

ADAM SUGAR MILLS LIMITED



HALF YEARLY REPORT

**FOR THE HALF YEAR ENDED
31 MARCH, 2018
(UN-AUDITED)**



ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

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ADAM SUGAR MILLS LIMITED

VISION

To be the leader in sugar industry by building the company's image through quality improvement, competitive prices and meeting social obligations.

MISSION

- To endeavour to be the market leader by offering high quality sugar to our customers at competitive prices.
- To continue improving operating performance and profitability thereby ensuring growth for the company while serving best interest of shareholders.

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. GHULAM AHMED ADAM
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

SYED NAZAR MAHMOOD SHAH
MR. JAWAID AHMED
MR. JUNAID G. ADAM

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

DIRECTOR FINANCE/
CORPORATE SECRETARY
HEAD OF INTERNAL AUDIT

MR. QAMAR RAFI KHAN
Chartered Accountant

MR. NOMAN IQBAL
ACCA

REGISTERED OFFICE

HAJI ADAM CHAMBERS,
ALTAF HUSSAIN ROAD,
NEW CHALLI , KARACHI-2
TEL NO. 32417812-16 & 32401139-43
FAX NO. 32427560
WEBSITE: www.adam.com.pk/adamsugar.html

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN
DISTRICT BAHAWALNAGAR

STATUTORY AUDITORS

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

SHARE REGISTRARS

C & K MANAGEMENT ASSOCIATES
(PVT) LTD
4TH FLOOR, 404 TRADER TOWER,
ABDULLAH HAROON ROAD, KARACHI
TEL NO. 35685930
FAX NO. 35687839



ADAM SUGAR MILLS LIMITED

IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL


CHIEF EXECUTIVE `S REVIEW

On behalf of the Board of Directors, I am pleased to present to you the unaudited accounts of the Company for the six months ended 31 March 2018.

The mills crushed 606,623 tons of sugarcane at an average recovery of 9.53% and produced 57,835 tons of sugar as compared to 710,053 tons of sugar cane at an average recovery of 9.17 % and production of 65,097 tons of sugar in the previous period.

Sugarcane price fixed by the Government for season 2017-2018 is Rs.180/- per 40 KG
The directors are pleased to place on record their appreciation for the devoted and dedicated services of the officers, staff and workers of the company.

Karachi: 28 May, 2018


(GHULAM AHMED ADAM)
CHIEF EXECUTIVE



AUDITORS' REPORT TO MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Adam Sugar Mills Limited as at March 31, 2018 and the related condensed statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended March 31, 2018 and March 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2018 and March 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi

Dated: 28 May, 2018

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Engagement Partner: Muhammad Waseem



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2018

ASSETS	Note	March 31	September 30,
		2018 (Unaudited)	2017 (Audited)
		Rupees	
Non-current assets			
Property, plant and equipment	5	1,757,718,063	1,580,825,659
Long term deposits		32,400	32,400
		<u>1,757,750,463</u>	<u>1,580,858,059</u>
Current assets			
Stores and spares		142,400,886	129,060,805
Stock in trade	6	2,378,929,463	1,830,849,322
Short term investments		23,518,154	23,518,154
Trade debts - considered good	7	52,506,895	61,325,835
Loans and advances	8	144,123,570	271,281,873
Deposits and prepayments		6,428,822	11,116,370
Rebate receivable		197,390,801	6,460,000
Others receivables - considered good		1,276,192	1,018,692
Interest accrued		2,206,557	1,967,285
Tax refunds due from government - net		78,099,622	75,856,270
Cash and bank balances	9	27,706,801	70,586,289
		<u>3,054,587,763</u>	<u>2,483,040,895</u>
Total assets		<u>4,812,338,226</u>	<u>4,063,898,954</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
25,000,000 Ordinary shares of Rs. 10 each (September 30, 2017: 25,000,000)		<u>250,000,000</u>	250,000,000
Issued, subscribed and paid-up capital			
17,290,962 Ordinary shares of Rs. 10 each (September 30, 2017: 17,290,962)		<u>172,909,620</u>	172,909,620
Accumulated profit		<u>172,588,096</u>	172,429,359
General reserve		<u>200,000,000</u>	200,000,000
Share premium		<u>172,909,620</u>	172,909,620
		<u>718,407,336</u>	759,248,599
Surplus on revaluation of property, plant and equipment		<u>394,847,043</u>	393,910,254
Non-current liabilities			
Director's subordinated loan	10	<u>20,140,785</u>	19,273,478
Long term financing	11	<u>334,753,102</u>	117,406,195
Deferred liabilities		<u>79,057,392</u>	89,492,580
		<u>433,951,279</u>	226,172,253
Current liabilities			
Short term borrowings	12	<u>1,523,498,525</u>	1,487,737,018
Trade and other payables	13	<u>1,593,932,744</u>	1,059,781,137
Accrued markup		<u>32,702,375</u>	32,086,499
Current maturity of long term financing		<u>109,299,267</u>	99,263,537
Unclaimed dividend		<u>5,699,657</u>	5,699,657
		<u>3,265,132,568</u>	2,684,567,848
Contingencies and commitments	14		
Total equity and liabilities		<u>4,812,338,226</u>	<u>4,063,898,954</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2018

Note	Six months period ended		Quarter ended		
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
Rupees					
Net Turnover	15	2,275,147,265	560,430,594	1,355,951,388	459,964,102
Cost of sales		<u>(2,167,954,383)</u>	<u>(524,361,390)</u>	<u>(1,235,749,064)</u>	<u>(410,264,839)</u>
Gross profit		107,192,882	36,069,204	120,202,324	49,699,263
Administrative expenses		<u>(46,726,542)</u>	<u>(33,521,991)</u>	<u>(30,965,878)</u>	<u>(17,477,710)</u>
Selling expenses		<u>(47,101,633)</u>	<u>(5,361,861)</u>	<u>(37,194,952)</u>	<u>(2,798,497)</u>
		<u>(93,828,175)</u>	<u>(38,883,852)</u>	<u>(68,160,830)</u>	<u>(20,276,207)</u>
Operating profit / (loss)		13,364,707	(2,814,648)	52,041,494	29,423,056
Other operating income		<u>11,350,003</u>	<u>3,705,488</u>	<u>11,157,300</u>	<u>2,556,455</u>
		<u>24,714,710</u>	<u>890,840</u>	<u>63,198,794</u>	<u>31,979,511</u>
Financial charges		<u>(68,294,487)</u>	<u>(40,353,330)</u>	<u>(44,202,306)</u>	<u>(29,816,930)</u>
(Loss) / profit before taxation		(43,579,777)	(39,462,490)	18,996,488	2,162,581
Taxation					
- Current		<u>(6,880,827)</u>	<u>-</u>	<u>(6,480,248)</u>	<u>(12,289,358)</u>
- Deferred		<u>8,502,559</u>	<u>10,678,751</u>	<u>8,502,559</u>	<u>10,678,751</u>
		<u>1,621,732</u>	<u>10,678,751</u>	<u>2,022,311</u>	<u>(1,610,607)</u>
(Loss) / profit after taxation		(41,958,045)	(28,783,739)	21,018,799	551,974
(Loss) / earning per share - Basic & diluted		(2.43)	(1.66)	1.22	0.03

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2018

	Six months period ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees -----			
(Loss) / profit for the period	(41,958,045)	(28,783,739)	21,018,799	551,974
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Reversal of deferred tax liability on revaluation surplus due to change in tax rate	2,053,571	-	-	-
Total comprehensive (loss) / profit for the period	<u>(39,904,474)</u>	<u>(28,783,739)</u>	<u>21,018,799</u>	<u>551,974</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2018

	Six months period ended	
	March 31, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
	————— Rupees —————	
Loss before taxation	(43,579,777)	(39,462,490)
Adjustments for non cash charges and other items:		
Depreciation expense for the period	32,992,145	30,625,128
Finance cost	68,294,487	40,353,330
Provision for gratuity	120,941	-
	<u>101,407,573</u>	<u>70,978,458</u>
Operating profit before working capital changes	<u>57,827,796</u>	<u>31,515,968</u>
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	(13,340,081)	51,430,336
Stock-in-trade	(548,080,141)	(2,520,649,624)
Trade debts and other receivables	8,561,440	-
Short term loans and advances	127,158,303	(144,920,969)
Deposits and prepayments	4,687,548	(1,017,680)
Interest accrued	(239,272)	264,639
Rebate receivable	(190,930,801)	169,751,200
	<u>(612,183,004)</u>	<u>(2,445,142,098)</u>
<i>Increase in current liabilities</i>		
Trade and other payables	534,151,607	1,203,516,737
	<u>(78,031,397)</u>	<u>(1,241,625,361)</u>
Cash flow used in operating activities	<u>(20,203,601)</u>	<u>(1,210,109,393)</u>
Taxes paid	(9,124,179)	(62,212,544)
Gratuity paid	-	-
Finance cost paid	(66,811,303)	(25,422,600)
Net cash flow used in operating activities	<u>(96,139,083)</u>	<u>(1,297,744,537)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(209,884,549)	(30,637,634)
Cash flow used in investing activities	<u>(209,884,549)</u>	<u>(30,637,634)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(29,898,110)
(Repayment) / proceeds from long term loan - net	227,382,637	(22,024,715)
Proceeds from short term loan - net	35,761,507	1,381,489,804
Net cash flow from financing activities	<u>263,144,144</u>	<u>1,329,566,979</u>
Net decrease in cash and cash equivalents	(42,879,488)	1,184,808
Cash and cash equivalents at the beginning of the period	94,104,443	69,251,551
Cash and cash equivalents at the end of the period	<u>51,224,955</u>	<u>70,436,359</u>
Cash and cash equivalent	13	
- Cash and bank balances	27,706,801	46,918,205
- Short term investments	23,518,154	23,518,154
	<u>51,224,955</u>	<u>70,436,359</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2018

	Issued, subscribed and paid up share capital	Accumulated profit	General reserve	Share premium	Total
Rupees					
Balance as at October 1, 2016	172,909,620	276,600,917	200,000,000	172,909,620	822,420,157
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	1,391,293	-	-	1,391,293
Total comprehensive loss for the six months period ended March 31, 2017	-	(28,783,739)	-	-	(28,783,739)
Transaction with owners					
Final Dividend paid @ 35% (Rs. 3.5 per share)	-	(60,518,367)	-	-	(60,518,367)
Balance as at March 31, 2017	<u>172,909,620</u>	<u>188,690,104</u>	<u>200,000,000</u>	<u>172,909,620</u>	<u>734,509,344</u>
Balance as at April 1, 2017	172,909,620	188,690,104	200,000,000	172,909,620	734,509,344
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	989,609	-	-	989,609
Total comprehensive income for the six months period ended September 30, 2017	-	23,749,646	-	-	23,749,646
Balance as at September 30, 2017	<u>172,909,620</u>	<u>213,429,359</u>	<u>200,000,000</u>	<u>172,909,620</u>	<u>759,248,599</u>
Balance as at October 1, 2017	172,909,620	213,429,359	200,000,000	172,909,620	759,248,599
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	1,116,782	-	-	1,116,782
Reversal of deferred tax liability on revaluation surplus due to change in tax rate	-	(2,053,571)	-	-	(2,053,571)
Total comprehensive loss for the six months period ended March 31, 2018	-	(39,904,474)	-	-	(39,904,474)
Balance as at March 31, 2018 (Un-audited)	<u>172,909,620</u>	<u>172,588,096</u>	<u>200,000,000</u>	<u>172,909,620</u>	<u>718,407,336</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2018

1 THE COMPANY AND ITS OPERATIONS

Adam Sugar Mills Limited (the Company) was incorporated in Pakistan in 1965 as a public limited company. The shares of the Company are quoted on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges). The Company is principally engaged in the manufacturing and sale of sugar. The Company's registered office is situated at Haji Adam Chambers, 1st Floor, Altaf Hussain Road, New Chali, Karachi.

Due to the seasonal availability of sugarcane during the period beginning from November to April, the Company's production facilities operated at full capacity during the period covered under this condensed interim financial information. Therefore, costs of production and stock levels are expected to decline in the upcoming half year compared to the period covered under this condensed interim financial information.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 This condensed interim financial information does not include all of the information required for annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended September 30, 2017.

2.1.3 The comparative statement of financial position presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended September 30, 2017, whereas the comparative Statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows have been extracted from the unaudited condensed interim financial information for the half year ended March 31, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except that the land, buildings and Plant & Machinery are stated at fair values determined by an independent valuer.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements as at and for the year ended September 30, 2017.

Change in Accounting Policy

Section 235 of the repealed Companies Ordinance 1984 ('repealed ordinance') relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in The Companies Act, 2017. With the omission of said specific section, the accounting difference between the IFRS and repealed Companies Ordinance 1984 relating to the surplus on revaluation of fixed assets has been eliminated. This requires change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of the Companies Act 2017 and IFRS to the extent of presenting the surplus on revaluation of fixed assets under equity.



ADAM SUGAR MILLS LIMITED

Further, the above change in accounting policy has no impact on corresponding figures except for the presentation as mentioned above.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2017.

		March 31, 2018 (Unaudited) Rupees	September 30, 2017 (Audited) Rupees
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 1,713,162,099	1,547,153,307
	Capital work-in-progress	44,555,964	33,672,352
		<u>1,757,718,063</u>	<u>1,580,825,659</u>
5.1	Operating fixed assets		
	Opening written down value	1,547,153,307	1,441,043,894
	Additions during the period / year	5.2 199,000,937	173,492,632
	Disposals during the period / year	-	(2,483,251)
	Depreciation for the period / year	(32,992,145)	(64,899,968)
		<u>1,713,162,099</u>	<u>1,547,153,307</u>
5.2	Additions to operating fixed assets		
	Freehold land	-	-
	Factory buildings on freehold land	532,062	2,219,440
	Plant and machinery	191,753,396	157,683,395
	Vehicles	1,682,519	9,360,900
	Office equipments	-	9,500
	Computer and other equipments	74,420	874,850
	Furniture and fixtures	75,182	506,026
	Electrical equipments	4,656,688	2,629,650
	Tools and other equipments	226,670	208,871
		<u>199,000,937</u>	<u>173,492,632</u>
6	STOCK IN TRADE		
	Sugar in process	27,620,866	6,118,261
	Sugar - finished good	2,242,029,212	1,819,967,686
	Molasses	109,279,385	4,763,375
		<u>2,378,929,463</u>	<u>1,830,849,322</u>
7	TRADE DEBTS - considered good		
	Local debtors - unsecured	7.1 <u>52,506,895</u>	<u>61,325,835</u>



ADAM SUGAR MILLS LIMITED

- 7.1 This includes receivable from Province of Punjab through District Collector Bahawalnagar and other related Government departments amounting to Rs. 37.5 million.

	March 31, 2018 (Unaudited) Rupees	September 30, 2017 (Audited) Rupees
8 LOANS AND ADVANCES		
Loans - considered good		
- Staff	2,252,660	1,576,768
Advances - considered good		
- Growers	3,211,273	4,701,243
- Suppliers	137,941,544	259,131,136
- Staff for expenses	718,093	5,872,726
	<u>141,870,910</u>	<u>269,705,105</u>
	<u>144,123,570</u>	<u>271,281,873</u>
9 CASH AND BANK BALANCES		
Cash in hand	1,224,306	445,775
Cash at banks		
- Current accounts	26,392,028	69,867,199
- Deposit accounts	90,467	273,315
	<u>26,482,495</u>	<u>70,140,514</u>
	<u>27,706,801</u>	<u>70,586,289</u>
10 DIRECTOR'S SUBORDINATED LOAN		
Balance as at the beginning of the period / year	19,273,478	17,682,090
Unwinding of imputed interest	867,307	1,591,388
	<u>20,140,785</u>	<u>19,273,478</u>
10.1 This represents an interest-free and unsecured long term loan obtained from Chief Executive of the Company for working capital purposes. The loan is repayable in September 2020 and is being amortized at an imputed interest rate of 9% p.a.		
	March 31, 2018 (Unaudited) Rupees	September 30, 2017 (Audited) Rupees
11 LONG TERM FINANCES		
<i>From banking companies - Secured</i>		
Habib Bank Limited	69,289,780	83,146,923
JS Bank Limited	224,762,589	133,522,809
Al Baraka Bank Limited	150,000,000	-
	<u>444,052,369</u>	<u>216,669,732</u>
Current maturity shown under current liabilities	<u>(109,299,267)</u>	<u>(99,263,537)</u>
	<u>334,753,102</u>	<u>117,406,195</u>



ADAM SUGAR MILLS LIMITED

12 SHORT TERM BORROWINGS

Unsecured - interest free

- from Chief Executive 32,164,394 32,164,394

Secured - profit / interest bearing

- from conventional banking companies 12.1 705,767,631 1,342,072,624

- from Islamic banking companies 12.2 785,566,500 113,500,000

1,523,498,525 1,487,737,018

12.1 This represents short term credit facilities available from various banking companies and aggregate unavailed as at March 31, 2018 amounting to Rs. 744.23 million (September 30, 2017 : Rs. 207.93 million). These facilities are secured against pledge of white refined sugar, equitable mortgage on property of directors to the extent of market value, ranking charge over current and fixed assets and subordination of director's loan and personal guarantee of Chief executive. Rate of mark up ranges from one month KIBOR + 1.25% to 3 months KIBOR + 2% (September 30, 2017: one month KIBOR + 1.25% to 3 months KIBOR + 2%).

12.2 This represents Istisna and Salam finance facilities available from various Islamic banking companies and aggregate unavailed as at March 31, 2018 amounting to Rs. 14.43 million (September 30, 2017 : 686.50 million). These facilities are secured against pledge of refined sugar, first paripassu charge over plant and machinery, ranking charge over present and future current assets and subordination of director's loan and personal guarantee of Chief executive. Rate of profit ranges from relevant KIBOR + 1.75% to 2.5% (September 30, 2017: KIBOR + 1.75% to 2.25%).

	March 31, 2018 (Unaudited) Rupees	September 30, 2017 (Audited) Rupees
13 TRADE AND OTHER PAYABLES		
Trade creditors	1,221,544,116	730,766,375
Accrued liabilities	159,924,016	142,039,241
Advance from customers	193,400,384	167,885,747
Retention money	92,630	87,083
Workers welfare fund	11,630,065	11,630,065
Provident fund payable	7,129,409	7,160,502
Others	212,124	212,124
	<u>1,593,932,744</u>	<u>1,059,781,137</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended September 30, 2017.

15 SALES - NET

	Six months period ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
SALES - NET	Rupees			
Sales Gross				
Sugar - Local	1,469,820,200	508,778,937	755,052,933	402,483,400
Sugar - Export	689,772,836	-	497,835,400	-
Molasses	72,565,973	89,918,760	66,494,332	85,640,085
	2,232,159,009	598,697,697	1,319,382,665	488,123,485
Export Rebate	190,930,801	-	143,852,541	-
Federal Excise Duty	(147,942,545)	(38,267,103)	(107,283,818)	(28,159,383)
	<u>2,275,147,265</u>	<u>560,430,594</u>	<u>1,355,951,388</u>	<u>459,964,102</u>



ADAM SUGAR MILLS LIMITED

16 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over other party in making financial and operating decisions. Related parties comprise of associated Companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit fund.

Transactions with related parties other than those disclosed elsewhere are as follows:

	Six months period ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Rupees-----			
Receipt of unsecured short term borrowings from the Chief Executive	-	154,850,000	-	119,850,000
Payment of unsecured short term borrowings from the Chief Executive	-	267,283,000	-	248,853,000
Purchase of oil and lubricants from associated undertakings	9,121,073	7,968,114	6,114,270	3,665,681
Payment to associated undertakings against oil and lubricants	7,000,000	9,647,424	-	4,742,960
Remuneration and other benefits of Chief Executives and Directors	2,475,000	1,758,000	-	879,000

17 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Company as at and for the year ended September 30, 2017.

18 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not deemed to be material.



ADAM SUGAR MILLS LIMITED

19 AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on 28 May, 2018

20 GENERAL

Figure have been rounded off to the nearest rupee.



Chief Executive



Director



Chief Financial Officer