Adam Sugar Mills Limited

IN THE NAME OF ALLAH

THE BENEFICENT, THE MERCIFUL

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS	MR. GHULAM AHMED ADAM MR.SYED RAFIQUE MOHAMMAD SHAH MR. ABDUL KARIM MR. JAWAID AHMED LT. COL (RTD) MUHAMMAD MUJTABA MR. JUNAID G. ADAM MR.OMAR G. ADAM
AUDIT COMMITTEE	
CHAIRMAN	MR. JUNAID G. ADAM
MEMBER	MR. JAWAID AHMED
MEMBER	MR. OMAR G. ADAM
DIRECTOR FINANCE/ CORPORATE SECRETARY	MR. QAMAR RAFI KHAN, ACA
REGISTERED OFFICE	HAJI ADAM CHAMBERS, ALTAF HUSSAIN ROAD, NEW CHALLI, KARACHI-2 TEL NO. 32417812-16 & 32401139-43 FAX NO. 32427560 / 32417907 WEBSITE : **www.adam.compk /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

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
			(Restated)			
Cane Crushed (Metric Tons)	313,363	256,030	350,663	289,898	310,099	314,940
Recovery	8.85%	9.47%	9.02%	7.00%	7.86%	7.94%
Sugar Produced (Metric Tons)	27,716	24,835	31,622	19,959	24,391	25,025
	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
Reserves & Surplus	228,037,946	128,352,067	66,864,740	48,907,872	149,871,501	80,161,464
Shareholders Equity	285,674,486	185,988,607	124,501,280	106,544,412	207,508,041	137,798,004
Fixed Assets	826,170,487	846,515,865	800,512,170	742,761,651	753,497,603	286,074,652
Sales	2,138,540,950	1,156,966,342	716,110,167	528,249,877	794,344,453	347,840,638
Cost of Sale	1,920,020,876	887,464,811	635,037,900	652,142,248	761,331,758	275,748,563
Gross Profit/(Loss)	218,520,074	269,501,531	81,072,267	(123,892,371)	33,012,695	72,092,075
Profit/(Loss) Before Tax	133,706,647	184,914,663	10,211,191	(172,686,923)	41,753,857	22,944,847
Profit/(Loss) after Tax	92,794,839	48,461,732	4,325,041	(109,946,688)	58,218,190	21,205,644
Earning per Share	16.10	8.41	0.75	(19,08)	10.10	3.68
Break up value of share	49.56	32.27	21.60	18.49	36.00	23.91

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 45th Annual General Meeting of the shareholders of the Company will be held at 09:30 AM. on Saturday, January 29, 2011 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

1) To confirm the Minutes of 44th Annual General Meeting held on February 10, 2010.
2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2010 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 2010-2011 and to fix their remuneration. The present Auditors M/S Haroon Zakaria & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
5) To elect Seven Directors in accordance with the provisions of section 178 of the Companies Ordinance, 1984 for the period of 3 years. The names of the retiring directors are as follows:
   1)Mr. Ghulam Ahmed Adam 2) Mr. Syed Rafique Muhammad Shah 3) Mr. Abdul Karim 4) Mr. Jawaid Ahmed 5) Lt. Col (R) Muhmmad Mujtaba 6) Mr. Junaid G. Adam 7) Mr. Omar G. Adam
6) To transact any other ordinary business with the permission of the Chair.

By Order of the Board
GHULAM AHMED ADAM
Chief Executive

Karachi: December 30, 2010

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, 2011 to 31st January, 2011 (both days inclusive). Transfer receive 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, 2011 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.
5) Any member who seeks to contest the election to the office of Directors, shall whether he/she is retiring Director or otherwise, file with the Company, not later than 14 days before the date of the meeting at which elections are to be held, a notice of his / her intention to offer himself / herself for election as a Director in terms of section 178 (3) of the Companies Ordinance, 1984. He /she should also furnish the Declaration as required under clause II to V of the code of Corporate Governance.

DIRECTORS' REPORT

IN THE NAME OF ALLAH, THE BENEFICIENT, THE MERCIFUL

Dear shareholders,

On behalf of the Board, we welcome you to 45th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30th September, 2010.

FINANCIAL RESULTS:

Profit after taxation	Rs.	92,797,139
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	Rs.	12,654,694
Un-appropriated profit brought forward	Rs.	107,588,413
		==================
Profit available for appropriation	Rs.	213,040,246
Appropriation:-		
Proposed - Cash dividend @25% i.e. Rs. 2.5 per Ordinary Shares of Rs. 10 each	Rs.	14,409,135
Transfer to General Reserve	Rs.	85,000,000
	Rs.	99,409,135
Un-appropriated profit carried forward	Rs.	113,631,111
		==================
Earning per Share - basic and diluted	Rs.	16.10
		==================

OPERATING RESULTS	2010	2009
Cane Crushed-Metric Tons	313,363	256,030
Average Recovery	8.85%	9.47%
Sugar Produced-Metric Tons	27,716	24,835
Commenced Crushing on	23/11/2009	30/11/2008
Stop Crushing on	06/03/2010	12/03/2009
Number of Season Days	103	103
Earning per Share (Rupees)	16.10	8.41

The Company earned a pre-tax profit of Rs.133 million. The Government had increased the minimum support price of sugarcane from Rs.80 to Rs.100 per 40KG but due to shortage of sugarcane we were compelled to purchase at a higher cost. We had sold our entire stock of sugar at market price.

BOARD MEETINGS.

During the year four meetings of the Board of Directors were held. Participation of directors are as follows:

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
Mr.Ghulam Ahmed Adam	4
Mr.Syed Rafique Muhammad Shah	2
Mr.Abdul Karim	4
Mr.Jawaid Ahmed	3
Lt. Col. (Rtd) Muhammad Mujtaba	2
Mr.Junaid G.Adam	4
Mr.Omar G.Adam	4

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

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 International Accounting standards 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.

DETAIL OF SHAREHOLDER

	NUMBER	SHARE HELD
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:		
Adam Pakistan Ltd	1	3,502,968
Adam Lubricants Ltd	1	4,057
Adam (Pvt) Ltd.	1	421
ICP:		
Investment Corporation of Pakistan	1	117
DIRECTORS,CEO AND THEIR SPOUSE AND MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam (C.E.O)	1	91,608
Mr. Syed Rafique Muhammad Shah	1	4,802
Mr. Abdul Karim	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, NBFUs,INSURANCE COMPANIES MODARABAS AND MUTUAL FUNDS:		
Habib Bank Limited	1	3,500
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	3,502,968

FUTURE PROSPECTS:
The minimum support price of sugarcane has been increased by the Government from Rs.100 to Rs.125 per 40 KG but the growers' are not supplying the sugarcane at the support price. During the cane crushing season 2010-2011 we have already crushed 79,768 tons of sugarcane at an average recovery of 8.16% and have produced 6,122 tons of sugar.

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.

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 2010-2011.

On behalf of the Directors
GHULAM AHMED ADAM
Chief Executive

OMAR G.ADAM
Director

Karachi: December 30, 2010.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER, 2010.

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchanges (Guarantee) 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 Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board and at present the Board includes five independent non executive director. The Company encorages representation of minority shareholders, on the Board, however, none of the minority shareholder offered him self for election.

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

3. All the directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non-banking Finincial Institution or being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.

4. No casual vacancy occurred in the Board during the year.

5. The Company has prepared a ‘Statement of Ethics and Business Practices’, which has been signed by all the directors and employees of the Company.

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 been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman. The Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has arranged an in-house orientation course in which directors have been provided with copy of "Role of Directors under the Companies Ordinance, 1984 And The Code Of Corporate Governance" issued by the Institute of Chartered Accountants of Pakistan. The directors are well conversant with their duties and responsibilities.

10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit. The Board has also approved the remuneration and terms and conditions of employment of CFO, Company Secretary and Head of Internal Audit, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code 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 Code.

15. The Board has formed an Audit Committee. It presently comprises of three members, two of whom are non-executive directors, including the Chairman of the Committee. It requires that atleast two members of the Audit Committee must be financially Literate.

16. The meetings of the Audit Committee were held atleast once in every quarter prior to approval of interim and final results of the Company. During the year four meetings of the Audit Committee were held. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has set-up on effective internal audit function which is working on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold share of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

21. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of Directors
MR. GHULAM AHMED ADAM
Chief Executive

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 (the Code) prepared by the Board of Directors of **ADAM SUGAR MILLS LIMITED** ("the Company") to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges respectively 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 of the Karachi and Lahore Stock Exchanges require the company to place before the Board of Directors for their consideration and approval 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 transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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, 2010.

Haroon Zakaria& Company
Chartered Accountants

Place: Karachi
Dated: December 30, 2010

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ADAM SUGAR MILLS LIMITED** as at September 30, 2010 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 except for the change as stated in note 2.5 with which we concur;

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, 2010 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

Place: Karachi
Dated: December 30, 2010

Engagement Partner:
Muhammad Haroon

PATTREN OF HOLDING OF THE SHARE HELD BY THE SHAREHOLDERS AS AT 30 SEPTEMBER, 2010

NUMBER OF SHAREHOLDERS	SIZE OF SHAREHOLDING				TOTAL SHARES HELD
1693	FROM	1	TO	100	34,470
241	FROM	101	TO	500	54,414
57	FROM	501	TO	1,000	45,295
102	FROM	1,001	TO	5,000	324,490
52	FROM	5,001	TO	10,000	347,725
3	FROM	10,001	TO	15,000	39,573
2	FROM	15,001	TO	20,000	35,609
2	FROM	25,001	TO	30,000	54,852
1	FROM	55,001	TO	60,000	59,850
1	FROM	75,001	TO	80,000	76,051
1	FROM	80,001	TO	85,000	81,731
1	FROM	85,001	TO	90,000	85,493
1	FROM	105,001	TO	110,000	109,994
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	457,382
1	FROM	3,500,001	TO	3,505,000	3,502,968
2,161					5,763,654
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CATAGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE
Individuals	2,140	2,218,733	38.50%
Investment Companies	1	117	0.00%
Insurance Companies	1	190	0.00%
Joint Stock Companies	13	3,540,121	61.42%
Financial Institutions	3	3,901	0.07%
Others (See Below)	3	592	0.01%
TOTAL	**2,161**	**5,763,654**	**100.00%**
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Administrator Abandoned Properties	91
Securities & Exchange Commission of Pakistan	1
Trustee Karachi Sheraton Hotel & Tower	500
	592
	====

BALANCE SHEET AS AT SEPTEMBER 30, 2010

	Note	2010 Rupees	2009 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	**826,170,487**	846,515,865
Long term deposits	5	**1,277,400**	1,277,400
Intangible assets	6	**866,667**	-
		828,314,554	847,793,265
Current assets			
Biological assets	7	**484,349**	1,273,700
Stores and spares	8	**56,030,049**	52,901,936
Stock in trade	9	**8,449,084**	284,679,932
Trade debts	10	**222,549,400**	-
Loans and advances	11	**22,900,831**	24,231,127
Deposits and prepayments	12	**739,396**	2,457,488
Others receivables - considered good		**323,281**	120,463
Interest accrued		**284,771**	-
Tax refund due from government		**4,621,005**	4,246,947
Cash and bank balances	13	**34,084,605**	55,101,766
		350,466,771	425,013,359
Total assets		**1,178,781,325**	1,272,806,624
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital	14	**57,636,540**	57,636,540
Reserves			
Revenue reserves			
General reserve		**15,000,000**	15,000,000
Accumulated Profit		**213,037,946**	113,352,067
		228,037,946	128,352,067
Shareholders' equity		**285,674,486**	185,988,607
Surplus on revaluation of property, plant and equipment - net	15	**267,977,155**	280,631,849
Non-current liabilities			
Director's subordinated loan	16	**239,324,437**	239,324,437
Long term finances	17	**29,333,332**	43,999,999
Liabilities against assets subject to finance leases	18	**5,323,391**	11,287,527
Deferred liabilities	19	**227,726,955**	209,080,589
		501,708,115	503,692,552
Current liabilities			
Short term borrowings	20	**-**	150,000,000
Trade and other payables	21	**64,493,622**	103,745,279
Accrued markup on borrowings		**-**	7,776,239
Current portion of non-current liabilities	22	**20,156,074**	19,328,555
Unclaimed dividend		**2,101,738**	1,738,469
Provision for taxation		**36,670,135**	19,905,074
		123,421,569	302,493,616
Contingencies and commitments	23	-	-
Total equity and liabilities		**1,178,781,325**	1,272,806,624

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Note	2010 Rupees	2009 Rupees
Sales - net	24	**2,138,540,950**	1,156,966,342
Cost of sales	25	**(1,920,020,876)**	(887,464,811)
Gross profit		**218,520,074**	269,501,531
Administrative expenses	26	**(32,907,274)**	(33,617,280)
Selling and distribution expenses	27	**(1,066,128)**	(1,177,867)
		(33,973,402)	(34,795,147)
Operating Profit		**184,546,672**	234,706,384
Other operating income	28	**5,836,550**	21,734,021
		190,383,222	256,440,405
Finance cost	29	**(46,593,758)**	(57,821,003)
Other operating expenses	30	**(10,082,817)**	(13,704,739)
Profit before taxation		**133,706,647**	184,914,663
Taxation	31	**(40,911,808)**	(136,452,931)
Profit for the year after taxation		**92,794,839**	48,461,732
Earning per share - basic and diluted	32	**16.10**	8.41

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2010

	2010 **Rupees**	*2009* *Rupees*
Profit for the year after taxation	**92,794,839**	48,461,732
Other comprehensive income		
Incremental depreciation transferred from surplus	**19,468,760**	20,039,377
Less: Related Deferred tax	**6,814,066**	7,013,782
	12,654,694	13,025,595
Total comprehensive income for the year	**105,449,533**	61,487,327

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2010

	2010 Rupees	2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**133,706,647**	184,914,663
Adjustments:		
Depreciation	**44,643,891**	41,508,354
Amortization of intangibles	**133,333**	-
Financial charges	**46,593,758**	57,821,003
Workers' profit participation fund	**7,189,473**	-
Workers' welfare fund	**2,893,344**	-
Provision for gratuity	**849,598**	137,172
Liabilities written back	**-**	(17,072,753)
Gain on sale of fixed assets	**-**	(289,082)
	102,303,397	82,104,694
Cash generated from operating activities before working capital changes	**236,010,044**	267,019,357
Working capital changes		
Decrease / (Increase) in current assets		
Biological assets	**789,351**	(827,086)
Stores and spares	**(3,128,113)**	(4,503,923)
Stock in trade	**276,230,848**	38,118,170
Trade debtors	**(222,549,400)**	413,294
Loans and advances	**(1,567,858)**	7,854,177
Deposits and prepayments	**1,718,092**	2,212,019
Interest accrued	**(284,771)**	-
Others receivables	**(202,818)**	14,680,980
	51,005,331	57,947,631
Increase / (Decrease) in current liabilities		
Trade and other payables	**(26,021,839)**	26,367,191
	24,983,492	84,314,822
Cash generated from operations after working capital changes	**260,993,536**	351,334,179
Financial charges paid	**(54,369,997)**	(61,022,184)
Workers' profit participation fund paid	**(16,952,685)**	-
Workers' welfare fund paid	**(6,359,950)**	-
Gratuity paid	**(564,666)**	(103,510)
Dividend paid	**(5,400,385)**	-
Taxes paid	**(3,261,217)**	(6,564,730)
Long term deposits	**-**	264,050
Net cash generated from in operating activities	**174,084,636**	**283,907,805**

	2010 Rupees	*2009 Rupees*
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	**(22,526,069)**	(75,661,616)
Additions in Capital work in progress	**(1,772,444)**	(1,943,186)
Purchase of intangibles	**(1,000,000)**	-
Sale proceeds of fixed assets	**-**	800,000
Net cash (used in) investing activities	**(25,298,513)**	(76,804,802)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finance - net	**(14,666,667)**	(10,362,508)
Repayment of short term borrowings - net	**(150,000,000)**	(183,000,656)
Repayment of lease liability	**(5,136,617)**	(4,779,787)
Net cash (used in) financing activities	**(169,803,284)**	(198,142,951)
Net (Decrease) / Increase in cash and cash equivalents (A+B+C)	**(21,017,161)**	8,960,052
Cash and cash equivalents at beginning of year	**55,101,766**	46,141,714
Cash and cash equivalents at end of year	**34,084,605**	55,101,766

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2010

Description	Share Capital	Revenue Reserves			Total
		General Reserves	Accumulated Profit	Total	
	---------------------------- Rupees ----------------------------				
Balance as at September 30, 2008	**57,636,540**	**15,000,000**	**51,864,740**	**66,864,740**	**124,501,280**
Profit for the year	-	-	48,461,732	48,461,732	48,461,732
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	13,025,595	13,025,595	13,025,595
Total comprehensive income	-	-	61,487,327	61,487,327	61,487,327
Balance as at September 30, 2009	**57,636,540**	**15,000,000**	**113,352,067**	**128,352,067**	**185,988,607**
Profit for the year	-	-	92,794,839	92,794,839	92,794,839
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	12,654,694	12,654,694	12,654,694
Total comprehensive income	-	-	105,449,533	105,449,533	105,449,533
Owners transactions					
Final dividend paid @ 10% (Rupee 1 per share) for the year ended September 30, 2009	-	-	(5,763,654)	(5,763,654)	(5,763,654)
Balance as at September 30, 2010	**57,636,540**	**15,000,000**	**213,037,946**	**228,037,946**	**285,674,486**

The general reserves and accumulated profit can be utilized for meeting any contingencies and for distribution of profits by way of dividends.

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2010

1 COMPANY AND ITS OPERATIONS

Adam Sugar Mills Limited (the Company) was incorporated in Pakistan in 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company. In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing and Sale of Sugar. The registered office of the Company is situated at Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is the functional currency of the Company.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of asset, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Property, plant, equipment and intangible asset

The Company reviews the appropriateness of rate of depreciation / amortization, useful life and residual value used in calculation of depreciation / amortization. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant, equipment and intangible asset with a corresponding effect on the depreciation / amortization charge and impairment.

Stock in trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares parts to assess any diminution in the respective carrying values. Net realizable values is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade debtors

The Company reviews its receivables against any provision required for any doubtful balances on a on-going basis. The provision is made while taking into consideration expected recoveries, if any.

Taxation

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Staff retirement benefits - Gratuity

Certain actuarial assumptions have been adopted as disclosed in the relevant note to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

2.5 Changes in accounting policies

Starting 1 October 2009, the Company has changed its accounting policies in the following areas: -

Revised IAS 1 Presentation of Financial Statements (2007):

"Revised IAS 1 Presentation of Financial Statements (2007)" became effective from 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company has opted to present two statements; a profit and loss account and a statement of comprehensive income.

IFRS 8 - Operating Segments:

This standard requires the Company to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organization's function which allocates resources to and assesses performance of its operating segments. Management has determined that the Company has a single reportable segment and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures as described in note 39.

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the change in accounting policies only affect presentation / disclosures of financial statements, there is no impact on profit for the year and earnings per share.

2.6 Other accounting developments

Disclosures pertaining to fair values and liquidity risk for financial instruments

The Company has applied improving disclosures about Financial Instruments (Amendments to IFRS 2) issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorized as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another including the reasons therefore, are required to be disclosed for each class of financial instruments. However, the Company does not have any items to report under these levels.

Further the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require the maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee could be called.

2.7 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation: -

Standards or interpretation		*Effective date financial year beginning on or after*
IFRS 1	First time adoption of International Financial Reporting Standards - Additional Exemption for first time adopters (Amendments).	January 1, 2010
IFRS 1	First time adoption of International Financial Reporting Standards - Limited Exemption from Comparatives. IFRS 7 Disclosures for first time adopters.	July 1, 2010
IFRS 2	Group Cash-settled Share -based Payments Arrangements.	January 1, 2010
IFRS 9	Financial Instruments	January 1, 2013
IAS 24	Related Party Disclosures (Revised)	January 1, 2011
IAS 32	Financial Instruments: Presentation - Classification of Rights Issues (Amendments)	February 1, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application except for the changes in disclosures.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as per the result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 01, 2010. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Standards or interpretations effective in 2009 but not relevant to the Company

The following standards and interpretation are effective for financial periods beginning on or after January 01, 2009 but are either not relevant or do not have any effect / material effect on the financial statements of the Company except for the changes in certain disclosures: -

IFRS 1	First time Adoption of International Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments).
IFRS 2	Share-based payment - Vesting Conditions and Cancellations (Amendment)
IFRS 3	Business Combinations (Revised)
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements (Revised)
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements - Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate (Amendments)
IAS 27	Consolidated and Separate Financial Statements (Amendment)
IAS 32	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligation Arising on Liquidation (Amendments)
IAS 39	Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendment)
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distribution of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

3 SUMMARY OF SIGNIFICANT POLICIES

The principal accounting policies adopted in preparing these financial statements are as follows:

3.1 Property, plant and equipment

Owned

Property, plant and equipment are initially recognized at cost. Subsequent to initial recognition these are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any except for freehold land which is stated at revalued amount.

Depreciation is charged to income by applying the diminishing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note 4 to the financial statement. Depreciation is charged on additions during the year from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Gains and losses on disposal of property, plant and equipment are taken in to profit and loss account . Maintenance and normal repairs are charged to Profit and loss account as and when incurred while major improvements, if any, are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying reducing balance method at the rates specified in the relevant note. Depreciation is charged on additions during the year from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Financial charge is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

3.2 Intangible asset

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is charged applying straight line method over estimated useful life.

Amortization on addition is charged from the month in which an asset is acquired while no amortization is charged from the month in which the asset is disposed off.

3.3 Capital work in progress

These are stated at cost less impairment, if any, and represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed asset category as and when assets are available for their intended use.

3.4 Stores and spares

These are valued at lower of the moving average cost or net realizable value. Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Provision is made for items considered obsolete and slow moving. Items in transit are valued at cost comprising invoice price and other charges paid thereon.

3.5 Stock in trade

These are valued at lower of weighted average cost and net realizable value. Cost is determined as follows:

Work in process	Prime cost plus proportionate allocation of manufacturing overheads based on stage of completion.
Finished goods	Prime cost plus an appropriate allocation of manufacturing overheads.
Stock of by product	Net realizable value.

Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale.

3.6 Trade and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost net of provision for uncollectable amounts, if any. A provision for uncollectable amounts is established when there is an objective evidence that the Company will not be able to collect due amounts. Trade debts and other receivables considered irrecoverable are written off.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flows statement, cash and cash equivalents consist of cash in hand, balances with banks.

3.8 Loans, advances, deposits and prepayments

These are stated at their nominal values net of any allowance for uncollectable amounts (if any).

3.9 Staff retirement benefits

Defined Contribution Plan
The Company operates a funded provident fund scheme covering permanent employees of mill. Equal contribution are made by both employer and employees.

Defined Benefit Plan
The Company also operates an unfunded gratuity scheme for its permanent employees. Provisions are made in the financial statements to cover the obligations using the *Projected Unit Credit Method* . Actuarial Gains/losses are amortized over the expected future service of the employees.

3.10 Taxation

Current

Provision for current taxation is based on the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base, to the extent of probability that taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

3.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.13 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.14 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

3.15 Related party transactions

All transactions with related parties are carried out by the company at arms' length prices using the admissible valuation methods except loan from directors which is interest free.

3.16 *Translation of foreign currencies*

Transaction in foreign currencies are recorded into rupees at the rates approximating those prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the balance sheet date. Exchange differences are included in income currently.

3.17 *Revenue recognition*

Revenue from sales is recognized on dispatch of goods to customers.

Profit / (loss) on sale of fixed assets is recognized on occurance of transactions and when title is transferred to buyer.

Rent income is recorded on accrual basis as per terms of agreement.

Return on bank deposits is recognized on accrual basis.

3.18 *Dividend to share holders*

Dividend is recognized as a liability in the period in which it is approved and declared.

3.19 *Provisions*

Provision are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.20 *Borrowing Cost*

Borrowing costs are recognized as an expense in the period in which they are incurred.

3.21 *Biological asset*

Biological assets are measured at its fair value less its point of sale costs. Gain/(loss) on such measurement is recognized in profit and loss account.

	Note	2010 Rupees	2009 Rupees

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2010 Rupees	2009 Rupees
Operating fixed assets	4.1	**824,398,043**	846,515,865
Capital work in progress	4.2	**1,772,444**	-
		826,170,487	846,515,865

4.1 Operating fixed assets

Particular	Owned						
	Freehold land	Factory building on freehold land	Non-factory building on freehold land	Plant and Machinery	Building construction machinery	Railway siding	Vehicles
	Rupees						
At September 30, 2008							
Cost / revaluation	32,819,000	53,785,207	11,511,981	896,304,948	238,125	2,191,346	14,867,043
Accumulated depreciation	-	28,367,730	5,137,242	259,268,406	233,447	2,147,602	11,529,352
Net book value	32,819,000	25,417,477	6,374,739	637,036,542	4,678	43,744	3,337,691
Year ended September 30, 2009							
Additions	-	8,266,441	-	62,190,439	-	-	2,700,080
Disposals							
- Cost	-	-	-	-	-	-	2,389,000
- Depreciation	-	-	-	-	-	-	(1,878,082)
Transfer from capital work in progress	-	-	-	68,756,847	-	-	-
Surplus on revaluation	3,281,000	5,586,242	673,614	877,309	-	-	-
Depreciation charged	-	2,955,696	327,157	35,315,220	421	4,374	879,778
Net book value as at September 30, 2009	36,100,000	36,314,464	6,721,196	733,545,917	4,257	39,370	4,647,075
Year ended September 30, 2010							
Additions	-	2,086,657	-	16,431,758	-	-	2,915,360
Transfer							
- Cost	-	-	-	-	-	-	2,640,500
- Depreciation	-	-	-	-	-	-	(1,775,261)
							865,239
Depreciation charged	-	3,683,223	336,060	37,408,145	383	3,937	1,314,672
Net book value as at September 30, 2010	**36,100,000**	**34,717,898**	**6,385,136**	**712,569,530**	**3,874**	**35,433**	**7,113,002**
At September 30, 2009							
Cost / revaluation	36,100,000	67,637,890	12,185,595	1,028,129,543	238,125	2,191,346	15,178,123
Accumulated depreciation	-	31,323,426	5,464,399	294,583,626	233,868	2,151,976	10,531,048
Net book value	36,100,000	36,314,464	6,721,196	733,545,917	4,257	39,370	4,647,075
At September 30, 2010							
Cost / revaluation	**36,100,000**	**69,724,547**	**12,185,595**	**1,044,561,301**	**238,125**	**2,191,346**	**20,733,983**
Accumulated depreciation	**-**	**35,006,649**	**5,800,459**	**331,991,771**	**234,251**	**2,155,913**	**13,620,981**
Net book value	**36,100,000**	**34,717,898**	**6,385,136**	**712,569,530**	**3,874**	**35,433**	**7,113,002**
Rate of depreciation %	**-**	**10**	**5**	**5**	**9**	**10**	**20**

Owned							Leased		
Office equipment	Computer and other equipments	Furniture and fixtures	Electric generator	Water connection and electric installation	Tools and other equipments	Air conditioners and refrigerators	Plant and machinery	Vehicles	Total
Rupees									
1,417,672	3,114,934	2,361,807	556,759	2,339,695	7,740,600	955,894	25,000,000	2,640,500	1,057,845,511
1,110,374	1,711,257	1,845,592	499,677	2,146,788	6,209,511	834,198	1,546,875	1,558,951	324,147,002
307,298	1,403,677	516,215	57,082	192,907	1,531,089	121,696	23,453,125	1,081,549	733,698,509
127,726	552,836	893,900	-	157,841	180,853	591,500	-	-	75,661,616
-	-	-	-	-	-	-	-	-	2,389,000
-	-	-	-	-	-	-	-	-	(1,878,082)
-	-	-	-	-	-	-	-	-	68,756,847
-	-	-	-	-	-	-	-	-	10,418,165
39,496	161,504	94,163	5,137	32,440	238,838	65,164	1,172,656	216,310	41,508,354
395,528	1,795,009	1,315,952	51,945	318,308	1,473,104	648,032	22,280,469	865,239	846,515,865
99,640	72,800	46,960	500,000	-	372,894	-	-	-	22,526,069
-	-	-	-	-	-	-	-	2,640,500	-
-	-	-	-	-	-	-	-	(1,775,261)	-
								(865,239)	
44,640	182,458	133,506	40,300	47,746	237,593	97,205	1,114,023	-	44,643,891
450,528	**1,685,351**	**1,229,406**	**511,645**	**270,562**	**1,608,405**	**550,827**	**21,166,446**	**-**	**824,398,043**
1,545,398	3,667,770	3,255,707	556,759	2,497,536	7,921,453	1,547,394	25,000,000	2,640,500	1,210,293,139
1,149,870	1,872,761	1,939,755	504,814	2,179,228	6,448,349	899,362	2,719,531	1,775,261	363,777,274
395,528	1,795,009	1,315,952	51,945	318,308	1,473,104	648,032	22,280,469	865,239	846,515,865
1,645,038	**3,740,570**	**3,302,667**	**1,056,759**	**2,497,536**	**8,294,347**	**1,547,394**	**25,000,000**	**-**	**1,232,819,208**
1,194,510	**2,055,219**	**2,073,261**	**545,114**	**2,226,974**	**6,685,942**	**996,567**	**3,833,554**	**-**	**408,421,165**
450,528	**1,685,351**	**1,229,406**	**511,645**	**270,562**	**1,608,405**	**550,827**	**21,166,446**	**-**	**824,398,043**
10	**10**	**10**	**9**	**15**	**15**	**15**	**5**	**20**	

	Note	2010 Rupees	2009 Rupees
4.1.1 Depreciation has been charged to:			
Cost Of Sale	25	**42,968,615**	40,328,276
Adminstrative Expenses	26	**1,675,276**	1,180,078
		44,643,891	41,508,354
4.2 Capital work in progress			
Factory building - Civil works		**1,772,444**	-
Plant and machinery - Turbine	4.2.1	**-**	-
		1,772,444	-
4.2.1 Plant and machinery - Turbine			
Opening balance		**-**	66,813,661
Addition during the year		**-**	1,943,186
		-	68,756,847
Transferred to property, plant and equipment		**-**	(68,756,847)
		-	-

5 LONG TERM DEPOSITS

		2010 Rupees	2009 Rupees
Lease deposits		**1,250,000**	1,514,050
Others		**27,400**	27,400
		1,277,400	1,541,450
Current maturity of lease deposit		**-**	(264,050)
		1,277,400	1,277,400

6 INTANGIBLE ASSETS

- Accounting Software

		2010 Rupees	2009 Rupees
Cost		**1,000,000**	-
Amortization for the year		**(133,333)**	-
		866,667	-
Rate of amortization		**20%**	-

7 BIOLOGICAL ASSETS

		2010 Rupees	2009 Rupees
at fair value			
Carrying value at beginning of the year		**1,273,700**	446,614
Addition due to cultivation		**399,179**	953,032
Gain arising from changes in fair value less estimated cost to sale		**158,515**	320,668
		1,831,394	1,720,314
Deduction due to harvesting		**(1,347,045)**	(446,614)
Carrying value at end of the year		**484,349**	1,273,700

7.1 *Operations and principal activities at farms:*

The company's agriculture activities include sugarcane and seeds cultivation, which is supplied to various sugarcane growers.

		Note	2010 Rupees	2009 Rupees
8	***STORES AND SPARES***			
	Stores		**42,075,643**	38,709,590
	Spares		**13,954,406**	14,192,346
			56,030,049	52,901,936
9	***STOCK IN TRADE***			
	Sugar in process		**4,000,944**	2,088,181
	Sugar - Finished goods		**-**	281,389,231
	Molasses		**4,448,140**	1,202,520
			8,449,084	284,679,932
10	***TRADE DEBTORS***			
	Considered good	23.7	**222,549,400**	-
11	***LOANS AND ADVANCES***			
	Loans - considered good			
	- growers		**2,815,190**	5,377,388
	- staff		**615,842**	631,191
			3,431,032	6,008,579
	Advances - considered good			
	- suppliers	11.1	**16,222,541**	12,219,398
	- against income tax		**2,933,861**	5,832,015
	- against expenses		**313,397**	171,135
			19,469,799	18,222,548
	considered bad			
	- suppliers		**5,722**	5,722
	provision against considered doubtful		**(5,722)**	(5,722)
			-	-
			22,900,831	24,231,127

11.1 It includes advance to Adam Lubricants Limited - associated undertaking amounting to Rs. NIL (2009: Rs.800,000).

	Note	2010 Rupees	2009 Rupees

12 DEPOSITS AND PREPAYMENTS

	Note	2010 Rupees	2009 Rupees
Current maturity of lease deposit		**-**	264,050
Prepayments		**739,396**	2,193,438
		739,396	2,457,488

13 CASH AND BANK BALANCES

	Note	2010 Rupees	2009 Rupees
Cash in hand		**1,140,117**	329,326
Cash at Bank			
- Current accounts		**17,732,461**	44,878,440
- Deposit account	13.1	**15,212,027**	9,894,000
		32,944,488	54,772,440
		34,084,605	55,101,766

13.1 It carries markup @ 10.5% (2009: 10.75%) annually.

14 SHARE CAPITAL

2010 (Number of Shares)	2009 (Number of Shares)		2010 Rupees	2009 Rupees
		Authorized capital		
10,000,000	10,000,000	Ordinary shares of Rs. 10 each	**100,000,000**	100,000,000
		Issued, subscribed and paid up capital		
3,440,913	3,440,913	Ordinary shares of Rs. 10 each Issued for cash	**34,409,130**	34,409,130
250,000	250,000	Issued to PICIC under terms of loan agreement	**2,500,000**	2,500,000
2,072,741	2,072,741	Issued as fully paid bonus shares	**20,727,410**	20,727,410
5,763,654	5,763,654		**57,636,540**	57,636,540

14.1 The number of shares held by associated companies - (related parties) of the company are 3,507,446 (2009: 3,507,446).

	2010 Rupees	2009 Rupees

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET

	2010 Rupees	2009 Rupees
Opening balance	**412,562,888**	422,184,100
Revaluation surplus arises during the year	**-**	10,418,165
	412,562,888	432,602,265
Transferred to equity in respect of incremental depreciation - net of deferred tax	**(12,654,694)**	(13,025,595)
Related deferred tax liability of incremental depreciation.	**(6,814,066)**	(7,013,782)
	(19,468,760)	(20,039,377)
	393,094,128	412,562,888
Less: Related deferred tax liability		
- at beginning of the year	**131,931,039**	136,446,813
- on revaluation surplus arises during the year	**-**	2,498,008
- on Incremental depreciation for the year	**(6,814,066)**	(7,013,782)
	125,116,973	131,931,039
	267,977,155	280,631,849

15.1 Land, building, plant and machinery of the Company were first time revalued by an independent professional valuer M/s. Asif Associates (Private) Limited on the basis of present value as on July 14, 2004 resulting in surplus of Rs. 488.629 million incorporated in the financial statements for the year ended September 30, 2006. Subsequently these were again revalued by the same professional valuer on the basis of present value as on July 09, 2009 resulting in surplus of Rs. 10.418 million which has been credited to surplus on revaluation of property plant and equipment.

15.2 Had there been no revaluation, the status of revalued assets (after providing depreciation) would have been as follows: -

	Cost as at September 30, 2010	*Accumulated Depreciation*	*Written down Value as at September 30, 2010*
	- - - - - - - - - - - - - - -	*Rupees*	- - - - - - - - - - - -
Free hold land	482,937	-	482,937
Factory building on free hold land	53,495,429	29,963,970	23,531,459
Non - Factory building on free hold land	5,688,514	4,438,561	1,249,953
Plant and machinery	598,557,212	232,178,126	366,379,086
	658,224,092	266,580,657	391,643,435

16 DIRECTOR'S SUBORDINATED LOAN

This is an interest free and unsecured long term loan from Chief Executive of the company and not payable within twelve months from the balance sheet date.

	Note	2010 Rupees	2009 Rupees

17 LONG TERM FINANCES

	Note	2010 Rupees	2009 Rupees
From banking company - secured			
Demand Finance Facility	17.1	**43,999,999**	58,666,666
Current maturity shown under current liabilities	22	**(14,666,667)**	(14,666,667)
		29,333,332	43,999,999

17.1 This represents demand finance facility of Rs. 54.99 (2009: Rs. 66.00) million and carries mark up at the rate of average of 3 months KIBOR plus 2.5%. The loan is payable in equal quarterly instalments of Rs.3.67 million. The loan is secured against equivalent mortgage over factory premises and first pari pasu charge of Rs. 175 million on the present and future fixed assets of the Company and subordination of director loan up to Rs. 200 million and personal guarantee of the Chief Executive.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

This represents finances obtained under the lease arrangement for plant and machinery and vehicles. The total minimum lease payment are payable in 60 monthly installments. The internal rate of return ranging from 12.97% (2009: 12.58% to 13.19%).

The amount of future payments for the lease and the period in which these payments will become due are:

	Note	2010 Rupees	2009 Rupees
Minimum lease payments			
Upto one year		**6,411,000**	7,697,234
More than 1 year but not later than 5 years		**5,524,000**	13,558,520
		11,935,000	21,255,754
Finance charges not yet due			
Upto one year		**921,593**	3,035,346
More than 1 year but not later than 5 years		**200,609**	2,270,993
		1,122,202	5,306,339
Present value of minimum lease payments			
Upto one year		**5,489,407**	4,661,888
More than 1 year but not later than 5 years		**5,323,391**	11,287,527
		10,812,798	15,949,415
Current portion shown under current liabilities	22	**5,489,407**	4,661,888
		5,323,391	11,287,527

19 DEFERRED LIABILITIES

	Note	2010 Rupees	2009 Rupees
Deferred taxation	19.1	**226,202,942**	207,841,508
Staff retirement benefits	19.2	**1,524,013**	1,239,081
		227,726,955	209,080,589

	2010 Rupees	2009 Rupees

19.1 Deferred taxation comprises differences relating to:

Credit balance arises due to:		
Accelerated tax depreciation	**223,112,570**	226,939,404
Assets subject to finance lease	**7,408,256**	8,100,998
	230,520,826	235,040,402
Debit balance arises due to:		
Provision for gratuity	**(533,405)**	(433,678)
Liabilities against assets subject to finance lease	**(3,784,479)**	(5,582,295)
Minimum tax impact	**-**	(14,985,417)
Tax losses carried forward	**-**	(6,197,504)
	(4,317,884)	(27,198,894)
	226,202,942	207,841,508

19.2 Staff retirement benefits
Gratuity

a) Reconciliation of obligation as at year end

Reconciliation of defined benefit obligation	**1,038,264**	840,519
Benefits payables	**128,490**	128,490
Unrecognized actuarial (Gain) / loss	**357,259**	270,072
Net liability at end of the year	**1,524,013**	1,239,081

b) Charge for the year

Current service cost	**613,721**	68,639
Interest cost	**148,690**	68,533
Actuarial loss for the year	**87,187**	-
	849,598	137,172

c) Movement in defined benefit obligation

Present value of defined benefit obligation		
at beginning of the year	**840,519**	1,142,219
charge for the year	**849,598**	137,172
benefits payables	**-**	(128,490)
benefits paid during the year	**(564,666)**	(103,510)
actuarial (Gain) / loss on PVDBO	**(87,187)**	(206,872)
at the end of the year	**1,038,264**	840,519

d) Changes in actuarial gains / (losses)

Unrecognized actuarial gains/(losses)		
at the beginning of the year	**270,072**	63,200
actuarial gain / (losses) arising during the year	**128,490**	206,872
recognized for the year	**(41,303)**	-
at the end of the year	**357,259**	270,072

e) The principal actuarial assumptions used for the purpose of the valuation were as follows:

	2010	*2009*
Discount	**12% per annum**	12% per annum
Expected rate of increase in salary	**12% per annum**	12% per annum
Average expected remaining working life time of employees	**3 years**	3 years

f) Present value of defined benefits obligations : -

	2010	*2009*	*2008*	*2007*	*2006*
	- - - - - - - - - - Rupees in Thousands - - - - - - - - - -				
Present value of defined obligations at the end of the year	**1,038,264**	840,519	N/A	N/A	N/A
g) Experience adjustments					
Experience adjustment arising on plan liabilities (gains) / losses	**87,187**	206,872	N/A	N/A	N/A

	Note	***2010*** ***Rupees***	*2009* *Rupees*
20 SHORT TERM BORROWINGS			
Unsecured - interest free			
- from director	20.1	-	100,000,000
Secured - interest bearing			
- from banking companies			
Cash finances	20.2	-	50,000,000
		-	150,000,000

20.1 The loan is fully repaid during the current financial year.

20.2 These finances are fully repaid during the current financial year. The credit facility available and unavailed in respect of cash finances as at September 30, 2010 amounting to Rs. 520 (2009: Rs. 500) million and Rs. 520 (2009: Rs. 450) million respectively. These finances are secured against pledge of refined white sugar, pari passu charge on fixed assets, subordination of director's loan and personal guarantee of chief executive of the Company. Mark up charging rate ranges from one month KIBOR+2.75% to three months KIBOR + 3 % (2009: one month KIBOR + 3 % to three months KIBOR + 3.50%).

20.2.1 The details of other credit facilities available to the company and are not availed as at September 30, 2010 are as under:

	2010 Rupees	2009 Rupees
Nature of Facilities		
Murabaha Finance	**100,000,000**	-
Sub-limits of running finance facility are:		
Letter of Credit (0.10% per quarter)	**250,000,000**	250,000,000
Finance against import (one month KIBOR + 3%)	**250,000,000**	250,000,000
Shipping guarantee (as per bank schedule of charges)	**250,000,000**	250,000,000

The aggregate of the above sublimits should not exceed the total limit of running finance facility of one of the banking companies amounting to Rs. 300 (2009: Rs 300) million.

21 TRADE AND OTHER PAYABLES

	Note	2010 Rupees	2009 Rupees
Trade Creditors		**17,693,379**	11,153,021
Accrued liabilities		**11,045,838**	4,728,039
Advance from customers		**133,158**	52,225,206
Sales tax payable		**8,505,000**	6,883,358
Retention money		**148,566**	137,291
Workers profit participation fund payable	21.1	**7,189,473**	14,773,893
Workers welfare fund payable		**2,893,344**	6,359,950
Provident fund payable	21.2	**7,182,150**	6,093,540
Market committee fee payable		**866,763**	174,347
Others		**8,835,951**	1,216,634
		64,493,622	103,745,279

21.1 Workers' profit participation fund payable

	Note	2010 Rupees	2009 Rupees
Opening balance		**14,773,893**	3,668,492
Interest on funds utilized in the Company's business	29	**2,178,792**	1,174,431
		16,952,685	4,842,923
Payments made during the year to workers		**16,952,685**	-
		-	4,842,923
Provision for the year		**7,189,473**	9,930,970
		7,189,473	14,773,893

21.2 The Company is maintaining separate bank account for Provident fund.

22		Note	2010 Rupees	2009 Rupees
	CURRENT PORTION OF NON - CURRENT LIABILITIES			
	Current maturity of long term loan	17	**14,666,667**	14,666,667
	Current maturity of liabilities against finance lease	18	**5,489,407**	4,661,888
			20,156,074	19,328,555

23 CONTINGENCIES AND COMMITMENTS

Contingencies

23.1 The Company has filed an appeal under section 34 of the Federal Excise Act 2005 before the Customs, Central Excise & Sales Tax Appellate Tribunal, Lahore against the liability for central excise duty amounting to Rs. 4.1 million and equal amount of penalty. The management is confident of a favourable outcome.

23.2 The Company has filed an appeal with Punjab Security Court Lahore against order of director Punjab Employees Social Security Institution for payment of social security contribution amounting to Rs. 6.6 million (2009: Rs. 7.3 million). The appeal is in process and the Company is confident of a favourable outcome.

23.3 Sales Tax on sugar (including penalty) under appeal Rs.0.1 million (2009: Rs. 0.1 million).

23.4 An ex-worker has filed a case against the Company in High Court Bahawalpur claiming Rs.160,000 as wages. The case is in process and the management is confident that the case will be decided in the favour of the Company.

23.5 The food Secretary Punjab imposed a penalty of Rs.372,494 against the Company. The Company made appeal in Lahore High Court which was dismissed by the Honourable Court. Now the case has been filed in the Supreme Court of Pakistan and the Company expects favourable outcome of the case.

23.6 The company has filed an appeal before the Honourable High Court of Sindh and with the Supreme Court of Pakistan against the orders of Income Tax Appellate Tribunal and Honourable High Court of Sindh for the various assessment years against various inadmissible expenses, the financial effect of which can not be reliably measured till the final outcome of the cases. However, the management is confident that the cases will be decided in favour of the company.

23.7 The company has filed a case in Honourable Lahore High Court, Bahawalpur Bench, Bahawalpur against Province of Punjab through District Collector Bahawalnagar and other related Government departments for the recovery of Rs. 55,161,000 being market value of sugar stock forcefully lifted by the Government of Punjab over and above from the quantity fixed by the Honorable Supreme Court of Pakistan at the rate of Rs. 38/kg. The management of the company is confident that the decision of the case will be in favour of the company. However, the company has recorded receivable amounting to Rs. 37,509,900 at Rs. 38/kg.

23.8 CPLA titled "Adam Sugar Mills Vs. Secretary to Govt. of Punjab. Food Department and Others" filed on 10.7.10 in the Supreme Court against the judgment dated 17.06.2010 of the Lahore High Court.

Matter Involves no future liability as the disputed amount has already been paid under direction of the High Court.

23.9 A case has been filed by the Company in Honorable Lahore High Court against Additional Collector in which legal interpretationis sought about whetherthe Company should pay sales tax on the price charged by the Company or on the rate fixed by the FBR. The Company is confident of favourable outcome of this case.

23.10 The company has filed case in Honorable Lahore High Court in which it was prayed to declare the provision of Federal Excise Act, 2005 regarding payment of 1% Special Excise Duty under section 3(a) as illegal and quash. The Honorable Lahore High Court gave interim relief till the case is finally decided based on future hearings. The Company is quite sure for a positive decision.

Commitments

Guarantees issued by Banking Companies on behalf of the Company amounting to Rs.0.175 (2009 : Rs.0.175) million detailed as below:

	2010	*2009*
	Rupees in million	
In favour of :		
Market committee Chishtian	**0.125**	0.125
Excise Duty collection Multan	**0.050**	0.050
	0.175	0.175

Unavailed guarantee facilities as at September 30, 2010 amounting to Rs. Nil (2009: Rs. Nil).

	2010	*2009*
	Rupees	*Rupees*
24 SALES - NET		
Sugar- Local	**2,104,528,338**	1,206,034,278
Molasses	**116,997,739**	78,441,630
	2,221,526,077	1,284,475,908
Sales Tax and Excise Duty	**(82,985,127)**	(127,509,566)
	2,138,540,950	1,156,966,342

	Note	2010 Rupees	2009 Rupees
25 COST OF SALES			
Manufacturing cost			
Sugarcane purchase		**1,495,508,029**	690,303,398
Handling expenses		**1,866,360**	1,760,636
Road cess		**5,890,892**	4,800,756
Stores consumed		**12,556,444**	11,523,389
Market committee fees		**1,566,815**	1,157,787
Salaries, wages and allowances	25.1	**42,708,018**	39,439,396
Repairs and maintenance	25.2	**26,481,474**	33,139,908
Fuel and power		**10,951,371**	23,945,212
Insurance		**1,892,751**	1,693,217
Flying ash removal expenses		**1,399,259**	1,254,666
Depreciation	4.1.1	**42,968,615**	40,328,276
		1,643,790,028	849,346,641
Opening stock of sugar in process		**2,088,181**	12,405,907
Closing stock of sugar in process		**(4,000,944)**	(2,088,181)
		(1,912,763)	10,317,726
Cost of goods manufactured		**1,641,877,265**	859,664,367
Opening stock			
Molasses		**1,202,520**	-
Sugar - Finished goods		**281,389,231**	310,392,195
		282,591,751	310,392,195
Closing stock			
Molasses		**(4,448,140)**	(1,202,520)
Sugar - Finished goods		**-**	(281,389,231)
		(4,448,140)	(282,591,751)
		1,920,020,876	887,464,811

25.1 This include Rs.83,278 (2009: Rs.90,931) contribution each from the employees and the Company towards the provident fund scheme.

25.2 It includes an amount of Rs.4,301,461 (2009 : Rs.748,980) paid against purchase of lube oil from Adam Lubricants Limited (associated undertaking). The pricing policy and terms and conditions are approved by the management and the same are entered at fair value.

	Note	2010 Rupees	2009 Rupees
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and other allowances	26.1	**18,388,414**	19,039,003
Directors' remuneration		**675,750**	143,000
Printing and stationery		**592,426**	667,593
Postage, Telegram and Telephone		**1,273,613**	1,089,500
Security guard services		**165,000**	165,000
Vehicle running expenses		**2,704,591**	1,456,325
Conveyance and travelling		**1,236,596**	1,297,325
Auditors' remuneration	26.2	**375,000**	345,000
Legal and professional charges		**1,616,324**	1,409,606
Rent, rates and taxes	26.3	**860,005**	986,695
Electricity		**988,751**	820,583
Fee and subscription		**236,527**	481,998
Entertainment		**325,723**	473,741
General expenses		**1,062,542**	787,827
Repair and maintenance		**136,468**	2,834,017
Charity and donation	26.4	**397,910**	359,502
Computer expenses		**63,025**	80,487
Amortization of intangible assets	6	**133,333**	-
Depreciation	4.1.1	**1,675,276**	1,180,078
		32,907,274	33,617,280

26.1 This include Staff retirements benefits of Rs. 849,598 (2009: Rs. 137,172).

26.2 Auditors' remuneration

	2010 Rupees	2009 Rupees
Statutory Audit		
Haroon Zakaria & Company		
- Statutory Audit fee	**225,000**	225,000
- Review of half yearly accounts	**25,000**	25,000
- Review of compliance with corporate governance	**25,000**	20,000
	275,000	270,000
Cost audit		
Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq & Company		
- Cost audit fee	**100,000**	75,000
	375,000	345,000

26.3 Rent, rates and Taxes includes Rs. Nil (2009: 181,080) rent paid to Adam (Private) Limited (associated undertaking). The pricing policy and terms and conditions were approved by the management and the same were entered at fair value.

26.4 None of the director or their spouse had any interest in the donee institutions.

	Note	2010 Rupees	2009 Rupees
27 SELLING AND DISTRIBUTION EXPENSES			
Loading and unloading expenses		**449,222**	414,760
Shifting expenses		**552,420**	616,402
Advertisement expenses		**38,000**	64,320
Others		**26,486**	82,385
		1,066,128	1,177,867

	Note	2010 Rupees	2009 Rupees
28 OTHER OPERATING INCOME			
Income from financial assets			
Profit on fixed deposit		**5,383,740**	194,436
Income from assets other than financial assets			
Rent		**18,000**	18,000
Profit on sale of fixed assets		**-**	289,082
Farming (loss) / income - net		**(220,980)**	915,835
Liabilities written back		**-**	17,072,753
Scrap sales		**-**	408,000
Miscellaneous		**655,790**	2,835,915
		452,810	21,539,585
		5,836,550	21,734,021

	Note	2010 Rupees	2009 Rupees
29 FINANCIAL CHARGES			
Mark up on			
- short term finances		**33,739,425**	42,071,605
- long term loan		**7,775,317**	10,746,926
- liabilities against assets subject to finance lease		**1,586,475**	2,722,334
- mark up on workers profit participation fund	21.1	**2,178,792**	1,174,431
		45,280,009	56,715,296
Bank charges and commission		**1,313,749**	1,105,707
		46,593,758	57,821,003

	Note	2010 Rupees	2009 Rupees
30 Other operating charges			
Workers' Profit Participation Fund		**7,189,473**	9,930,970
Workers' Welfare Fund		**2,893,344**	3,773,769
		10,082,817	13,704,739

31 TAXATION

	2010 Rupees	2009 Rupees
Current		
- for the year	**34,043,457**	5,784,832
Deferred		
- for the year	**13,682,417**	137,681,881
- reversal relating to surplus on revaluation	**(6,814,066)**	(7,013,782)
	6,868,351	130,668,099
	40,911,808	136,452,931

31.1 Relationship between tax expense and accounting profit

	2010 Effective tax rate	2009 Effective tax rate	2010 Rupees	2009 Rupees
Profit before tax			**133,706,647**	184,914,663
Tax at the applicable tax rate of 35%	35.00	-	**46,797,326**	-
Tax effective of expenses that are not admissible in determining taxable income	12.32	-	**16,477,987**	-
Tax effect of expenses that are admissiable but not included in determining accounting profit	(10.21)	-	**(13,654,461)**	-
Tax effect of taxable temporary differences	(3.38)	-	**(4,519,576)**	-
Tax effect of deductible temporary difference	17.11	-	**22,881,010**	-
Effect of tax losses brought forward	(11.65)	-	**(15,577,395)**	-
Effect of minimum tax	(8.60)	-	**(11,493,083)**	-
	30.59	-	**40,911,808**	-

31.2 Income tax returns upto and including the tax year 2010 have been filed, which are deemed to be the assessment orders under provisions of the Income Tax Ordinance, 2001. However the commissioner of income tax may any time during the period of five years may select the deemed assessment for audit.

32 EARNING PER SHARE - BASIC AND DILUTED

	2010 Rupees	2009 Rupees
Profit after taxation attributable to ordinary shareholders	**92,794,839**	48,461,732
Weighted average number of ordinary shares	**5,763,654**	5,763,654
Earning per share - basic and diluted	**16.10**	8.41

33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

33.1 Financial assets

Loans and receivables		
Long term deposits	**1,277,400**	1,277,400
Trade debts - unsecured (considered good)	**222,549,400**	-
Loans and advances	**615,842**	631,191
Deposits and prepayments	**-**	264,050
Other receivables	**323,281**	120,463
Cash and bank balances	**34,084,605**	55,101,766
	258,850,528	57,394,870

	2010 Rupees	2009 Rupees

33.2 *Financial liabilities - at amortized cost*

	2010 Rupees	2009 Rupees
Director's subordinated loan	**239,324,437**	239,324,437
Long term finances	**29,333,332**	43,999,999
Liabilities against assets subject to finance leases	**5,323,391**	15,949,415
Deferred liabilities	**1,524,013**	1,239,081
Trade and other payables	**39,077,531**	75,728,078
Short term borrowings	**-**	150,000,000
Accrued markup on borrowings	**-**	7,776,239
Current portion of non-current liabilities	**20,156,074**	19,328,555
Unclaimed dividend	**2,101,738**	1,738,469
	336,840,516	555,084,273

33.3 The company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of prices of the sugar and by product (Molasses) and purchase price of the sugarcane and seeks potential adverse effects on the company's financial performance.

Risk managed and measured by the company are explained below: -

- Credit risk
- Liquidity risk
- Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

33.4 *Credit risk*

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. Out of the total financial assets of Rs.258.851 (2009 : Rs.57.395) million, the financial assets which are subject to credit risk amounted to Rs.257.710 (2009 : Rs.57.066) million.

The carrying amount of financial assets representing the maximum credit exposure at the reporting date as follows: -

	2010 Rupees	2009 Rupees
Long term deposits	**1,277,400**	1,277,400
Trade debts - unsecured (considered good)	**222,549,400**	-
Loans and advances	**615,842**	631,191
Deposits and prepayments	**-**	264,050
Other receivables	**323,281**	120,463
Bank balances	**32,944,488**	54,772,440
	257,710,411	57,065,544

33.4.1 The maximum exposure to credit risk for trade debtors is from Khizer Traders amounting to Rs.185.041 million.

33.4.2 Impairment

The ageing of trade debts as at balance sheet date are as follows;

	2010		2009	
	Gross debts	***Impaired***	*Gross debts*	*Impaired*
	- - - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - - -			
Past due 0 - 30 days	**185,041,500**	**-**	-	-
Past due 31 - 180 days	**-**	**-**	-	-
Past due 181 - 360 days	**37,507,900**	**-**	-	-
	222,549,400	**-**	-	-

33.4.3 Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto 360 days do not require any impairment.

33.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The following are the contractual maturities of the financial liabilities, including estimated interest payments: -

	2010			
Financial Liabilities	***Carrying Amount***	***Contractual Cash flows***	***Less than one year***	***More than one year***
	- - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - -			
Loan from directors	**239,324,437**	**(239,324,437)**	**-**	**(239,324,437)**
Finances (Long and short)	**43,999,999**	**(59,544,806)**	**(24,749,972)**	**(34,794,833)**
Liabilities against assets subject to finance leases	**10,812,798**	**(11,935,000)**	**(6,411,000)**	**(5,524,000)**
Deferred liabilities	**1,524,013**	**(1,524,013)**	**-**	**(1,524,013)**
Trade and other payables	**39,077,531**	**(39,077,531)**	**(39,077,531)**	**-**
Unclaimed dividend	**2,101,738**	**(2,101,738)**	**(2,101,738)**	**-**
	336,840,516	**(353,507,525)**	**(72,340,241)**	**(281,167,283)**

Financial Liabilities	2009 Carrying Amount	Contractual Cash flows	Less than one year	More than one year
	- - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - -			
Loan from directors	239,324,437	(239,324,437)	-	(239,324,437)
Finances (Long and short)	58,666,666	(79,294,007)	(23,461,593)	(55,832,414)
Liabilities against assets subject to finance leases	15,949,415	(21,255,754)	(7,697,234)	(13,558,520)
Deferred liabilities	1,239,081	(1,239,081)	-	(1,239,081)
Trade and other payables	75,728,078	(75,728,078)	(75,728,078)	-
Short term borrowings	150,000,000	(157,926,009)	(157,926,009)	-
Accrued markup on borrowings	7,776,239	(7,776,239)	(7,776,239)	-
Unclaimed dividend	1,738,469	(1,738,469)	(1,738,469)	-
	550,422,385	(584,282,074)	(274,327,622)	(309,954,452)

33.6 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of its holdings of financial instruments.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to any currency risk.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows: -

	2010	2009
	Effective Interest Rate (In Percent)	
Variable Rate Instruments		
Financial liabilities		
Demand finance from banking company	**14.92%**	16.55%
Liabilities against assets subject to finance leases	**12.97%**	13.84%
Short term borrowings	**15.22%**	15.95%
	14.37%	15.45%

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant.

	Profit and Loss 100 bp Increase	(Decrease)
Cash flow Sensitivity - Variable Rate Instruments		
As at September 30 2010		
Cash flow Sensitivity	**3,000,085**	**(3,000,085)**
As at September 30 2009		
Cash flow Sensitivity	2,790,325	(2,790,325)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

iii) Price Risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

At reporting date, the company is not exposed to price risk as the company has no investment.

34 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may issue new shares and take other measures commensurating the circumstances.

Consistent with others in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from banking companies less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2010 Rupees	2009 Rupees
Total borrowings	**54,812,797**	**224,616,081**
Less: Cash and bank balances	**34,084,605**	**55,101,766**
Net debt	**20,728,192**	**169,514,315**
Total equity	**285,674,486**	**185,988,607**
Total Capital	**306,402,678**	**355,502,922**
Gearing ratio (%)	**6.77**	**47.68**

	2010	2009

38 CAPACITY AND PRODUCTION

	2010	2009
Crushing capacity - based on 160 days (M. Tons)	**640,000**	640,000
Cane crushed (M. Tons)	**313,363**	256,030
Sugar produced (M. Tons)	**27,716**	24,835
Days worked (Number of days)	**103**	103

Can Crushed is less then installed capacity due to the shortage of Sugarcan.

39 OPERATING SEGEMENT

39.1 Revenue from sale of sugar represents 95% (2009 : 94%) of the gross sales of the Company.

39.2 All sales of the Company are made to customers located in Pakistan.

39.3 All non-current assets of the Company at September 30,2010 are located in Pakistan.

39.4 One customer of the Company accounts for 45.50% (2009 : 45%) of gross sales of the Company for the year.

40 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Director of the company in its meeting held on December 30, 2010 has proposed a final cash dividend of Rs. 2.5 per share amounting to Rs.14.409 (2009 : Rs.5.764) million and appropriation to general reserve amounting to Rs. 85 million (2009: Nil) for approval of the member in the Annual General Meeting to be held on January 29, 2011. The Financial Statement for the year ended September 30, 2010 do not include the effect of the proposed cash dividend and appropriation to general reserve, which will be accounted for in the financial statements for the year ended September 30, 2011.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 30, 2010 by the Board of Directors of the Company.

42 GENERAL

Figures have been rounded off to the nearest rupee.

GHULAM AHMED ADAM Chief Executive	OMAR G. ADAM Director