2/50 per share) as recommended by the Board of Directors.
- 4) To appoint auditors of the Company for the year 2012-2013 and to fix their remuneration. The present Auditors M/S Haroon Zakaria & Company, Chartered Accountants, retire and being eligible, have offer 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: December 26, 2012

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 23rd January, 2013 to 31st January, 2013 (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 22nd January, 2013 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 47th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2012.

FINANCIAL RESULTS:

Profit after taxation	Rs.	42,710,537
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	Rs.	11,346,130
Un-appropriated profit brought forward	Rs.	<u>58,129,086</u>
Profit available for appropriation	Rs.	112,185,753
Appropriation:-		
Proposed-Cash dividend @ 25% (Rs. 2/50 per Ordinary share of Rs.10 each)	Rs.	<u>14,409,135</u>
Un-appropriated profit carried forward	Rs.	97,776,618
=====		
Earning per share – basic and diluted	Rs.	7.41
=====		

OPERATING RESULTS

	<u>2012</u>	<u>2011</u>
Cane Crushed-Metric Tons	523,558	457,538
Average Recovery	9.84%	9.38%
Sugar Produced-Metric Tons	51,530	42,883
Commenced Crushing on	18/11/2011	26/11/2010
Stop Crushing on	31/03/2012	2/04/2011
Number of Season Days	135	128
Earning per Share (Rupees)	7.41	8.14

The Company earned a pre-tax profit of Rs.62million. The Government had increased the minimum support price of sugarcane from Rs.125 to Rs.150 per 40KG, the company managed to earn satisfactory profit.



BOARD MEETINGS.

During the year six 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	6
Mr.Syed Rafique Muhammad Shah	1
Mr.Syed Muhammad Rashid Shah	1
Mr.Abdul Karim	1
Mr.Jawaid Ahmed	2
Lt. Col. (Rtd) Muhammad Mujtaba	6
Mr.Junaid G.Adam	6
Mr.Omar G.Adam	6
Mr. Mustafa G. Adam	3

Leave of absence was granted to Directors who could not attend the meeting.

We regret to inform you that the Company's directors Mr. Abdul Karim Latif and founding director Syed Rafique Mohammad Shah have expired. May Allah rest their soul in peace. Ameen. Mr. Rafique Shah was also a founding member of Pakistan Muslim League and Majlis -e- Shura of Government of Pakistan. The directors place on record the valuable services and contribution made by them and pray to Allah to grant patience to their family members. In November 2012 Mr.Syed Muhammad Rashid Shah resigned and Mr. Syed Nazar Mahmood Shah was appointed to fill casual vacancy.

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
ICP:		
Investment Corporation of Pakistan	1	117
DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam	1	91,608
Mr. Syed Nazar Mahmood Shah	1	4,802
Mr. Mustafa G. Adam	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
Executive:	-	-
Public Sector Companies and Corporation	-	-
BANK 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.150 to Rs.170 per 40 KG. During the cane crushing season 2012-2013 we have already crushed 63,726.843 tons of sugarcane at an average recovery of 8.46% and have produced 4,810 tons of sugar.

We are pleased to inform you that your Company has gone in expansion to increase its production capacity from 4,500 TCD to 7,000 TCD. The expansion process will INSHAALLAH be completed by December 2012 and from January 2013 onward, we will start with enhanced production capacity of 7,000 TCD.

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 2012-2013

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

JUNAID G.ADAM
Director

Karachi: December 26, 2012.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Adam Sugar Mills Limited

Year Ended: September 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in relevant regulation of Karachi Stock Exchange Limited and Lahore Stock Exchange 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on the Board of Directors. At present the Board includes:

Category	Names
Executive Directors	Ghulam Ahmed Adam
	Omar G.Adam
Non-Executive Directors	Mr. Syed Nazar Mahmood Shah
	Jawaid Ahmed
	Lt.Col.(R)Muhammad Mujtaba
	Junaid G.Adam
	Mustafa G.Adam

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.



3. All the resident directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. Casual vacancy has occurred during the period ended September 30, 2012 which has been disclosed.
5. The company has developed a "Code of Conduct" appropriate steps are taken to disseminate it throughout the company along with its supporting policies and procedures.
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 duly executed and decisions on material transactions, including appointment and determination of remuneration and terms and conditions or employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were appropriately recorded and circulated. The minutes of the meetings were appropriately recorded and circulated in time.
9. The Board arranged orientation course for its directors as and when needed to apprise them of their duties and responsibilities.



10. The Board had approved appointment of CFO and Company Secretary and head of internal audit including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the Chairman of the Committee is non executives director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
17. The Board has setup Human Resources and Remuneration Committee.
18. The Board has setup an effective internal audit function.



19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they are any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Association of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim/final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Ghulam Ahmed Adam

Chief Executive

Karachi

Dated December 26,2012

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 prepared by the Board of Directors of **Adam Sugar Mills Limited** to comply with the relevant Listing Regulation of the Karachi Stock Exchange and Lahore Stock Exchange 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 requires the Company to place before the Board of Directors for their consideration and approval of 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 transaction by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out 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 Governance as applicable to the Company for the year ended September 30, 2012.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ADAM SUGAR MILLS LIMITED** as at September 30, 2012 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, 2012 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

Engagement Partner:
Zakaria

Place: Karachi
Dated: December 26, 2012



**PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS AS AT 30 SEPTEMBER, 2012**

NUMBER OF SHAREHOLDERS	SIZE OF SHAREHOLDING				TOTAL SHARES HELD
1815	FROM	1	TO	100	50,391
267	FROM	101	TO	500	60,426
54	FROM	501	TO	1,000	43,419
118	FROM	1,001	TO	5,000	363,587
44	FROM	5,001	TO	10,000	292,158
6	FROM	10,001	TO	15,000	73,353
4	FROM	15,001	TO	20,000	69,653
2	FROM	25,001	TO	30,000	56,000
1	FROM	30,001	TO	35,000	33,000
1	FROM	55,001	TO	60,000	56,555
2	FROM	80,001	TO	85,000	164,890
1	FROM	85,001	TO	90,000	85,493
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
2319					5,763,654

CATAGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Individuals	2,300	2,223,275	38.58%
Investment Companies	1	117	0.00%
Insurance Companies	1	190	0.00%
Joint Stock Companies	12	3,539,379	61.40%
Financial Institutions	2	401	0.01%
Others (see below)	3	592	0.01%
TOTAL	2319	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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