

ADAM SUGAR MILLS LIMITED



HALF YEARLY REPORT

**FOR THE HALF YEAR ENDED
31 MARCH, 2017
(UN-AUDITED)**



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

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

DIRECTOR FINANCE/
CORPORATE SECRETARY
REGISTERED OFFICE

MR. QAMAR RAFI KHAN
Chartered Accountant

HAJI ADAM CHAMBERS,
ALTAF HUSSAIN ROAD,
NEW CHALLI, KARACHI-2
TEL NO. 32417812-16 & 32401139-43
FAX NO. 32427560 / 32417907
WEBSITE : www.adam.com.pk/adamsugar.htm

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



**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 March 31, 2017.

The mills crushed 710,053 tons of sugarcane at an average recovery of 9.17% and produced 65,097 tons of sugar as compared to 464,014 tons of sugarcane at an average recovery of 9.48% and production of 43,979 tons of sugar in the previous period.

Sugarcane price fixed by the Government for Season 2016-2017 is Rs. 180/- per 40 K.G.

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: 29 May, 2017


(CHULAM AHMED ADAM)
CHIEF EXECUTIVE



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Adam Sugar Mills Limited ("the Company") as at March 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 consists 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 at March 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended March 31, 2017 and March 31, 2016 in the condensed interim financial information have not been reviewed by us and we do not express a conclusion on them.

Karachi
Dated: 29 May, 2017

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Muhammad Waseem



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2017

	March 31 2017 (Unaudited)	September 30, 2016 (Audited) (Audited) (Restated)	October 01, 2015 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5 1,531,204,573	1,531,192,067	1,483,401,468
Long term deposits	32,400	32,400	32,400
	<u>1,531,236,973</u>	<u>1,531,224,467</u>	<u>1,483,433,868</u>
Current assets			
Biological assets	138,600	138,600	138,600
Stores and spares	93,627,415	145,057,751	110,097,511
Stock in trade	6 2,602,705,443	82,055,819	591,936,237
Short term investments	23,518,154	28,798,264	23,518,154
Trade debts - considered good	7 37,507,900	37,507,900	37,507,900
Loans and advances	8 312,384,056	167,463,087	48,695,526
Deposits and prepayments	4,300,641	3,282,961	3,482,221
Rebate receivable	6,460,000	176,211,200	61,800,000
Others receivables - considered good	966,192	966,192	966,192
Interest accrued	941,771	1,206,410	391,451
Tax refunds due from government - net	118,563,806	73,350,803	119,455,946
Cash and bank balances	9 46,918,205	40,453,287	70,381,344
	<u>3,248,032,183</u>	<u>756,492,274</u>	<u>1,068,371,082</u>
Total assets	<u>4,779,269,156</u>	<u>2,287,716,741</u>	<u>2,551,804,950</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
25,000,000 Ordinary shares of Rs. 10 each (September 30, 2015: 25,000,000)	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital			
17,290,962 Ordinary shares of Rs. 10 each (September 30, 2015: 17,290,962)	172,909,620	172,909,620	172,909,620
Reserves			
Share premium	172,909,620	172,909,620	172,909,620
General reserve	200,000,000	200,000,000	200,000,000
Accumulated profit	179,952,493	267,863,305	142,324,556
	<u>552,862,113</u>	<u>640,772,925</u>	<u>515,234,176</u>
Other component of equity			
Capital contribution from Chief Executive	8,737,612	8,737,612	8,737,612
Total shareholders' equity	<u>734,509,345</u>	<u>822,420,157</u>	<u>696,881,408</u>
Surplus on revaluation of fixed assets	394,899,863	396,291,156	398,830,458
Non-current liabilities			
Loan from director	10 18,477,785	17,682,090	16,222,100
Long term finances	11 69,510,230	61,534,943	158,684,201
Deferred liabilities	86,600,237	97,278,988	104,076,789
	<u>174,588,252</u>	<u>176,496,021</u>	<u>278,983,090</u>
Current liabilities			
Short term borrowings	12 1,860,969,232	479,479,428	753,188,844
Trade and other payables	1,471,989,462	268,472,725	256,721,523
Accrued markup	27,730,808	13,595,774	24,047,186
Current maturity of long term finances	79,281,074	109,281,076	109,281,076
Unclaimed dividend	35,301,120	4,680,863	4,680,863
Provision for taxation	-	16,999,541	29,190,502
	<u>3,475,271,696</u>	<u>892,509,407</u>	<u>1,177,109,994</u>
Contingencies and commitments	14		
Total equity and liabilities	<u>4,779,269,156</u>	<u>2,287,716,741</u>	<u>2,551,804,950</u>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Karachi: 29th May, 2017


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

	Note	Six months period ended		Quarter ended	
		March 31, 2017	March 31, 2016 (Restated)	March 31, 2017	March 31, 2016 (Restated)
		Rupees			
Sales - net	15	560,430,594	1,980,142,815	459,964,102	1,491,711,545
Cost of sales		(524,361,390)	(1,735,385,983)	(410,264,839)	(1,247,054,876)
Gross profit		36,069,204	244,756,832	49,699,263	244,656,669
Administrative expenses		(33,521,991)	(34,741,146)	(17,477,710)	(22,903,194)
Selling expenses		(5,361,861)	(4,161,640)	(2,798,497)	(3,575,763)
Operating profit		(38,883,852)	(38,902,786)	(20,276,207)	(26,478,957)
		(2,814,648)	205,854,046	29,423,056	218,177,712
Other operating income		3,705,488	6,282,349	2,556,455	4,974,796
		890,840	212,136,395	31,979,511	223,152,508
Financial charges		(40,353,330)	(56,769,181)	(29,816,930)	(42,827,507)
(Loss) / profit before taxation		(39,462,490)	155,367,214	2,162,581	180,325,001
Taxation					
- Current		-	(8,279,709)	(12,289,358)	(3,395,396)
- Deferred		10,678,751	8,485,157	10,678,751	8,485,157
		10,678,751	205,448	(1,610,607)	5,089,761
(Loss) / profit after taxation		(28,783,738)	155,572,662	551,975	185,414,762
(Loss) / earnings per share - Basic & diluted		(1.66)	9.00	0.03	10.72

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Karachi: 29th May, 2017


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

	Six months period ended		Quarter ended	
	March 31, 2017	March 31, 2016 (Restated)	March 31, 2017	March 31, 2016 (Restated)
	----- Rupees -----			
(Loss) / profit for the period	(28,783,738)	155,572,662	551,975	185,414,762
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(28,783,738)	155,572,662	551,975	185,414,762

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Karachi: 29th May, 2017


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

	Six months period ended	
	March 31, 2017	March 31, 2016 (Restated)
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(39,462,490)	155,367,214
Adjustments for non cash charges and other items:		
Depreciation expense for the period	30,625,128	30,705,653
Finance cost	40,353,330	56,769,181
Provision for gratuity	-	104,206
	<u>70,978,458</u>	<u>87,579,040</u>
Operating profit before working capital changes	<u>31,515,968</u>	<u>242,946,254</u>
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Biological assets	-	(94,921)
Stores, spares and loose tools	51,430,336	(39,833,502)
Stock-in-trade	(2,520,649,624)	(588,099,943)
Short term loans and advances	(144,920,969)	(15,539,432)
Deposits and prepayments	(1,017,680)	(2,901,642)
Interest accrued	264,639	(234,515)
Rebate receivable	169,751,200	(208,650,000)
	<u>(2,445,142,098)</u>	<u>(855,353,955)</u>
<i>Increase in current liabilities</i>		
Trade and other payables	1,203,516,737	310,667,442
	<u>(1,241,625,361)</u>	<u>(544,686,513)</u>
Cash flow used in operating activities	<u>(1,210,109,393)</u>	<u>(301,740,259)</u>
Taxes paid	(62,212,544)	(47,375,348)
Gratuity paid	-	(13,000)
Finance cost paid	(25,422,600)	(45,085,695)
Net cash flow used in operating activities	<u>(1,297,744,537)</u>	<u>(394,214,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(30,637,634)	(26,350,709)
Cash flow used in investing activities	<u>(30,637,634)</u>	<u>(26,350,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(29,898,110)	-
Repayment of long term loan - net	(22,024,715)	(54,640,538)
Proceeds from short term loan - net	1,381,489,804	474,135,002
Net cash flow from financing activities	<u>1,329,566,979</u>	<u>419,494,464</u>
Net decrease in cash and cash equivalents	1,184,808	(1,070,547)
Cash and cash equivalents at the beginning of the period	69,251,551	93,899,498
Cash and cash equivalents at the end of the period	<u>70,436,359</u>	<u>92,828,951</u>
Cash and cash equivalents comprise of the following:		
- Cash and bank balances	46,918,205	69,310,797
- Short term investments	23,518,154	23,518,154
	<u>70,436,359</u>	<u>92,828,951</u>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Karachi: 29th May, 2017


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

	Issued, subscribed and paid up share capital	Reserves		Capital contribution from Chief Executive	Total	
		Share premium	General reserve			Accumulated profit
Rupees						
Balance as at October 1, 2015 (as previously reported)	172,909,620	172,909,620	200,000,000	151,062,168	-	696,881,408
Effect of correction of prior period error (Note 18.2)	-	-	-	(8,737,612)	8,737,612	-
Balance as at October 1, 2015 (restated)	172,909,620	172,909,620	200,000,000	142,324,556	8,737,612	696,881,408
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	1,269,651	-	1,269,651
Total comprehensive income for the six months period ended March 31, 2016 (restated)	-	-	-	155,572,662	-	155,572,662
Balance as at March 31, 2016 (restated)	<u>172,909,620</u>	<u>172,909,620</u>	<u>200,000,000</u>	<u>299,166,869</u>	<u>8,737,612</u>	<u>853,723,721</u>
Balance as at April 1, 2016 (restated)	172,909,620	172,909,620	200,000,000	299,166,869	8,737,612	853,723,721
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	1,269,651	-	1,269,651
Total comprehensive income for the six months period ended September 30, 2016 (restated)	-	-	-	(32,573,215)	-	(32,573,215)
Balance as at September 30, 2016 (restated)	<u>172,909,620</u>	<u>172,909,620</u>	<u>200,000,000</u>	<u>267,863,305</u>	<u>8,737,612</u>	<u>822,420,157</u>
Balance as at October 1, 2016 (restated)	172,909,620	172,909,620	200,000,000	267,863,305	8,737,612	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 income for the six months period ended March 31, 2017	-	-	-	(28,783,738)	-	(28,783,738)
Transaction with owners						
Final Dividend paid @ 35% (Rs. 3.5 per share)	-	-	-	(60,518,367)	-	(60,518,367)
Balance as at March 31, 2017 (Un-audited)	<u>172,909,620</u>	<u>172,909,620</u>	<u>200,000,000</u>	<u>179,952,493</u>	<u>8,737,612</u>	<u>734,509,345</u>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Karachi: 29th May, 2017


Chief Executive


Director



ADAM SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

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 March, the Company's production facilities operated at full capacity during the period covered under this 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 interim financial information.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended March 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" and the provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Pakistan Stock Exchange as required by the Code of Corporate Governance. The figures in the condensed interim financial information for the quarter ended March 31, 2017 and March 31, 2016 have not been reviewed by the auditors.

This condensed interim financial information does not include all the information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended September 30, 2016.

The comparative balance sheet presented in this condensed interim financial information as at March 31, 2017 has been extracted from the audited financial statements of the Company for the year ended September 30, 2016, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement are extracted from the unaudited condensed interim financial information for the six months period ended March 31, 2016.

2.2 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

These interim financial information have been prepared using the same accounting convention, basis for preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended September 30, 2016.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgements, 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 judgements 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, 2016.



ADAM SUGAR MILLS LIMITED

		March 31, 2017 (Unaudited) Rupees	September 30, 2016 (Audited) Rupees
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 1,497,532,221	1,441,043,894
	Capital work-in-progress	33,672,352	90,148,173
		<u>1,531,204,573</u>	<u>1,531,192,067</u>
5.1	Operating fixed assets		
	Opening written down value	1,441,043,894	1,466,125,299
	Additions to fixed assets - tangible	5.2 87,113,455	37,159,931
	Disposals	-	(370,335)
	Depreciation charged	(30,625,128)	(61,871,001)
		<u>1,497,532,221</u>	<u>1,441,043,894</u>
5.2	Additions to fixed assets - tangible		
	Freehold land	-	840,000
	Factory building on freehold land	613,638	-
	Plant and Machinery	82,725,643	31,051,606
	Vehicles	41,000	2,395,550
	Office equipments	9,500	215,349
	Computer and other equipments	866,900	89,990
	Furniture and fixtures	371,707	717,359
	Electrical equipments	2,336,496	1,714,808
	Tools and other equipments	148,571	124,013
	Air conditioners and refrigerators	-	11,256
		<u>87,113,455</u>	<u>37,159,931</u>
6	STOCK IN TRADE		
	Sugar in process	25,371,754	5,473,209
	Sugar - finished good	2,411,021,410	58,209,945
	Molasses	166,312,279	18,372,665
		<u>2,602,705,443</u>	<u>82,055,819</u>
7	TRADE DEBTS		
	- Considered good	<u>37,507,900</u>	<u>37,507,900</u>

The company has filed case in Honorable 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 favor of the company. However, the company has recorded receivable amounting to Rs. 37,507,900 at Rs. 38/kg.



ADAM SUGAR MILLS LIMITED

	March 31, 2017 (Unaudited) Rupees	September 30, 2016 (Audited) Rupees
8 LOANS AND ADVANCES		
Loans		
Considered good		
- staff	1,175,798	1,047,632
Advances		
Considered good		
- growers	3,174,063	60,791,338
- suppliers	307,962,235	105,554,362
- expenses	71,960	69,755
	<u>311,208,258</u>	<u>166,415,455</u>
	<u>312,384,056</u>	<u>167,463,087</u>
9 CASH AND BANK BALANCES		
Cash in hand	3,121,458	521,171
Cash at banks		
Current accounts	43,176,880	39,313,617
Deposit accounts	619,867	618,499
	<u>43,796,747</u>	<u>39,932,116</u>
	<u>46,918,205</u>	<u>40,453,287</u>
10 DIRECTOR'S SUBORDINATED LOAN		
Balance as at the beginning of the period/year	17,682,090	16,222,100
Unwinding of imputed income	795,695	-
	<u>18,477,785</u>	<u>17,682,090</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.		
11 LONG TERM FINANCES	March 31, 2017 (Unaudited) Rupees	September 30, 2016 (Audited) Rupees
From banking companies - Secured		
Demand Finance	44,747,640	12,131,817
Term Loans - I	25,000,000	50,000,000
Term Loans - II	79,043,664	98,684,202
Term Loans - III	-	10,000,000
Current maturity shown under current liabilities	<u>(79,281,074)</u>	<u>(109,281,076)</u>
	<u>69,510,230</u>	<u>61,534,943</u>
12 SHORT TERM BORROWINGS		
Unsecured		
from chief executive	12.1 32,234,394	142,122,394
Secured		
from banking companies	12.2 1,828,734,838	337,357,034
	<u>1,860,969,232</u>	<u>479,479,428</u>



ADAM SUGAR MILLS LIMITED

12.1 This represent an interest free short term loan from Chief Executive of the Company.

12.2 These finances are secured against pledge of refined white sugar, subordination of director's loan and personal guarantee of chief executive of the Company. Mark up charging rate ranges from three month KIBOR + 1.75% to six months KIBOR + 2.5%.

	March 31, 2017 (Unaudited) Rupees	September 30, 2016 (Audited) Rupees
13 TRADE AND OTHER PAYABLES		
Trade Creditors	1,104,264,583	128,602,039
Accrued liabilities	141,549,839	106,386,930
Advance from customers	161,807,270	-
Retention money	95,810	96,054
Workers profit participation fund	9,050,486	9,050,486
Workers welfare fund	11,630,065	11,630,065
Provident fund payable	7,146,978	7,132,494
Market committee fee payable	5,334,837	4,074,794
Others	31,109,594	1,499,863
	<u>1,471,989,462</u>	<u>268,472,725</u>

14 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended September 30, 2016.

15 SALES - NET

	Six months period ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
SALES - NET	Rupees			
Sales Gross				
Sugar	508,778,937	1,696,336,403	402,483,400	1,156,573,371
Molasses	89,918,760	80,532,480	85,640,085	80,532,480
Export Rebate	-	268,450,000	-	268,450,000
	598,697,697	2,045,318,883	488,123,485	1,505,555,851
Federal Excise Duty	(38,267,103)	(65,176,068)	(28,159,383)	(13,844,306)
	<u>560,430,594</u>	<u>1,980,142,815</u>	<u>459,964,102</u>	<u>1,491,711,545</u>

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.



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

	Six months period ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees			
Receipt of unsecured short term borrowings from the Chief Executive	<u>154,850,000</u>	<u>27,500,000</u>	<u>119,850,000</u>	<u>20,000,000</u>
Payment of unsecured short term borrowings from the Chief Executive	<u>267,283,000</u>	<u>18,430,000</u>	<u>248,853,000</u>	<u>93,214,000</u>
Purchase of oil and lubricants from associated undertakings	<u>7,968,114</u>	<u>6,111,254</u>	<u>3,665,681</u>	<u>154,372</u>
Payment to associated undertakings against oil and lubricants	<u>9,647,424</u>	<u>5,196,332</u>	<u>4,742,960</u>	<u>267,294</u>
Remuneration and other benefits of Chief Executives and Directors	<u>1,758,000</u>	<u>332,250</u>	<u>879,000</u>	<u>166,125</u>

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, 2016.

18 CORRECTION OF PRIOR PERIOD ERRORS

- 18.1** International Accounting Standard (IAS) 16 Property, Plant and Equipment requires that, if an amount equal to incremental depreciation on a revalued asset is transferred from revaluation surplus, such transfer is credited directly to retained earnings. However, contrary to this, such transfers had been regularly credited to equity through other comprehensive income instead of the same being credited directly to retained earnings. Therefore, in order to adopt the required presentation, the corresponding figures in the statement of comprehensive income have been re-presented that otherwise has no financial impact.
- 18.2** During the year ended September 30, 2015, the Company discounted the interest-free subordinated loan from Chief Executive of the Company and credited the effect of discounting directly to retained earnings. However, in view of the requirement of Technical Release 32 Accounting Directors' Loan (TR 32) issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2016, this represents a capital contribution from the Chief Executive and, accordingly, should be treated as other component of equity. Therefore, in order to adopt the required presentation, the corresponding figures in the balance sheet (under the head 'Equity') have been re-presented that otherwise has no financial impact.

Further, as per the said TR 32, in subsequent periods, interest is to recognized on the discounted loan using the effective interest method described in IAS 39 with the corresponding impact to be debited to profit or loss. However, contrary to this, such interest had been regularly debited directly to retained earnings instead of the same being routed through the profit or loss account. Thus, in order to rectify the error, certain figures in the corresponding profit or loss account and the statement of changes in equity have been restated.

- 18.3** The correction of the above errors has been accounted for retrospectively in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and corresponding figures have been restated. Due to these restatements, the balance sheet as at the beginning of the earliest period presented (i.e. as of October 01, 2015) has also been included.



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The retrospective correction of errors has the effects on this condensed interim financial information as follows:

Effects on the balance sheet	Accumulated profit	Capital contribution from Chief Executive
	-----	-----
	Rupees	
Balance as at October 01, 2015 (as previously reported)	151,062,168	-
Effect of reclassification of the impact of loan discounting (Note 18.2)	(8,737,612)	8,737,612
Balance as at October 01, 2015 (restated)	<u>142,324,556</u>	<u>8,737,612</u>
<i>Other reconciling items not related to restatement</i>		
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	2,539,302	-
Total comprehensive income for the year ended September 30, 2016 (restated)	122,999,447	-
Balance as at September 30, 2016 (restated)	<u>267,863,305</u>	<u>8,737,612</u>
Effects on comprehensive income	Six months ended March 31, 2016	Quarter ended March 31, 2016
	-----	-----
	Rupees	
<i>Effects on profit or loss</i>		
Increase in finance cost	<u>729,995</u>	<u>364,998</u>
Decrease in earnings per share	<u>0.04</u>	<u>0.02</u>
<i>Effect on other comprehensive income</i>		
Transfer of incremental depreciation eliminated	<u>1,269,651</u>	<u>435,309</u>
Decrease in total comprehensive income	<u>1,999,646</u>	<u>800,307</u>

19 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.

20 AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on May 29, 2017.

21 GENERAL

Figure have been rounded off to the nearest rupee.

Karachi: 29th May, 2017


Chief Executive


Director