NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

1 STATUS AND NATURE OF BUSINESS

1.1 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 Pakistan Stock Exchange. The Company is principally engaged in the manufacturing and sale of sugar. The registered office of the Company is situated at first floor Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi and its factory is situated in Chak # 4, Fordwah, Chishtian, district Bahawalnagar, Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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.

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23/2017 dated October 04, 2017 communicated Commission's decision that the Companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in relevant notes to the financial statements.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company’s functional and presentation currency.