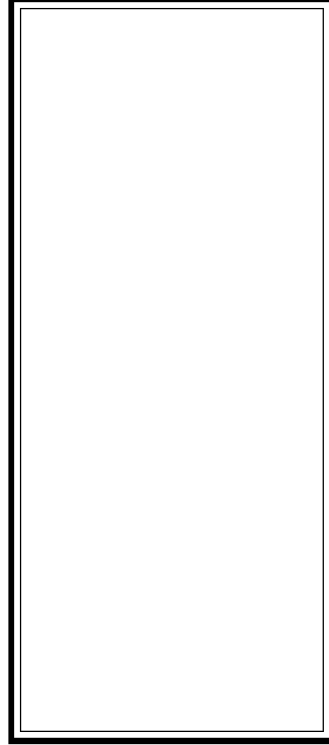


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PANGRIO
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MILLS
LIMITED

ACCOUNTS FOR THE
3RD QUARTER ENDED
JUNE 30, 2009
(UN-AUDITED)

BALANCE SHEET

(UN-AUDITED) AS AT JUNE 30, 2009

	<u>Note</u>	<u>Unaudited June 30, 2009 Rupees</u>	<u>(Restated) Audited Sept. 30, 2008 Rupees</u>
SHARE CAPITAL AND RESERVES			
Authorised Capital: 12,000,000 Ordinary Shares of Rs. 10/- each		120,000,000	120,000,000
Issued, Subscribed and Paid-up 10,850,000 Ordinary shares of Rs. 10/- each fully paid in cash		108,500,000	108,500,000
Accumulated loss		(688,994,517)	(872,115,346)
		(580,494,517)	(763,615,346)
LONG TERM FINANCES			
Banks and financial institutions		30,245,000	-
Other - unsecured - interest free		70,000,000	70,000,000
		100,245,000	70,000,000
DEFERRED LIABILITIES			
Staff gratuity		3,929,807	3,929,807
Banking Companies		216,341,872	353,810,898
		220,271,679	357,740,705
CURRENT LIABILITIES			
Trade and other payables		352,084,962	248,168,439
Markup payable on borrowing		52,105,882	52,105,882
Short term borrowing		22,595,369	22,595,369
Current portion of long term liabilities		144,041,372	182,308,647
Provision for taxation		11,000,521	11,000,521
		581,828,106	516,178,858
CONTINGENCIES			
	4	-	-
		<u>321,850,269</u>	<u>180,304,217</u>

	<u>Note</u>	<u>Unaudited June 30, 2009 Rupees</u>	<u>(Restated) Audited Sept. 30, 2008 Rupees</u>
FIXED ASSETS			
PROPERTY, PLANT AND EQUIPMENT	5	73,677,051	78,786,454
LONG TERM DEPOSITS			
		132,250	132,250
CURRENT ASSETS			
Stores, spares and loose tools		20,243,505	20,472,763
Stock-in-trade		194,376,061	53,337,981
Trade debts		-	1,425
Loans and advances		4,366,298	1,652,698
Trade deposits and short term prepayments		8,077,495	4,647,571
Other receivables		807,827	891,790
Taxation		18,901,374	18,383,527
Cash and bank balances		1,268,408	1,997,758
		248,040,967	101,385,513
		<u>321,850,269</u>	<u>180,304,217</u>

The annexed notes 1 to 9 form an integral part of these financial statements.

Karachi: July 23, 2009

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED JUNE 30, 2009**

Particulars	Paid-up Capital	Accumulated Loss	Total
	----- Rupees -----		
Balance as at 1st October, 2007	108,500,000	(874,770,799)	(766,270,799)
Loss for the period as restated	-	(16,713,510)	(16,713,510)
Balance as at 30th June, 2008	<u>108,500,000</u>	<u>(891,484,309)</u>	<u>(782,984,309)</u>
Balance as at 1st October 2008	108,500,000	(872,115,346)	(763,615,346)
Profit for the period	-	183,120,829	183,120,829
Balance as at 30th June, 2009	<u>108,500,000</u>	<u>(688,994,517)</u>	<u>(580,494,517)</u>

The annexed notes 1 to 9 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DIRECTORS' REPORT

Dear Shareholders :

The Directors are pleased to present the Company's affairs and un-audited report for the period ended June 30, 2009.

As we have already reported in our half yearly report that Season 2008-09 ended on March 13, 2009, and thereafter labour went on vacation, there was no significant activity during the period under report. However, heavy machines needing repairs were sent to vendors for manufacturing/repairing. During the period, however, routine maintenance works were being undertaken.

Market price of sugar remained stable during the quarter between Rs.41 to Rs.42 per kg. TCP had floated two tenders of 50,000 tons each to import sugar but reports indicate that due to high price of imported sugar, these may not materialize. Accepted bid price was \$ 494 per ton ex-Dubai to which if freight from Dubai to Karachi of \$ 60 per ton is added, C&F Karachi price comes to \$ 554 per ton. It means landed cost of imported sugar may be well over Rs.51 per kg.

Operating Results

The operating results for the Season 2008-09 are given below :

Particulars	2008-2009	2007-2008
Season started	16-12-2008	17-11-2007
Season closed	12-03-2009	06-04-2008
Days worked	86	142
Sugarcane crushing	(Tons) 123,413	335,900
" "	(Maunds) 3,085,331	8,397,488
Sugar recovery	(%) 9.684	9.269
Sugar production	(Tons) 11,950	31,142
Molasses recovery	(%) 4.518	4.930
Molasses production	(Tons) 5,575	16,560

Financial Results

Net profit for the period stood at Rs.183.121 million as against net loss of Rs.16.713 million during the corresponding period last year.

The un-audited financial statements for the quarter ended June 30, 2009 are enclosed.

Prospects of Season 2009-10

Prospects of Season 2009-10 from point of view of cane availability, are poor as autumn plantations were not undertaken with interest by farmers.

AFTAB AHMAD
Chairman & Chief Executive

July 23, 2009

**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED JUNE 30, 2009**

	June 30, 2009 Rupees	Restated June 30, 2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	183,120,829	(14,313,510)
Adjustment for:		
Depreciation property, plant and equipment	6,006,036	5,904,205
Financial cost	895,406	1,083,317
Reversal of deferred liabilities	(138,245,301)	-
(Gain) on disposal of fixed assets	(446,131)	(175,936)
	<u>(131,789,990)</u>	<u>6,811,586</u>
Operating cash flow before movement in working capital	51,330,840	(7,501,924)
Changes in working capital		
Stores, spares & Loose tools	229,258	(1,020,230)
Stock in trade	(141,038,080)	(111,922,716)
Trade Debtors	1,425	1,584,374
Loans and advances	(2,713,600)	(133,900)
Trade deposits and short term prepayments	(3,429,924)	(1,600,325)
Other receivables	83,963	(23,413)
Trade and other payables	103,916,523	135,738,831
	<u>(42,950,434)</u>	<u>22,622,621</u>
Cash generated by operations	8,380,406	15,120,697
Interest paid	(895,406)	(1,083,317)
Income tax paid	(517,847)	(3,540,957)
	<u>(1,413,253)</u>	<u>(4,624,274)</u>
Net cash inflow from operating activities	6,967,152	10,496,423
B. CASH FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,381,900)	(3,759,735)
Proceeds from disposal of fixed assets	931,398	350,000
Net cash inflow/(outflow) from investing activities	(450,502)	(3,409,735)
C. CASH FROM FINANCING ACTIVITIES		
Repayment of long term loans	(7,246,000)	(4,771,915)
Net cash (outflow) from financing activities	(7,246,000)	(4,771,915)
Increase in cash and cash equivalents(A+B+C)	(729,350)	2,314,773
Cash and cash equivalents at beginning of the period	1,997,758	667,487
Cash and cash equivalents at end of the period	<u>1,268,408</u>	<u>2,982,260</u>

The annexed notes from 1 to 9 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED JUNE 30, 2009**

Notes	Nine month ended		Quarter ended	
	June 30, 2009	(Restated) June 30, 2008	June 30, 2009	(Restated) June 30, 2008
	-----Rupees-----			
Sales	305,534,844	537,408,768	20,637,478	73,819,658
Cost of goods sold	(257,793,789)	(536,634,060)	(24,304,329)	(76,615,307)
Gross profit/(loss)	<u>47,741,055</u>	<u>774,708</u>	<u>(3,666,851)</u>	<u>(2,795,649)</u>
Operating expenses				
Administrative expenses	(15,886,801)	(13,093,948)	(5,203,307)	(3,923,578)
Selling and distribution expenses	(1,101,254)	(1,130,634)	(112,080)	(58,882)
	<u>(16,988,055)</u>	<u>(14,224,582)</u>	<u>(5,315,387)</u>	<u>(3,982,460)</u>
Operating profit/(loss)	30,753,001	(13,449,674)	(8,982,237)	(6,778,109)
Financial charges	<u>(895,406)</u>	<u>(1,083,317)</u>	<u>(15,164)</u>	<u>(563,679)</u>
	29,857,594	(14,533,192)	(8,997,402)	(7,341,788)
Other income	153,263,235	219,682	4,979,664	6,103
Profit/(Loss) before taxation	183,120,829	(14,313,510)	(4,017,738)	(7,335,685)
Taxation	-	(2,400,000)	-	-
Net Profit/(loss) for the period	183,120,829	(16,713,510)	(4,017,738)	(7,335,685)
Accumulated loss brought forward	(872,115,346)	(874,770,799)	(684,976,778)	(884,148,623)
Accumulated loss carried forward	<u>(688,994,517)</u>	<u>(891,484,309)</u>	<u>(688,994,517)</u>	<u>(891,484,309)</u>
Earning/(loss) per share-basic	<u>16.88</u>	<u>(1.54)</u>	<u>(0.37)</u>	<u>(0.68)</u>
Earning/(loss) per share excluding the income recognised as a result of reversal of deferred liabilities (Note.7)	4.14	(1.54)	(0.37)	(0.68)

The annexed notes 1 to 9 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**SELECTED EXPLANATORY NOTES TO THE
ACCOUNTS (UN-AUDITED) FOR THE PERIOD ENDED JUNE 30, 2009**

1. THE COMPANY AND ITS OPERATION

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 During the period company has earned a net profit of Rs. 183.109 million as compared to net loss of Rs.16.713 million during corresponding period of last year. The accumulated loss stood at Rs.688.994 million (Sept. 2008: Rs.872.115 million), and negative equity at Rs.580.494 as on June 30, 2009 (Sept. 2008: Rs.763.615 million).

The company's long term liabilities were approved for settlement and rescheduled by SBP Committee for Resolution of cases vide its letter No. MR/7980 dated October 14, 2004. In terms of the approval, the company is required to make full and final payments in 12 quarterly equal instalments a total amount of Rs. 222.17 million to the financial institutions. The company has managed to repay Rs. 49.789 million to-date, despite its adverse position.

The company has so far made full and final payment to NBP (Formerly NDFC) against unsecured loan and availed the benefit of reversal of liabilities and loss amounting to Rs. 138.245 million, as shown in other income, out of total deferred liabilities of Rs. 353.810 million.

With the company's efforts National Bank of Pakistan has rescheduled its secured liabilities for repayment within seven years. We are also requesting BEL syndicate for rescheduling their liabilities on same terms and conditions.

In view of the above, these financial statements have been prepared by using going concern assumption.

2. BASIS OF PREPARATION

These unaudited financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and in compliance with requirement of Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these accounts are the same as those applied in preparing the annual audited accounts for the year ended September 30, 2008 except for the changes that carrying amount of all fixed assets have now been stated at cost less accumulated depreciation, as referred in note 5.3.

4. CONTINGENCIES

The matter of quality premium continues to be pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company purchased sugar cane at market rate, which was higher than minimum support price fixed by the government during the period from 2004-2009 except for 2007-08 and the resultant aggregate extra liability on account of various subsidies born by it amounted to Rs.385,743,329 that absorbed the quality premium for the said years of Rs.178,302,035. It also holds the view that uniform formula being developed by MINFAL for mills and cane growers would be applicable prospectively. In view of above, the company has not recorded any obligation with respect to quality premium.

5. PROPERTY, PLANT & EQUIPMENT

5.1 Acquisitions - At cost

	June 30, 2009 Rupees	Audited September 30, 2008 Rupees
Plant & machinery	-	2,575,000
Furniture & fixture	-	137,150
Computers	-	294,000
Vehicles	1,381,900	3,655,490
	<u>1,381,900</u>	<u>6,661,640</u>

5.2 Disposals - At cost

Vehicles	(1,585,000)	(830,000)
----------	-------------	-----------

5.3 Adjustments

During the period under consideration, the company has adjusted carrying amounts of certain fixed assets in order to adopt a uniform policy for all fixed assets under cost model whereby all the fixed assets owned by the company are now stated at cost less accumulated depreciation. The management takes the view that this policy provides reliable and more relevant information because it deals more accurately with the components of property, plant and equipment. Accordingly, during the period under consideration, the net amount credited in accounts are as follows:

Building on free hold land	25,036,892
Office premises	3,514,671
Plant & machinery	40,136,717
Electric intallations	3,023,237
	<u>71,711,517</u>

6. COST OF SALES

	Nine months ended (Restated)		Quarter ended (Restated)	
	June 30, 2009 Rupees	June 30, 2008 Rupees	June 30, 2009 Rupees	June 30, 2008 Rupees
Sugar cane consumed	325,751,420	557,307,071	6,490	11,463,200
Packing material	3,063,189	8,749,939	1,117	234,437
Road cess	771,333	2,099,372	-	35,329
Salaries, wages and benefits	36,423,706	40,717,695	8,277,980	9,614,621
Fuel and power	3,820,545	1,519,864	498,873	339,791
Stores and spares consumed	12,636,215	21,382,518	60,009	1,129,820
Repairs and maintenance	1,557,697	690,238	71,180	279,393
Insurance	2,449,732	2,468,883	815,160	874,001
Travelling	1,391,540	1,277,358	94,978	290,738
Telephone and postage	183,509	250,136	35,945	50,796
Vehicles running	3,119,688	2,911,843	365,197	555,758
Depreciation	4,824,265	4,865,294	1,651,585	1,606,445
Freight, handling and mud removal	1,163,907	1,242,216	127,730	304,721
Others	1,675,123	3,074,349	201,082	404,254
Cost of goods manufactured	398,831,869	648,556,776	12,207,326	27,183,304
Add: Opening stock				
Sugar	53,337,981	4,775,856	206,473,063	156,776,868
Sugar in process	-	-	-	9,043,612
Molasses	-	8,607,817	-	8,917,911
	53,337,981	13,383,673	206,473,063	174,738,391
Less: Closing stock				
Sugar	(194,376,061)	(125,306,389)	(194,376,061)	(125,306,389)
Sugar in process	-	-	-	-
Molasses	-	-	-	-
	<u>(194,376,061)</u>	<u>(125,306,389)</u>	<u>(194,376,061)</u>	<u>(125,306,389)</u>
	<u>257,793,789</u>	<u>536,634,060</u>	<u>24,304,328</u>	<u>76,615,306</u>

7. OTHER INCOME

This includes Rs. 138.245 million on account of reversal of deferred liabilities, as explained in note 1.2 above.

8. AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on July 23, 2009 by the Board of Directors of the Company.

9. GENERAL

Figures have been rounded off to the nearest rupee.

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 LTD.

SHARES REGISTRAR:

M/S. TECHNOLOGY TRADE (PVT.) LIMITED
DAGIA HOUSE, 241-C,
BLOCK-2, P.E.C.H.S.,
OFF: SHAHRAH-E-QUAIDEEN,
KARACHI. TEL: 021-34391316-7

REGISTERED OFFICE:

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

MILLS:

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

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