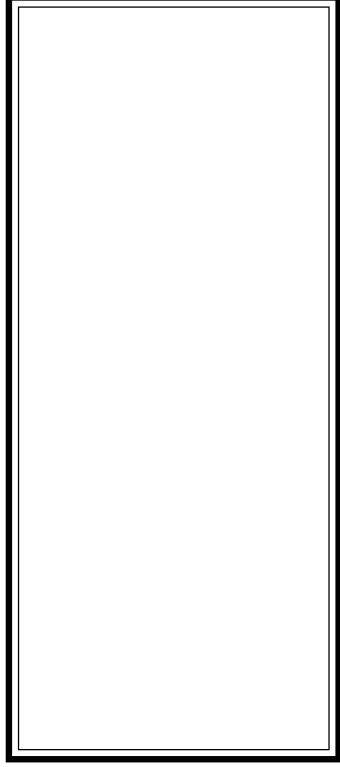


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**PANGRIO**  
**SUGAR**  
**MILLS**  
**LIMITED**

**ACCOUNTS FOR THE**  
**1ST QUARTER ENDED**  
**DECEMBER 31, 2008**  
**(UN-AUDITED)**

## BALANCE SHEET

	<u>Un-audited Dec. 31, 2008 Rupees</u>	<u>Audited Sept. 30, 2008 Rupees</u>
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised: 12,000,000 Ordinary Shares of Rs. 10/= each	120,000,000	120,000,000
Issued, Subscribed and Paid-up	108,500,000	108,500,000
Accumulated Loss	(892,546,642)	(872,115,346)
	(784,046,642)	(763,615,346)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
	69,918,729	71,711,517
<b>LONG TERM FINANCES</b>		
Other-unsecured-interest free	70,000,000	70,000,000
<b>DEFERRED LIABILITIES</b>		
Staff gratuity	3,929,807	3,929,807
Banking Companies	353,810,898	353,810,898
	357,740,705	357,740,705
<b>CURRENT LIABILITIES</b>		
Trade and other payable	250,600,922	248,168,439
Markup payable on borrowings	52,105,882	52,105,882
Short term borrowings	22,595,369	22,595,369
Current portion of long term liabilities	181,753,647	182,308,647
Provision for taxation	11,000,521	11,000,521
	518,056,342	516,178,858
<b>CONTINGENCIE</b>		
	-	-
	231,669,133	252,015,734

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

Karachi: January 22, 2009

**CHIEF EXECUTIVE**

## NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2008

### 1. SELECTED EXPLANATORY NOTES TO THE ACCOUNTS

- 1.1 The Company was incorporated in Pakistan on June 12, 1984 as a public limited company and is listed on Karachi and Lahore Stock Exchanges. Principal business of the Company is manufacturing and sale of White Sugar. The Mills is located at District Badin in the Province of Sindh.
- 1.2 These financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34: International Financial Reporting and in compliance with Section 245 of the Companies Ordinance, 1984.
- 1.3 These interim financial statements are unaudited.
- 1.4 The accounting policies and methods of computation followed in the preparation of the three months financial statements are the same as those of the published annual financial statements for the year ended September 30, 2008.
- 1.5 The Company's interim operations are highly seasonal in nature. Usually, season of production comprises of the period from November to April. This year company started the crushing of sugarcane from December 16, 2008 whereas previous year crushing of sugarcane was started on November 17, 2007.
- 1.6 The Company has incurred net loss of Rs.22.22 million during the three months ended December 31, 2008 (Dec. 2007: Rs.30.65 million). The Company as at the three months ended has accumulated loss of Rs. 892.55 million as against the paid-up capital of Rs. 108.50 million (Sep.2008: Rs. 872.12 million). The Company's current liabilities exceeded its current assets by Rs.433.27 million (Sep.2008: Rs. 414.79 million) and total liabilities exceeded total assets by Rs. 714.13 million (Sep.2008: Rs. 691.90 million).

The status of long term liabilities is the same as given in Note 1.2, 5, 8 & 13 to the annual audited financial statements for the year ended September 30, 2008. The company is in the process of planning for arranging repayments of long-term liabilities despite its adverse position so that the benefit of the rescheduling in the shape of reversal of liabilities of Rs. 353.81 million could be incorporated. The Company started its operations in the current season and expects that the year would see improvement in its profit and liquidity.

These financial statements have accordingly been prepared using going concern assumption.

### 2. CONTINGENCIES

Contingencies are the same as have been reported in the financial statements of the company for the year ended September 30, 2008.

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	Share Capital Rupees	Accumulated Profit/(Loss) Rupees	Total Rupees
Balance as at October 01, 2007	108,500,000	(874,770,799)	(766,270,799)
Loss for the period	-	(30,653,438)	(30,653,438)
Transferred from surplus on revaluation of fixed assets	-	1,991,986	1,991,986
Balance as at December 31, 2007	108,500,000	(903,432,251)	(794,932,251)
Profit for the period	-	25,340,945	25,340,945
Transferred from surplus on revaluation of fixed assets	-	5,975,960	5,975,60
Balance as at Sept. 30, 2008	108,500,000	(872,115,346)	(763,615,346)
Loss for the period	-	(22,224,084)	(22,224,084)
Transferred from surplus on revaluation of fixed assets	-	1,792,788	1,792,788
Balance as at December 31, 2008	108,500,000	(892,546,642)	(784,046,642)

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

CHIEF EXECUTIVE

DIRECTOR

**AS AT DECEMBER 31, 2008**

	Un-audited Dec. 31, 2008 Rupees	Audited Sept. 30, 2008 Rupees
<b>FIXED ASSETS</b>		
Property, plant and equipment	3 146,752,430	150,497,971
<b>LONG TERM DEPOSITS</b>		
	132,250	132,250
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	21,200,944	20,472,763
Stock in trade-finished goods	19,008,088	53,337,981
Trade debtors	-	1,425
Loans and advances	2,981,731	1,652,698
Trade deposits and short-term prepayment	6,103,672	4,647,571
Other receivables	1,469,861	891,790
Taxation	19,112,063	18,383,527
Cash and bank balances	14,908,094	1,997,758
	84,784,453	101,385,513
	<u>231,669,133</u>	<u>252,015,734</u>

DIRECTOR

	December 31, 2008 Rupees	December 31, 2007 Rupees
<b>3. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Operating Fixed Assets</b>		
<b>Acquisition</b>		
Vehicles	62,900	50,490
	62,900	50,490
<b>4. COST OF GOODS SOLD</b>		
Sugarcane consumed	39,926,403	172,292,951
Packing material	285,503	2,354,432
Road cess	120,739	681,309
Salaries, wages and benefits	10,735,449	12,488,960
Fuel and power	1,563,170	847,425
Stores and spares consumed	5,921,249	10,916,248
Repairs and maintenance	78,630	564,748
Insurance	828,492	803,917
Traveling	562,616	456,378
Telephone and postage	59,284	111,268
Vehicle running	1,738,659	944,004
Depreciation	3,315,632	3,612,223
Freight, handling & mud removal	304,664	727,117
Others	727,535	620,511
<b>Cost of goods manufactured</b>	66,168,024	207,421,491
<b>Sugar &amp; Molasses in process</b>		
Opening	-	-
Closing	-	(12,875,293)
	-	(12,875,293)
<b>Finished sugar and molasses</b>		
Opening	53,337,981	-
Closing	(19,008,088)	(8,445,444)
	34,329,893	(8,445,444)
	100,497,917	186,100,754

#### 5. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on January 22, 2009.

6. Figures have been rounded off to nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

## DIRECTORS' REPORT

The Directors are pleased to present the un-audited accounts of your company for the first quarter ended December 31, 2008.

### General

The mills were fully prepared to commence the new crushing season of 2008-09. Federal Government had announced that all sugar mills in Sindh to start the crushing season from November 15, 2008. Accordingly, boilers were lighted on November 10, 2008 but harvesting of cane did not take place particularly in Southern region including Badin. Some mills started crushing in slow pace in upper Sindh and Central Sindh. Our mill started crushing from December 16, 2008 after Eid-ul-Azha but arrival of cane remained weak.

As per forecast of lower cane availability, certain mills resorted to raising cane price from Government's price of Rs.81/40 kg to Rs.90/40 kg for which there was no justification as the market price of sugar was only around Rs.30/kg. Sucrose recovery at present time is only 8%+.

The quarter under review presents a very depressing features from the points of view of cane availability, high cane-cost and poor recovery. We hope that from next quarter the position may improve.

### Operating Results

The operating results upto December 31, 2008 are as under :

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
Season started	16-12-2008	17-11-2007
Days worked	16	45
Sugarcane crushing (Tons)	19,318	110,224
(Mounds)	482,954	2,755,607
Sugar recovery (%)	8.355	8.285
Sugar production (Tons)	885	8,565
Molasses recovery (%)	4.785	4.898
Molasses production (Tons)	300	4,995

Due to acute short supply of sugarcane right from the beginning of the season, your company's operational performance, in terms of cane-crushing and sugar production, show marked decline over the corresponding quarter last year.

### Financial Results

During the quarter under review gross loss posted was Rs.23,076,238/- compared to gross loss of Rs.25,815,380/- during corresponding quarter last year. Similarly, net loss during the quarter ended December 31, 2008 was Rs.22,224,084/- compared to net loss of Rs.30,653,438/- during same quarter last year.

### Future Prospects

It is too early to forecast the future prospects of season but high cane cost may adversely affect financial parameters.

AFTAB AHMAD  
Chairman & Chief Executive

Karachi. January 22, 2009

**PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	Note	December 31, 2008	December 31, 2007
----- Rupees -----			
<b>Sales-net</b>		77,421,679	119,192,921
Cost of goods sold	4	(100,497,917)	(145,008,301)
<b>Gross profit/(loss)</b>		(23,076,238)	(25,815,380)
Other income		6,051,970	181,745
Distribution expenses		(208,122)	(288,399)
Administrative expenses		(4,936,664)	(4,072,047)
Finance cost		(55,030)	(59,357)
		852,154	(4,238,058)
<b>Loss from ordinary activities before taxation</b>		(22,224,084)	(30,053,438)
<b>Taxation</b>		-	(600,000)
<b>Net Profit/(loss) for the period</b>		(22,224,084)	(30,653,438)
<b>Accumulated Loss brought forward</b>		(872,115,346)	(874,770,799)
Transferred from surplus on revaluation of fixed assets-incremental depreciation for current period		1,792,788	1,991,986
<b>Accumulated Loss Carried Forward</b>		(892,546,642)	(903,432,251)
Earnings/(loss) per share-basic		(2.05)	(2.83)

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

CHIEF EXECUTIVE

DIRECTOR

**CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	December 31, 2008 Rupees	December 31, 2007 Rupees
<b>A CASH FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(22,224,084)	(30,053,438)
Adjustment for:		
Depreciation of property, plant and equipment	3,786,966	3,948,959
Financial cost	55,030	59,357
Loss/(gain) on disposal of fixed assets	(51,970)	(175,936)
	3,790,026	3,832,380
<b>Operating cash flow before movement in working capital</b>	(18,434,058)	(26,221,058)
<b>Changes in Working Capital</b>		
Stores, spares and loose tools	(728,181)	(172,493)
Stock in trade	34,329,893	(62,413,191)
Trade debtors	1,425	638,740
Loans and advances	(1,329,033)	(228,469)
Trade deposits and short-term prepayment	(1,456,101)	(1,921,577)
Other receivable	(578,071)	159,535
Trade and other payables	2,432,483	94,862,385
<b>Cash generated from operations</b>	32,672,415	30,924,930
Interest paid	(55,030)	(59,357)
Income tax paid	(728,537)	(1,293,685)
	(783,567)	(1,353,042)
<b>Net cash from operating activities</b>	13,454,790	3,350,830
<b>B CASH FROM INVESTMENT ACTIVITIES</b>		
Purchases of property, plant and equipment	(62,900)	(50,490)
Proceeds from disposal of fixed assets	73,445	350,000
<b>Net cash inflow/(outflow) from investing activities</b>	10,545	299,510
<b>C CASH FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(555,000)	(405,000)
<b>Net cash inflow/(outflow) from financing activities</b>	(555,000)	(405,000)
<b>(Decrease)/Increase in Cash and Cash equivalents (A+B+C)</b>	12,910,335	3,245,340
Cash and cash equivalent at October 01	1,997,758	667,487
<b>Cash and bank balances at end of the period</b>	14,908,093	3,912,827

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

CHIEF EXECUTIVE

DIRECTOR

## COMPANY PROFILE

### BOARD OF DIRECTORS:

MR. AFTAB AHMAD Chairman & Chief Executive  
 BEGUM AKHTAR ABID  
 MS. NAHEED ZAFFAR MIRZA  
 MR. ABBAS ALLY AGHA  
 MR. ALI GHAZI MIRZA  
 MR. ABDULLAH KAMRAN SOOMRO  
 MR. ASIF SAEED  
 MR. AKBER ALI MIRZA  
 MR. MUHAMMAD ASIF (NIT)

### AUDIT COMMITTEE:

MS. NAHEED ZAFFAR MIRZA - Chairperson  
 MR. AKBER ALI MIRZA - Member  
 MR. ABDULLAH KAMRAN SOOMRO - Member

### CHIEF FINANCIAL OFFICER:

MR. TAHIR MAHMOOD

### COMPANY SECRETARY:

MR. MUHAMMAD YUNUS ANSARI

### LEGAL ADVISOR:

MR. GHULAM QADIR ZARGAR

### AUDITORS:

M/S. ASLAM MALIK & CO.  
 (CHARTERED ACCOUNTANTS)

### BANKERS TO THE COMPANY:

ALLIED BANK LIMITED  
 UNITED BANK LIMITED  
 SAMBA BANK LIMITED  
 HABIB BANK LIMITED  
 NATIONAL BANK OF PAKISTAN  
 BANKERS EQUITY LIMITED  
 MCB BANK LIMITED

### SHARES REGISTRAR:

M/S. TECHNOLOGY TRADE (PVT) LIMITED  
 DAGIA HOUSE, 241-C,  
 BLOCK-2, PE.C.H.S.,  
 OFF. SHAHRAH-E-QUAIDEEN,  
 KARACHI. TEL : 021-4391316-7

### REGISTERED OFFICE:

10TH FLOOR, BUILDING NO. 1,  
 LAKSON SQUARE,  
 SARWAR SHAHEED ROAD,  
 KARACHI.

### MILLS:

DEH RAJAURI II,  
 TALUKA TANDO BAGO,  
 DISTRICT BADIN, SINDH.

### E-MAIL ADDRESS:

pmsml@hotmail.com

### WEBSITE:

www.pangriosugar.com

## ABSTRACT OF VARIATION IN THE REMUNERATION/TERMS OF THE CHIEF EXECUTIVE AND WHOLE TIME DIRECTORS (Section 218 of the Companies Ordinance, 1984)

Following are the approved limit of remunerations at a maximum for the Chief Executive and the below mentioned Executive (whole time) Directors (including all allowances, benefits/perquisites, utilities etc.) alongwith transport and its maintenance for their official and personal use:

	Entitlement as on <u>March 8, 2003</u> Rs. (per annum)	Entitlement as on <u>May 24, 2007</u> Rs. (per annum)
Mr. Aftab Ahmad Chairman & Chief Executive	1,800,000	2,000,000
Ms. Naheed Zaffar Mirza Director	600,000	780,000
Mr. Abbas Ally Agha Director	400,000	520,000
Monthly remunerations paid to Chief Executive and Executive Directors :		
	With effect from <u>March 2008</u> Rupees	With effect from <u>December 2008</u> Rupees
Mr. Aftab Ahmed Chairman & Chief Executive	120,900	128,650
Ms. Naheed Zaffar Mirza Director	48,025	51,900
Mr. Abbas Ally Agha Director	28,650	30,975