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**THE PREMIER SUGAR MILLS & DISTILLERY CO., LTD.**  
**MARDAN**



**THE PREMIER SUGAR MILLS  
& DISTILLERY CO. LTD.,  
MARDAN**

**QUARTERLY FINANCIAL STATEMENTS  
(UN-AUDITED)  
AS ON 30 JUNE, 2009**

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

CHAIRMAN	KHAN AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE DIRECTORS	ABBAS SARFARAZ KHAN
	BEGUM LAILA SARFARAZ
	MS. ZARMINE SARFARAZ
	MS. NAJDA SARFARAZ
	MISS. MAHNAZ SAIGOL
	ISKANDER M. KHAN
	ABDUL QADAR KHATTAK
	BABAR ALI KHAN

BOARD AUDIT COMMITTEE	KHAN AZIZ SARFARAZ KHAN	CHAIRMAN
	MS. NAJDA SARFARAZ	MEMBER
	BABAR ALI KHAN	MEMBER

COMPANY SECRETARY	MUJAHID BASHIR
CHIEF FINANCIAL OFFICER	RIZWAN ULLAH KHAN
AUDITORS	MESSRS HAMEED CHAUDHRI & CO., CHARTERED ACCOUNTANTS

COST AUDITORS	MESSRS MUNAWAR ASSOCIATES, CHARTERED ACCOUNTANTS,
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TAX CONSULTANT	MESSRS HAMEED CHAUDHRI & CO., CHARTERED ACCOUNTANTS
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LEGAL ADVISOR	QAZI MUHAMMAD ANWAR	ADVOCATE
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BANKERS	NATIONAL BANK OF PAKISTAN
	HABIB BANK LIMITED
	MCB BANK LIMITED
	UNITED BANK LIMITED
	ALLIED BANK LIMITED
	THE BANK OF KHYBER
	PICIC COMMERCIAL BANK LIMITED
	INNOVATIVE INVESTMENT BANK LIMITED

	THE BANK OF PUNJAB
	BANK ALFALAH LIMITED
	FAYSAL BANK LIMITED

REGISTERED OFFICE	MARDAN (N.W.F.P.)
	PHONES: 0937 862051-862052
	FAX: 0937 862989

FACTORY	MARDAN
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## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### DIRECTORS' REVIEW REPORT

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the quarter ended on June 30, 2009:

#### **1. OPERATIONAL PERFORMANCE**

##### **Sugarcane season 2008-09**

The sugar factory commenced operation on November 11, 2008, crushed 88,612.756 Metric tons (30 June, 2008: 197,313.428 Metric tons) of sugarcane and produced 8,006 Metric tons (30 June 2008:16,485.800 Metric tons) of sugar at an average recovery of 9.20 % (30 June 2008: 8.50%).

##### **Distillery**

189,000 Gallons of Industrial Alcohol was produced during this period

#### **2. FINANCIAL RESULTS**

The Company sold carry over sugar inventory that resulted in profits during the period. However, current year's production remained low due to the diversion of sugarcane towards tax-free commercial Gur manufacturing.

#### **3. Sugar price**

The Sugar prices remained at the lowest level throughout the crushing season and did not even cover the cost of sugarcane. The main reason for the depressed sugar price was the unbridled import of sugar at zero rated duty over and above the country requirement in the preceding years. Beside this, 1% increase in the sales tax rate i.e. from 15% to 16% and Special Excise Duty at the rate of 1% levied by the Government, further reduced the Company's share in the sugar price.

#### **4. PROBLEM OF THE PESHAWAR VALLEY SUGAR INDUSTRY**

There is no tax on the commercial gur manufacturing. Because of this, we cannot compete with the tax free commercial gur manufacturing in the absence of the following measures:

- Implementation of Gur Control Act 1948 in letter and spirit
- Collection of sales tax on the commercial sale of Gur at mandi level, as under the Sales Tax Act 1990, Gur has a levy of sales tax.
- To apply law with the same yardstick by imposing ban / duty on export of Gur as applied on sugar
- Linkage of the support price of sugarcane with its sucrose contents.

The sugar factories in the Peshawar Valley have a capacity to produce 125,000 tons of sugar and contribute Rs. 625 million in taxes to the GOP, instead Gur traders are benefiting at the cost of exchequer, because of inability of FBR to collect sales tax on Gur trade as envisaged in the Sales tax Act of 1990.

### 5. Interim Dividend

Keeping in view the financial results for the year ending 30 September, 2009 the directors decided to pay 30% interim dividend to the shareholders.

### 6. Accounting Policies

There has been no change in the accounting policies adopted in the preparation of these quarterly Financial Statements.

### 7. Acknowledgement

The Directors appreciate the spirit of good work done by the Company's staff at all levels.

ON BEHALF OF THE BOARD

Mardan:  
July 28, 2009

(ABBAS SARFARAZ KHAN)  
CHIEF EXECUTIVE

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE ,2009 (UN-AUDITED)

		Un-audited 30 June, 2009 (.... Rupees 000 ....)	Audited 30 Sep., 2008
<b>Assets</b>			
<b>Non-current assets</b>	NOTE		
Property, Plant and equipment	6	753,963	256,264
long term investments	7	76,315	104,206
long term loan to an Associate		322,500	322,500
Long term security deposits		478	497
		<u>1,153,256</u>	<u>683,467</u>
<b>Current assets</b>			
Stores and spares		82,674	72,526
Stock-in-trade		359,200	319,696
Trade debtors		8,386	16,297
Income tax refundable/deducted at source		26,710	23,033
Loan and advances		18,987	16,414
Accrued profit on bank deposits and loans		38,018	6,749
Deposit and prepayments		1,272	835
Other receivables		1,748	4,107
Bank balances	8	47,781	106,042
		<u>584,776</u>	<u>565,699</u>
		<u>1,738,032</u>	<u>1,249,166</u>
<b>Equity and liabilities</b>			
<b>Capital and reserve</b>			
Authorised capital		<u>57,500</u>	<u>57,500</u>
Issued, subscribed and paid up capital		37,500	37,500
Reserves		900,001	900,001
Accumulated Profit / (Loss)		<u>95,304</u>	<u>(15,427)</u>
Shareholders' equity		1,032,805	922,074
Surplus on revaluation of Property , plant and equipment		394,074	69,563
<b>Non-current liabilities</b>			
Deferred taxation		<u>199,756</u>	<u>39,141</u>
Staff retirement benefits- gratuity		<u>17,659</u>	<u>20,296</u>
		217,415	59,437
<b>Current liabilities</b>			
Short term Finance	9	<u>57,257</u>	<u>157,968</u>
Trade and other payable		22,575	26,882
Accrued mark-up		3,353	5,573
Taxation	10	4,584	1,700
Unclaimed dividends		<u>5,969</u>	<u>5,969</u>
		93,738	198,092
Contingencies and commitments	11		
		<u>1,738,032</u>	<u>1,249,166</u>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
 FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2009 (UN-AUDITED)

	For the 3rd quarter		Cumulative	
	April - June 2009	April - June 2008	Oct - June 2009	Oct - June 2008
	Rupees in thousand			
Turnover				
- local	115,189	95,235	409,282	342,888
Less: Sales tax/ commission	15,660	13,145	55,632	48,078
Sales - net	99,529	82,090	353,650	294,810
Cost of sales	86,197	93,914	279,764	358,413
Gross profit / (loss)	13,332	(11,824)	73,886	(63,603)
Administrative expenses	11,115	7,611	27,383	22,885
Distribution Cost	197	235	770	716
Other operating expenses	333	8,540	28,166	23,899
	11,645	16,386	56,319	47,500
	1,687	(28,210)	17,567	(111,103)
Other operating income	16,877	18,140	51,704	36,288
	18,564	(10,070)	69,271	(74,815)
Finance cost	4,746	1,408	16,160	4,549
Profit / (Loss) before Taxation	13,818	(11,478)	53,111	(79,364)
Taxation				
Current	1,254	281	1,769	1,510
Deferred	(5,399)	(4,227)	(29,966)	(44,448)
	(4,145)	(3,946)	(28,197)	(42,938)
Profit / (loss) after taxation	17,963	(7,532)	81,308	(36,426)
	Rupees			
Profit / (loss) per share	4.79	(2.01)	21.68	(9.71)

The annexed notes form an integral part of this condensed interim financial information.  
 Appropriations have been reflected in the statement of changes in equity

CHIEF EXECUTIVE

DIRECTOR

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
 FOR THE PERIOD ENDED 30 JUNE, 2009 (UN-AUDITED)

	30 June, 2009	30 June, 2008
	(.... Rupees 000 ....)	
Cash flow from operating activities		
Profit / (Loss) for the period - before taxation	53,111	(79,364)
Adjustments for:		
Depreciation and amortisation	54,625	17,632
Impairment loss against long term investment-net	27,891	21,841
Staff retirement benefits - gratuity (net)	(2,637)	(712)
Other income- including bank profit	(51,704)	(36,288)
Finance cost	16,160	4,549
Cash flow from operating activities - before working capital changes	97,446	(72,342)
Decrease / (increase) in current assets		
Stores and spares	(10,148)	9,526
Stock-in-trade	(39,504)	(204,714)
Trade debtors	7,911	941
Loan and advances	(2,573)	434
Deposits and prepayments	(437)	(74)
Other receivables	2,359	(666)
(Decrease)/Increase in trade and other payables.	(4,307)	58,357
	(46,699)	(136,196)
Cash inflow / (outflow) from operating activities - before taxation	50,747	(208,538)
Income tax paid	(2,562)	(2,891)
Security Deposits	19	0
Net cash Inflow / (outflow) from operating activities - after taxation	48,204	(211,429)
Cash flow from investing activities		
Property plant and equipment	(7,809)	(34)
long term loan	0	(130,000)
Right share subscription	0	(42,170)
Interest / profit on bank deposits-received	20,435	34,216
Net cash inflow / (outflow) from investing activities	12,626	(137,988)
Cash flow from financing activities		
Short term finances - net	(100,711)	130,282
Dividends paid	0	(25)
Finance cost paid	(18,380)	(3,887)
Net cash (outflow) / inflow from financing activities	(119,091)	126,370
Net decrease in cash and cash equivalents	(58,261)	(223,047)
Cash and cash equivalents - at the beginning of the period	106,042	281,822
Cash and cash equivalents - at the end of the period	47,781	58,775

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE, 2009 (UN-AUDITED)**

	Share capital	Reserves			Unappropriated profit / (accumulated loss)	Total
		Capital Share redemption	Revenue General	Sub-total		
(----- Rupees 000 -----)						
Balance as at 30 Sep., 2007	37,500	1	900,000	900,001	(55,899)	881,602
Profit for the year ended 30 September, 2008	0	0	0	0	33,643	33,643
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	0	0	0	0	6,829	6,829
<b>Balance as at 30 September, 2008</b>	<b>37,500</b>	<b>1</b>	<b>900,000</b>	<b>900,001</b>	<b>(15,427)</b>	<b>922,074</b>
Profit for the period ended 30 June, 2009	0	0	0	0	81,308	81,308
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for current period -net of deferred taxation	0	0	0	0	29,423	29,423
<b>Balance as at 30 June, 2009</b>	<b>37,500</b>	<b>1</b>	<b>900,000</b>	<b>900,001</b>	<b>95,304</b>	<b>1,032,805</b>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED 30 JUNE, 2009 (UN-AUDITED)**

- The Company was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's Mills and its Registered Office are located at Mardan (N.W.F.P).
- These interim financial statements (the financial statements) are presented in condensed form in accordance with International Accounting Standard 34 (interim Financial Reporting). The financial statements are being submitted to the shareholders as required by the Code of Corporate Governance and are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.
- These financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 September, 2008.
- The accounting policies and methods of computation, which have been used in the preparation of these financial statements, are the same as those applied in the preparation of the financial statements as at and for the year ended 30 September, 2008.
- The significant judgment, estimates and assumptions used by the management in preparation of these financial statements are the same as those applied to the annual financial statements as at and for the year ended 30 September, 2008.

**6. PROPERTY, PLANT & EQUIPMENT**

Note	30 June, 2009	30 Sep., 2008
(Rupee in thousand)		
Operating fixed assets	6.1 <b>704,167</b>	204,408
Investment property	6.2 <b>49,796</b>	51,856
	<b>753,963</b>	<b>256,264</b>

**6.1 Operating fixed assets**

Opening book value	<b>204,408</b>	224,863
Additions during the year		
-furniture, fittings and office equipment	<b>7,809</b>	47
Surplus arisen on Revaluation	<b>544,516</b>	0
Depreciation charge for the period / year	<b>52,566</b>	20,502
Closing book value	<b>704,167</b>	<b>204,408</b>

## 6.2 Investment property

	30 June, 2009 (Rupee in thousand)	30 Sep., 2008
Opening book value	51,856	54,850
Depreciation charge for the period / year	2,060	2,994
Closing book value	<u>49,796</u>	<u>51,856</u>

## 7. LONG TERM INVESTMENTS

There was no change in the investments portfolio of the Company during the current period except for the following:

- Additional impairment loss amounting Rs. 26,539 thousands was recognised against fall in the value of investments made in Chashma Sugar Mills Limited (Associated company); and

- Impairment loss amounting Rs. 1,352 thousand is recognized against fall in investment made in Arpak International Investment Limited (An associated Company)

## 8. BANK BALANCES

The status of the matter, as detailed in note 23.3 the Company's published financial statements for the year-ended 30 September, 2008 has remained unchanged during the current period.

## 9. SHORT TERM FINANCES - Secured

Cash and running finance facilities available from commercial banks under mark-up arrangements aggregate Rs. 175 million (30 September, 2008: Rs. 175 million). These facilities, during the period, carried mark-up at the rates ranging from 10.74 % to 14.74 % . The aggregate facilities are secured against hypothecation / pledge over sugar stocks, hypothecation of book debts. These facilities expired on various dates by 28 February, 2009.

## 10. TAXATION

10.1 The status of pending tax cases has not changed since the date of preceding published annual financial statements for the year ended 30 September, 2008 except for the following in note 15.1

The Honourable Peshawar High Court, during the period, dismissed the case in favour of the Company and referred for further proceedings to the Commissioner Income Tax, Appeals (CITA). Certain add backs were made by the CIT (A) against which the company has filed an appeal to the CIT (A). The case is pending adjudication.

10.2 In view of available tax losses, the current tax expense represents the minimum tax on turnover for the period due under section 113 of the Income Tax Ordinance, 2001.

10.3 Provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 as re-imposed through Finance Act, 2009.

## 11 CONTINGENCIES AND COMMITMENTS

11.1 Guarantee given by a bank on behalf of the Company outstanding as at 30 June, 2009 was for Rs. 10 million (30 September, 2008: Rs. 10 million).

11.2 No commitments were outstanding as at 30 June 2009 ( 30 September , 2008: Rs. NIL)

11.3 There has been no significant change in the status of contingencies since the date of preceding published annual financial statements for the year ended 30 September, 2008.

## 12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on 28 July, 2009.

## 13 SEGMENT REPORTING

Operating results of the Distillery have not been separately disclosed in these financial statements as these do not meet the minimum thresholds prescribed by IAS 14 (Segment Reporting).

## 14 GENERAL

- Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison; however, no material rearrangements / reclassifications have been made in these financial statements.

CHIEF EXECUTIVE

DIRECTOR