

**PANGRIO  
SUGAR  
MILLS  
LIMITED**

**ACCOUNTS FOR THE  
3RD QUARTER ENDED  
JUNE 30, 2010  
(UN-AUDITED)**

# 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:**

BANKERS EQUITY LIMITED - (Under Liquidation)  
NATIONAL BANK OF PAKISTAN  
HABIB BANK LIMITED  
UNITED BANK LIMITED  
MCB BANK LIMITED.  
ALLIED BANK LIMITED

## **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.

## **E-MAIL ADDRESS:**

pmsml@hotmail.com

## **WEBSITE:**

www.pangriosugar.com

## DIRECTORS' REPORT

Dear Shareholders:

The Directors are pleased to present Company's affairs and un-audited accounts for the period ended June 30, 2010.

As reported earlier in our half-yearly accounts that Season 2009-10 ended on March 4, 2010 and labour went on first spell of their vacation, there was no significant activity during the period under review. Items requiring major repairs and manufacturing were sent to vendors to do the needful. During this period routine cleaning and maintenance works were being undertaken at site.

Although during the quarter under report market price of sugar remained depressed around Rs.55/kg in April' 2010 but subsequently stabilized between Rs.58 to Rs.60/kg at the close of the quarter. TCP awarded import contract of 75,000 tons of sugar @ \$ 591 per ton through M/s. Cargill of Dubai with unloading of shipment on April 21, 2010. TCP bought another 100,000 tons @ \$ 488 per ton from China on May 17, 2010. Another tender of 50,000 tons @ \$ 598 C&F Karachi was accepted by TCP in the last week of May, 2010.

Globally, it is reported that period of sugar-deficit is over and year 2010-11 will be a year of sugar surplus.

PSMA-S.Z. has reported a stock of about 343,000 tons on June 30, 2010, which includes season's full production figures of several sugar mills. Actual stock in Sindh is much less than 343,000 tons. When Ramzan starts in the 2nd week of August, 2010, market price of sugar is expected to rise significantly.

### Operating Results

The operating results for the Season 2009-2010 are given below :

<u>Particulars</u>	<u>Season 2009-10</u>	<u>Season 2008-09</u>
Season started	15-11-2009	16-12-2008
Season closed	04-03-2010	12-03-2009
Days worked	110	86
Sugarcane crushing (Tons)	172,177	123,413
“ “ (Maunds)	4,394,424	3,085,331
Sugar recovery (%)	9.620	9.684
Sugar production (Tons)	16,546	11,950
Molasses recovery (%)	4.662	4.518
Molasses production (Tons)	8,035	5,575

Operating results show a healthy performance during the Season 2009-10 compared to previous season.

**Financial Results**

Books show a net profit of Rs.100.06 million at the close of quarter compared to a net profit of Rs.183.72 million during the corresponding period last year..

The un-audited financial statements for the quarter ended June 30, 2010 are enclosed.

**Prospects of Season 2010-11**

Initial cane surveys results show rise in sugarcane acreage in Sindh by about 15% to 20% compared to last season but reportedly there is severe shortage of irrigation water which may become damaging if water availability position does not improve in coming months.

**July 19, 2010**

**AFTAB AHMAD**  
Chairman & Chief Executive

**BALANCE SHEET (UN-AUDITED)  
AS AT JUNE 30, 2010**

	<u>Notes</u>	<u>Unaudited June 30, 2010 Rupees</u>	<u>Audited September 30, 2009 Rupees</u>
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	5	66,691,282	71,830,800
<b>LONG TERM DEPOSITS</b>		132,250	132,250
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		26,544,889	20,545,727
Stock in trade		268,648,138	122,220,362
Loans and advances		8,467,137	6,824,708
Deposits and other receivable		10,489,776	7,067,185
Taxation		7,657,297	4,576,084
Cash and bank balances		6,149,773	1,397,236
		<u>327,957,010</u>	<u>162,631,302</u>
		<u>394,780,542</u>	<u>234,594,352</u>
<b>SHARE CAPITAL</b>			
<b>AUTHORIZED CAPITAL</b>			
12,000,000 Ordinary shares of Rs. 10/- each		<u>120,000,000</u>	<u>120,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
10,850,000 Ordinary shares of Rs. 10/-each fully paid in cash		108,500,000	108,500,000
Accumulated loss		(588,845,791)	(688,874,250)
		<u>(480,345,791)</u>	<u>(580,374,250)</u>
<b>NON-CURRENT LIABILITIES</b>			
<b>LONG TERM FINANCES</b>			
Banks and financial institutions		24,387,206	22,004,939
Related party -unsecured -interest free		70,000,000	70,000,000
<b>Deffered liabilities</b>		<b>297,936,989</b>	297,936,989
<b>CURRENT LIABILITIES</b>			
Current portion of long term finances		127,651,861	137,401,098
Trade and other payables		277,415,968	210,654,712
Accrued markup on finances		48,568,660	52,415,556
Short term borrowings		22,595,369	22,595,369
Taxation		6,570,281	1,959,939
		<u>482,802,139</u>	<u>425,026,674</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
		-	-
		<u>394,780,542</u>	<u>234,594,352</u>

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED JUNE 30, 2010**

	<u>Note</u>	Quarter ended		Nine Month ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
		_____ Rupees _____	_____ Rupees _____	_____ Rupees _____	_____ Rupees _____
Sales - net		<b>174,352,734</b>	20,637,478	<b>922,068,331</b>	305,534,844
Cost of sales	6	<b>186,307,775</b>	24,304,329	<b>792,790,525</b>	257,197,045
<b>Gross profit / (loss)</b>		<b>(11,955,041)</b>	(3,666,851)	<b>129,277,806</b>	48,337,799
<b>Operating expenses</b>					
Administrative expenses		<b>6,422,720</b>	5,203,307	<b>18,903,373</b>	15,886,801
Distribution		<b>132,471</b>	112,080	<b>1,389,847</b>	1,101,254
		<b>(6,555,191)</b>	(5,315,387)	<b>(20,293,220)</b>	(16,988,055)
<b>Operating profit / (loss)</b>		<b>(18,510,231)</b>	(8,982,238)	<b>108,984,587</b>	31,349,744
Finance cost		<b>(954,475)</b>	(15,164)	<b>(5,629,216)</b>	(895,406)
Other income		<b>240,163</b>	4,979,664	<b>9,068,615</b>	153,263,235
Other cost		<b>1,326,493</b>	-	<b>(7,755,185)</b>	-
		<b>612,180</b>	4,964,500	<b>(4,315,787)</b>	152,367,829
<b>Net profit / (loss) before taxation</b>		<b>(17,898,051)</b>	(4,017,738)	<b>104,668,800</b>	183,717,573
Taxation		<b>(871,764)</b>	-	<b>(4,610,342)</b>	-
<b>Net profit / (loss) after taxation</b>		<b>(18,769,814)</b>	(4,017,738)	<b>100,058,459</b>	183,717,573
Earning per share - basic & diluted		<b>(1.73)</b>	(0.37)	<b>9.22</b>	16.93

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

\_\_\_\_\_  
Chief Executive Officer

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Director

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Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED) FOR THE QUARTER  
ENDED JUNE 30, 2010**

	For the Quarter ended		For Nine Month ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	Rupees			
Profit / (loss) for the period	<b>(18,769,814)</b>	(4,017,738)	<b>100,058,459</b>	183,717,573
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period transferred to equity	<u><b>(18,769,814)</b></u>	<u>(4,017,738)</u>	<u><b>100,058,459</b></u>	<u>183,717,573</u>

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

Chief Executive Officer

Director

Chief Financial Officer

**CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED JUNE 30, 2010**

	June 30 2010 Rupees	June 30 2009 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	104,638,800	183,717,574
Adjustments for :		
Depreciation property, plant and equipment	5,389,280	6,006,036
Financial cost	5,629,216	895,406
Reversal of deferred liabilities	-	(138,245,301)
Loss/(gain) on disposal of fixed assets	(210,363)	(446,131)
	10,808,133	(131,789,990)
<b>Operating cash flow before movement in working capital</b>	115,446,933	51,927,584
<b>Changes in working capital</b>		
Stores, spares and loose tools	(5,999,162)	229,258
Stock in trade	(146,427,776)	(141,634,825)
Trade debtors	-	1,425
Loans and advances	(1,642,429)	(2,713,600)
Trade deposits and short term prepayments	(3,502,132)	(3,429,924)
Other receivables	79,541	83,963
Trade and other payables	62,914,360	103,916,523
	(94,577,598)	(43,547,180)
<b>Cash generated by operations</b>	20,869,335	8,380,404
Interest paid	(5,629,216)	(895,406)
Income tax paid	(3,081,213)	(517,847)
	(8,710,429)	(1,413,253)
<b>Net cash inflow from operating activities</b>	12,158,906	6,967,151
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(284,400)	(1,381,900)
Proceeds from disposal of fixed assets	245,000	931,398
<b>Net cash Inflow/(outflow) from investing activities</b>	(39,400)	(450,502)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(7,366,970)	(7,246,000)
<b>Net cash Inflow/(outflow) from financing activities</b>	(7,366,970)	(7,246,000)
<b>(Decrease)/Increase in cash and cash equivalent (A+B+C)</b>	4,752,536	(729,351)
<b>Cash and cash equivalent at October 01</b>	1,397,236	1,997,758
<b>Cash and bank balances at end of the period</b>	6,149,772	1,268,407

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY  
(UN-AUDITED) FOR THE QUARTER  
ENDED JUNE 30, 2010**

	<u>Share Capital Rupees</u>	<u>Accumulated Loss Rupees</u>	<u>Total Rupees</u>
<b>Balance as at October 1, 2008</b>	108,500,000	(872,712,088)	(764,212,088)
Comprehensive income for the period	-	183,717,574	183,717,574
<b>Balance as at June 30, 2009</b>	<u>108,500,000</u>	<u>(688,994,514)</u>	<u>(580,494,514)</u>
Comprehensive income for the period	-	120,264	120,264
<b>Balance as at September 30, 2009</b>	<u>108,500,000</u>	<u>(688,874,250)</u>	<u>(580,374,250)</u>
Comprehensive income for the period	-	100,028,459	100,028,459
<b>Balance as at June 30, 2010</b>	<u><u>108,500,000</u></u>	<u><u>(588,845,791)</u></u>	<u><u>(480,345,791)</u></u>

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

Chief Executive Officer

Director

Chief Financial Officer

**NOTES TO THE ACCOUNTS (UN-AUDITED)  
FOR THE QUARTER ENDED JUNE 30, 2010**

**1 THE COMPANY AND ITS OPERATION**

1.1 The company was incorporated in Pakistan on June 12, 1984, as a public limited company and listed on Karachi and Lahore Stock Exchanges. The principal business of the company is to manufacture and sell white sugar. The Mills is located at District Badin in the Province of Sindh.

1.2 The company earned a net profit after taxation for the period amounting to Rs. 100.058 million compared to Rs. 183.718 million during corresponding period last year.; as on the balance sheet date its accumulated loss stood at Rs. 588.846 million (September 2009: Rs. 688.874 million). Company's current liabilities exceeded current assets by Rs. 154.845 million (September 2009: Rs. 262.396 million) and total liabilities exceeded total assets by Rs. 480.346 million (September 2009: Rs. 580.374 million).

The company has succeeded in keeping the mill operational, during the current crushing season through its own resources. The company has settled its long term liabilities with UBL and paid down payment, remaining amount will be paid in 10 quarterly installements in 2 1/2 years. The company has paid Rs. 9.810 million to the financial Institutions against their long term loan during the period under review.

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

**2 BASIS OF PREPARATION**

These unaudited interim 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, 2009.

**4 CONTINGENCIES**

Contingencies are the same as have been reported in the financial statements of the company for the year ended September 30, 2009.

**5 PROPERTY, PLANT & EQUIPMENTS**

**Acquisition**

Vehicles

<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
<u>284,400</u>	1,381,900
<u>284,400</u>	<u>1,381,900</u>

## 6 COST OF GOODS SOLD

	Quarter ended		Nine Month Ended	
	June, 30 2010	June, 30 2009	June, 30 2010	June, 30 2009
Sugar cane consumed	37,541	6,490	853,966,737	325,751,420
Packing material	-	1,117	5,050,974	3,063,189
Road cess	-	-	1,076,106	771,333
Salaries, wages and benefits	11,066,342	8,277,980	43,312,422	36,423,706
Fuel and power	1,376,674	498,873	4,956,105	3,820,545
Stores and spares consumed	1,848,395	60,000	15,007,311	12,636,215
Repairs and maintenance	103,010	71,180	258,088	1,557,697
Insurance	873,043	815,160	2,623,280	2,449,732
Traveling	271,843	94,978	1,607,033	1,391,540
Telephone and postage	58,977	35,945	138,679	183,509
Vehicles running	990,946	365,197	3,344,879	3,119,688
Depreciation	1,446,761	1,651,585	4,340,284	4,824,265
Freight, handling and mud removal	244,446	127,730	1,580,265	1,163,907
Others	408,175	201,082	1,956,138	1,675,123
Cost of goods manufactured	18,726,153	12,207,317	939,218,301	398,831,869
Add: Opening Stock				
Sugar	436,229,760	206,473,063	122,220,362	52,741,237
Sugar in Process	-	-	-	-
Molasses	-	-	-	-
	436,229,760	206,473,063	122,220,362	52,741,237
Less: Closing Stock				
Sugar	(268,648,138)	(194,376,061)	(268,648,138)	(194,376,061)
Sugar in Process	-	-	-	-
Molasses	-	-	-	-
	(268,648,138)	(194,376,061)	(268,648,138)	(194,376,061)
	<u>186,307,775</u>	<u>24,304,319</u>	<u>792,790,525</u>	<u>257,197,045</u>

## 7 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue on July 19, 2010 by the Board of Directors of the Company.

8 Figures have been rounded off to nearest rupee.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer