PANGRIO SUGAR MILLS LTD.

23RD ANNUAL REPORT 2007

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. M. YUNUS ANSARI

AUDITORS:

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

BANKERS TO THE COMPANY:

ALLIED BANK LIMITED
UNITED BANK LIMITED
CRESCENT COMMERCIAL BANK LIMITED
HABIB BANK LIMITED
NATIONAL BANK OF PAKISTAN
BANKERS EQUITY LIMITED
MCB BANK LIMITED

LEGAL ADVISOR:

MR. GHULAM QADIR ZARGAR

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@cyber.net.pk

WEBSITE:

www.pangriosugar.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **23rd Annual General Meeting** of the Company will be held on **Monday, December 31, 2007 at 05:00 p.m.** at the Auditorium of The Pakistan Institute of International Affairs (PIIA), near Sidco Avenue Centre, opposite Shell Petrol Pump, Maulana Deen Muhammad Wafai Road, Karachi to transact the following business:

1. To confirm the Minutes of the 22nd Annual General Meeting of the Company held on January 27, 2007.

2. To receive, consider and adopt the Annual Audited Accounts of the company alongwith the Directors' and Auditors' Reports thereon for the year ended September 30, 2007.

3. To appoint Auditors of the Company for the year ending September 30, 2008 and fix their remuneration. The retiring Auditors, **M/s. Aslam Malik & Co.,** Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board,

M. YUNUS ANSARI
Company Secretary

Karachi, December 10, 2007

NOTES:

1. The Shares Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from **December 22, 2007 to December 31, 2007** (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.

   Form of Proxies, in order to be valid, must be received at the Registered Office of the Company 48 hours before the scheduled time of Meeting. A Proxy must be a member of the Company.
3. Account holders and sub-account holders of CDC are requested to bring their original National Identity Cards/Passports for the purpose of identification to attend the meeting.
4. Shareholders are requested to notify any change in address immediately.

DIRECTORS' REPORT

Dear Shareholders:

Your directors are pleased to present the Company's Annual Audited Financial Statements with Auditors' Report thereon for the year ended September 30, 2007.

GENERAL

The Crushing Season of 2006-07 began on November 15, 2006 under the clouds of uncertainties.

Government of Sindh and its functionaries, as usual started mounting pressure to start the season on October 1, 2006. Their urgency was beyond comprehension; there was enough stock of sugar, crop was not mature, the holy month of Ramazan was in progress, there were winter rains and fields were inundated and farmers were not willing to harvest. All the fears of industry proved true as the millers which started crushing from mid-November had to be shut down, one after another, as flow of cane did not improve. Cane harvesting and supply became steady only after Eiduzzoha i.e. first week of January, 2007.

On overall basis, availability of sugarcane was better during the season but quality of cane was poor in terms of recovery percentage. Price of sugarcane remained high during entire season, averaging around Rs.75/- to Rs.80/- per 40 kg. At the same time market price of sugar remained depressed because of carry over stock of last season and international factors. Price of molasses, too, came down crashing at the end of season due to external factors.

Although performance of the company in terms of cane crushing and sugar production was satisfactory but decline in market price of sugar and molasses along with high cost of cane ultimately affected the financial results adversely.

OPERATING RESULTS

The mills crushed a total quantity of 207,346 tons of cane compared to 151,209 tons of cane crushed during last year showing a substantial increase of 37.12%. Total quantity of sugar produced was 20,585 tons during the season compared to 15,595 tons produced during last season, indicating an increase of 32%. Sucrose recovery achieved during the season, however, was 9.93% compared to 10.23% achieved during last season, showing a decline of 0.30%. Quantity of molasses produced during the season was 9,665 tons with a recovery rate of 4.66% compared to molasses production of 6,520 tons last season with a recovery rate of 4.30%.

The operating results for the Season 2006-07 are given below :

Particulars		2006-2007	2005-2006
Season started		15-11-2006	03-12-2005
Season closed		08-04-2007	13-03-2006
Days worked		145	101
Sugarcane crushing	(Tons)	207,346	151,209
" "	(Maunds)/40 kg	5,183,643	3,780,225
Sugar recovery	(%)	9.932	10.235
Sugar production (Tons)		20,585	15,495
Molasses recovery	(%)	4.663	4.303
Molasses production	(Tons)	9,665	6,520

FINANCIAL RESULTS	2006-2007	2005-2006
Profit/(Loss) for the year	(30,197,420)	13,781,232
Workers' Profit Participation Fund	-	(957,604)
Profit/(Loss) before taxation	(30,197,420)	12,823,628
Provision for taxation	(2,500,000)	(3,500,000)
Net Profit/(Loss) for the year	(32,697,420)	9,323,628
Accumulated loss brought forward	(850,565,353)	(869,286,005)
Transferred from surplus on revaluation of fixed assets-Incremental depreciation for the year	8,491,974	9,397,024
Accumulated loss carried forward	(874,770,799)	(850,565,353)
(Loss)/Earning per share - basic	(3.01)	0.86

Despite satisfactory operational performance, company's financial results show negative features due to factors beyond our control i.e. high cost of sugarcane and declining market price of sugar and molasses. The company posted a gross loss of Rs.19.005 million for the year ended September 30, 2007 and a net loss of Rs.32.697 million compared to gross profit of Rs.34.911 million and net profit of Rs.9.323 million respectively at the end of the corresponding period last year.

It may be recalled that we had forecasted these fears in our previous annual report which proved true.

SEASON 2007-2008

Crop position for the Season 2007-08 is satisfactory and cane availability may be higher by about 10% to 15% than the just concluded season of about 12.00 million tons. But there is a general feeling that this season may be very tough for the millers. Major reason being a flattened price of sugar i.e. Rs.24 per kg. Millers are wondering for whom to produce sugar for? There is neither market nor a price. PSMA has been proposing the Sindh Government to scale down the support price of sugarcane to Rs.50/- per 40 kg. from Rs.67/- per 40 kg. otherwise, there will be no incentive to operate the industry.

HEALTH, SAFETY AND ENVIRONMENT

Appropriate facilities existed for safeguarding the health of employees in accordance with the Factories Act 1948 and National Environment Quality Standard (N.E.Q.S.) for Sugar Industry.

INFORMATION TECHNOLOGY

Improvement and up-gradation of the existing instruments are being continuously made to cope with the requirements of technological advancement in this field.

AUDIT REPORT

The Auditors have qualified their Audit Report for the year ended September 30, 2007. Their concern is addressed to the shareholders so that matters and their impact are mitigated :

Going Concern

The going concern assumption has been used for preparing financial statements due to the following mitigating factors. As briefly refered to in Note No. 1.2.

(i) The management is making effort and hope to clear long-term liabilities as soon as possible. It expects full cooperation from the financial institutions in accommodating its genuine difficulties. As the long-term liabilities will be fully settled in the subsequent years, in terms of circular 29 of the SBP, the accumulated loss of the company would be reduced by Rs.354 million due to reversal of waiver of mark-up charged by the financial institutions; refer note No. 8.

(ii) PSMA has filed an appeal against the payment of quality premium before the Supreme Court of Pakistan in which our company also participated, and it is expected that the decision will be announced in favour of the company, which will result in reversal of Rs.93.81million; refer note No. 9.3.

(iii) The management is continuously endeavoring to keep the company operational year after year despite adverse conditions of prior years and the company started operation in the current season i.e. 2007-2008, and expect that the year would see improvement.

(iv) To overcome liquidity constraints, management has obtained Rs.70.00 million financial assistance from its friend/associate on interest free basis which is payable after five years.

Revaluation

The revaluation was carried only once during the year ended 30th September, 1995 on the basis of depreciated replacement values as is also disclosed in Note 4. Since last twelve years, i.e., the year 1995, the effects of any subsequent changes in fair value has not been taken into consideration for the reasons mentioned below :

(i) Accounting of fair value would have increased the amount of incremental depreciation that would have increased the loss for the year.

(ii) The benefit of revaluation could not be availed by the company owing to adverse financial position caused by losses.

The Management desires to change accounting policy from revaluation model to cost model. This matter has been refered to corporate consultant for implementing management desire. This will reduce the amount of depreciation which wil have the impact of reducing the cost and administration expenses.

BOARD OF DIRECTORS

There has been no change so far in the Board of Directors since after its constitution through Election of Directors on January 30, 2006 for a term of 3 (three) years commencing from February 27, 2006.

AUDITORS

The present auditors – M/s. Aslam Malik & Co., Chartered Accountants, retire and offer their services for the ensuing year.

The Board's Audit Committee has recommended their appointment for the ensuing year.

CODE OF CORPORATE GOVERNANCE

The Company has adopted the Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan. We have implemented the major mandatory provisions and welcome the government step to more fully disclose and monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAME WORK

a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of accounts of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. To give effect to change in law, as clarified by SECP, an amount equal to the incremental depreciation has been transferred from the surplus on revaluation of fixed assets to accumulated loss in the current period.

d. International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

e. The system of internal control, which was in place, is sound in design and has been effectively implemented and monitored. However, it is being continuously reviewed by internal audit and other officers handling such procedures. The process of review will continue and any weaknesses in controls will be removed. The function of Internal Audit has been implemented and operating successfully.

f. The Company's ability to continue as a going concern is being watched carefully, all events affecting the going concern basis are under constant review.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. Even though the operating results for the year under review as compared to last year are better, there has been a net loss of Rs. 32.697 million during the year as against net profit of Rs.9.323 million during previous year. The main reason for the loss is high cost of sugarcane and declining market price of sugar and molasses, which was beyond our control.

i. Key operating and financial data for last six (6) years in summarized form is annexed.

j. Because of the accumulated losses, the Company has not declared any dividend or issued bonus shares for the year.

k. Outstanding taxes and levies are being accrued and paid as per law.

l. Value of investments based on audited accounts of Provident Fund is Rs. 33.166 million.

m. During the year, 4 (four) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings Attended
Mr. Aftab Ahmad	4
Ms. Begum Akhter Abid	-
Ms Naheed Zaffar Mirza	3
Mr. Abbas Ally Agha	4
Mr. Ali Ghazi Mirza	-
Mr. Abdullah Kamran Soomro	3
Mr. Asif Saeed	2
Mr. Akbar Ali Mirza	2
Mr Muhammad Asif (NIT)	4

Leave of absence is granted in all cases to the directors.

n. The pattern of shareholding is annexed.

o. There was no trading in shares of PSML held by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

FUTURE PROSPECTS

Unlike the season under review when cane support price of Rs.67/- per 40 kg. announced by the Government of Sindh was inclusive of Q.P., the ensuing season's support price of Rs.67/- per 40 kg. is exclusive of Q.P. which means that official support price during coming season would be around Rs.72/- per 40 kg. due to impact of Q.P. This issue is being contested with the Sindh Government. If quality premium is deferred as done previously, there may be some relief.

VARIATION IN REMUNERATION OF CHIEF EXECUTIVE & WHOLE TIME DIRECTORS

Abstract of variation in the remuneration of the Chief Executive and whole time directors is annexed.

ACKNOWLEDGEMENT

We would like to take this opportunity to convey our deep appreciation to the shareholders, the workers, staff and officers of the Company for their patience, tolerance and forbearance, as well as the assistance and cooperation to the management during these hard days.
We would also like to thank our valued dealers, suppliers, financiers and shareholders for their cooperation and the trust reposed in our Company.

In the end, let us pray to Almighty Allah to guide us in all our pursuits of national development and for the betterment of your organization, Ameen.

On behalf of the Board

AFTAB AHMAD
Chairman & Chief Executive

Karachi:
December 6, 2007

ABSTRACT OF VARIATION IN THE REMUNERATION / TERM OF THE CHIEF EXECUTIVE AND WHOLE-TIME DIRECTORS

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.) along with transport and its maintenance for their official and personal use :

	Entitlement as on March 8, 2003 Rs. (per annum)	Entitlement as on May 24, 2007 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. Abba Ally Agha Director	400,000	520,000

Monthly remunerations paid to Chief Executive and Executive Directors :

	Previous	With effect from March 2006	With effect from March 2007
Mr. Aftab Ahmad Chairman & Chief Executive	75,000	90,000	120,900
Ms. Naheed Zaffar Mirza Director	23,850	28,620	44,150
Mr. Abbas Ally Agha Director	18,600	22,320	26,325

PATTERN OF SHAREHOLDINGS
AS AT 30TH SEPTEMBER, 2007

Number of Share Holders	Shareholding From	To	Total Shares Held	Percentage
1561	1	100	154,929	1.45
357	101	500	128,075	1.18
301	501	1,000	285,200	2.63
416	1,001	5,000	1,073,188	9.89
106	5,001	10,000	683,100	6.30
17	10,001	15,000	201,861	1.86
8	15,001	20,000	151,700	1.40
5	20,001	25,000	109,548	1.01
2	25,001	30,000	57,500	0.53
1	35,001	40,000	35,500	0.33
2	40,001	45,000	88,100	0.81
25	45,001	50,000	1,247,000	11.49
1	50,001	55,000	50,500	0.47
2	55,001	60,000	115,000	1.06
3	60,001	65,000	188,500	1.74
3	95,001	100,000	300,000	2.76
3	100,001	105,000	301,500	2.78
1	115,001	120,000	115,500	1.06
1	125,001	130,000	128,799	1.19
2	145,001	150,000	299,900	2.76
1	160,001	165,000	162,800	1.50
1	200,001	205,000	201,000	1.85
1	215,001	220,000	218,500	2.01
1	320,001	325,000	324,500	2.99
1	370,001	375,000	374,000	3.45
1	395,001	400,000	400,000	3.69
2	500,001	505,000	1,001,000	9.23
1	810,001	815,000	813,700	7.50
1	1,600,000	1,650,000	1,639,100	15.11
2827			10,850,000	100.00

CATEGORIES OF SHAREHOLDINGS (30-09-2007)
ADDITIONAL INFORMATION

Categories of Shareholders	Share Held	Percentage
Associated Companies, Undertakings and Related Parties	–	–
NIT and ICP		
National Bank of Pakistan Trustee Deptt. (more than 10%)	1,639,100	15.11
Investment Corporation of Pakistan (ICP)	324,500	2.99
National Investment Trust Ltd. (NIT)	9,100	0.08
Directors, CEO and their Spouses and minor Children		
Mr. Aftab Ahmed (Chief Executive)	2,000	0.02
Begum Akhter Abid (Director)	201,000	1.85
Ms. Naheed Zaffar Mirza (Director)	100,500	0.93
Mr. Abbas Ally Agha (Director)	1,000	0.01
Mr. Ali Ghazi Mirza (Director)	1,000	0.01
Mr. Abdullah Kamran Soomro (Director)	5,000	0.05
Mr. Asif Saeed (Director)	5,000	0.05
Mr. Akber Ali Mirza (Director)	5,000	0.05
Executives	–	–
Public sector companies and corporations	–	–
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and mutual funds		
State Life Insurance Corporation of Pakistan	162,800	1.50
Pakistan Insurance Corporation	100,000	0.92
New Jubilee Insurance Corporation	1,400	0.01
Muslim Insurance Corporation	600	0.01
National Bank of Pakistan (Former NDFC)	1,050	0.01
Shareholders holding ten percent or more voting interest in the listed company (Refer NBP Trustee Department above).	–	–
Others / Joint Stock Companies		
Naeem's Securities Ltd.	100	0.00
Sarfaraz Mahmood (Pvt) Ltd.	100	0.00
Y.S. Securities & Services (Pvt) Ltd.	700	0.01
Rahat Securities Limited	100	0.00
Invest Forum (Pvt) Ltd.	1,500	0.01
Pace Investment & Sec. (Pvt) Ltd.	29,000	0.27
Progressive Securities (Pvt) Ltd.	20,000	0.18
Excel Securities (Pvt) Ltd.	36,000	0.33
Live Securities (Pvt) Ltd.	47,000	0.43
General Invest Serv. (Pvt) Ltd.	4,000	0.04
KAI Securities (Pvt) Ltd.	500	0.00
Eastern Capital Limited	28,500	0.26
Darson Securities (Pvt) Ltd.	5,500	0.05
United Capital Securities (Pvt) Ltd.	1,600	0.01
MS Maniar Financials (Pvt) Ltd.	500	0.00
Millennium Securities & Investments (Pvt) Ltd.	1,000	0.01
Islamabad Stock Exchange (G) Ltd.	400	0.00
Individual	8,114,450	74.79
TOTAL	**10,850,000**	**100.00**

CORPORATE VISION / MISSION STATEMENT

VISION

The Company, one of the leading sugar mills in Sindh, aims at producing international quality white refined sugar for local consumption and export purpose. Our vision is to transform PSML into a modern and dynamic industry, highly indulgent in the well being of the investors, workforce and the agriculture community of the area. We want to fully equip the company to play a meaningful role on sustainable basis in the economic and social development of the country and protect the environment.

MISSION

Our mission is to promote agriculture and to acheive operating & financial stability for our company. This would help us to have meaningful role for a sound and dynamic industrial system to acheive sustainable and equitable economic growth of the Country. We would like to transform the agriculture community of the area into an exemplary force to become a role model for others. We would endeavor to enhance the value of our shareholders, to provide a secure place of work to our employees and to be an ethical partner to all our business associates.

SIX YEARS DATA AT A GLANCE

Rupees in Thousand

PARTICULARS		2007	2006	2005	2004	2003	2002
FINANCIAL DATA							
1 Financial Position							
Paid up Capital		105,500	108,500	108,500	108,500	108,500	108,500
Accumulated(Loss)/Profit		(874,771)	(850,565)	(869,286)	(838,034)	(773,548)	(883,516)
Participation Reserve for Issue of Convertible Shares		–	–	–	73,329	73,329	73,329
Surplus on Revaluation of Fixed Assets		79,679	88,171	97,568	107,967	119,474	281,803
Redeemable Capital		–	–	–	–	27,678	77,035
Long term loan		92,166	87,727	178,036	27,673	27,673	27,673
Deferred Liabilities		357,741	357,740	357,740	4,742	12,034	17,810
Fixed Assets (At Cost)		531,205	531,204	531,157	531,003	522,021	522,766
Accumulated Depreciation		370,942	354,017	335,167	314,219	296,199	272,510
Long term Advance/Deposits		132	132	132	132	186	86
Current Assets		57,209	37,702	244,893	90,453	80,863	39,884
Current Liabilities		454,289	423,447	568,455	823,192	711,732	587,594
2 Income							
Sales		481,890	671,444	200,011	411,607	373,441	345,815
Gross Profit/(Loss)		(19,006)	34,911	(50,951)	(42,237)	(8,601)	(33,182)
Other Income		7,212	10	27,679	828	163	25
Pre-Tax (Loss)/Profit		(30,197)	12,823	(40,651)	(73,085)	(50,528)	(79,092)
Taxation		(2,500)	(3,500)	(1,000)	(2,976)	(1,832)	(1,866)
3 Statistics and Ratios							
Gross Profit/(Loss) to Sales	%	(3.94)	5.10	(25.47)	(10.26)	(2.30)	(9.60)
Pre-tax Profit/(Loss) to Sales	%	(6.27)	2.00	(20.32)	(17.76)	(13.53)	(22.87)
Pre-Tax Profit to Capital	%	(27.83)	11.82	(37.47)	(67.30)	(46.57)	(72.90)
Current Ratio		1:7.94	1:11.23	1:2.32	1:9.10	1:8.80	1:14.73
Paid-up Value per Share	Rs.	10	10	10	10	10	10
Earnings after Tax per Share	Rs.	(3.01)	0.86	(3.84)	(6.96)	(4.83)	(7.46)
Market Value per Share	Rs.	10.40	7.60	3.00	3.65	2.95	1.35
OPERATING DATA							
Season Started		15.11.2006	03-12-2005	01-11-2004	30-11-2003	21-12-2002	07.11.2001
Season Closed		08.04.2007	13-03-2006	05-03-2005	24-03-2004	07-04-2003	22.03.2002
Days Worked		145	101	125	116	108	136
Sugarcane Crushed	M.T	207,346	151,209	176,249	311,880	272,718	213,549
Sugarcane Crushed	Mds	5,183,643	4,051,245	4,722,104	8,355,985	7,306,752	5,721,493
Sugar Recovery	%	9,931	10.235	9.823	9.890	10.004	10.211
Sugar Production	M.T	20,585	15,495	17,313	30,863	27,288	21,742
Molasses Recovery	%	4,663	4.303	4.893	5.002	5.001	4.965
Molasses Production	M.T	9,665	6,520	8,625	15,610	13,640	10,575

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE {See Clause (xiv)}

Name of Company : **PANGRIO SUGAR MILLS LIMITED**
Year Ended : **30th September, 2007**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 and Chapter XIII of listing regulations of KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED and LAHORE STOCK EXCHANGE (GUARANTEE) LIMITED respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner :

1. The board comprises nine directors, including the CEO. At present the Board includes one independent director representing financial institution and 5 non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution. None of the directors of the company are members of any Stock Exchange.

4. No casual vacancy occurred in the Board of Directors during the period under review.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision / mission statement; the company is in the process of developing the corporate strategy. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended is being maintained and all the significant policies have been developed and approved by the Board.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board held four meetings during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The directors of the company have given declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulation of Stock Exchange. The directors have also attended orientation course on the subject of duties, powers and obligations of Directors.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The CEO and CFO have duly endorsed the financial statements of the Company before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises of 3 (three) members, including the Chairperson, of whom 2 (two) are non-executive directors. Names of Committee Members are :

Name	Designation
Ms. Naheed Zaffar Mirza	Chairperson
Mr. Akber Ali Mirza	Member
Mr. Abdullah Kamran Soomro	Member

16. The meetings of the audit committee were held prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.

17. The Board has set-up an internal audit department. Its effectiveness has to be improved as to its independence for which efforts are being made.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. As there is no related party transaction, the statement regarding Transfer Pricing, in pursuance of SECP directive as communicated by Karachi Stock Exchange (Guarantee) Ltd. vide its Notice No. KSE / N-5260 dated November 5, 2003, is not applicable to our Company.

21. We confirm that all other material principles contained in the Code have been complied with.

AFTAB AHMED
Chairman & Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **PANGRIO SUGAR MILLS LIMITED** to comply with the Listing Regulation No. 37 and chapter XIII of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable for the year ended **September 30, 2007**.

ASLAM MALIK & CO.
Chartered Accountants

Karachi: December 06, 2007

AUDITORS' REPORT TO THE MEMBERS

We were engaged to audit the annexed balance sheet of **PANGRIO SUGAR MILLS LIMITED** as at September 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended. We state that except for the matters referred to in paragraphs (c) and (d) below, we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and offer due verification, we report that;

1. The company's financial statements as on balance sheet date reflects accumulated loss of Rs.874.77 million (2006: Rs.850.56 million) and negative equity of Rs.766.27 million (2006: Rs. 742.06 million). Company's current liabilities exceed current assets by Rs.397.08 million (2006: Rs. 385.75 million) and total liabilities exceed total assets by Rs.686.59 million (2006: Rs. 653.89 million). Moreover, the Company, after making total payment of Rs.37.734 million to date, is in default in terms of rescheduling / restructuring of its long term loans at an amount of Rs. 222.17 million as referred to in detail in note 5 out of which an amount of Rs.96.63 million is overdue in respect of first four consecutive installments. These conditions and those mentioned in note 13 indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. However, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

2. Referring to the matter of revaluation of fixed assets that was last carried out on September 30 1995, as disclosed in Note 4 and Note 14.2. The company has not complied with the requirement of IAS 16 relating to revaluation since the year 1995. The financial effect of above noncompliance on the annexed financial statements is not presently ascertainable.

   (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

   (b) in our opinion;
      (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.

      (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

      (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

   (c) Except for the effect of the matters stated in 1 and 2 above paragraph and the extent to which these may effect the financial results of the company, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2007, and of the Loss, its cash flows and changes in equity for the year then ended: and

   (d)in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi:
Date: December 06, 2007

ASLAM MALIK & CO.
Chartered Accountants

BALANCE SHEET AS AT

	Note	2007 Rupees	2006 Rupees
SHARE CAPITAL AND RESERVES			
Authorised			
12,000,000 ordinary shares of Rs. 10/= each		120,000,000	120,000,000
Issued, subscribed and paid up	3	108,500,000	108,500,000
Accumulated loss		(874,770,799)	(850,565,353)
		(766,270,799)	(742,065,353)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4	79,679,463	88,171,437
NON CURRENT LIABILITIES			
Long term finances			
Banks and financial institutions	5	22,165,818	87,727,255
Other-Unsecured-interest free	6	70,000,000	–
		92,165,818	87,727,255
Deferred liabilities			
Staff gratuity	7	3,929,807	3,929,807
Banking Companies	8	353,810,898	353,810,898
		357,740,705	357,740,705
CURRENT LIABILITIES			
Trade and other payables	9	203,672,806	200,150,057
Markup payable on borrowings	10	52,105,882	52,105,882
Short term borrowing	11	22,595,369	55,595,369
Current portion of long term liabilities	12	164,914,744	107,096,137
Provision for taxation		11,000,521	8,500,521
		454,289,322	423,447,966
CONTINGENCIES AND COMMITMENTS	13	-	-
		217,604,509	215,022,010

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

SEPTEMBER 30, 2007

	Note	2007 Rupees	2006 Rupees
FIXED ASSETS			
Property, plant and equipment	14	160,263,065	177,186,997
LONG TERM DEPOSITS		132,250	132,250
CURRENT ASSETS			
Stores, spares and loose tools	15	19,109,258	17,101,057
Stock in trade-finished goods	16	13,383,673	–
Trade debts	17	1,585,799	–
Loans and advances	18	2,118,109	1,131,790
Trade deposits and short-term prepayments	19	4,711,351	4,924,812
Other receivables	20	1,024,005	1,587,910
Taxation		14,609,512	12,035,039
Cash and bank balances	21	667,487	922,155
		57,209,194	37,702,763
		217,604,509	215,022,010

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Note	2007 Rupees	2006 Rupees
Sales	22	481,889,518	671,444,801
Cost of goods sold	23	(500,895,485)	(636,532,937)
Gross profit / (loss)		(19,005,967)	34,911,864
Other income	24	7,211,755	9,802
Distribution expenses	25	(711,073)	(2,183,600)
Administrative expenses	26	(16,656,804)	(13,585,982)
Finance cost	27	(1,035,331)	(5,370,852)
		(11,191,453)	(21,130,632)
(Loss)profit from ordinary activities before taxation and workers profit participation fund		(30,197,420)	13,781,232
Workers' Profit Participation fund		–	(957,604)
(Loss) / profit before taxation		(30,197,420)	12,823,628
Taxation	28	(2,500,000)	(3,500,000)
Net (loss) / profit for the year		(32,697,420)	9,323,628
Accumulated loss brought forward		(850,565,353)	(869,286,005)
Transferred from surplus on revaluation of fixed assets - Incremental depreciation for the year		8,491,974	9,397,024
Accumulated loss carried forward		(874,770,799)	(850,565,353)
Earning / (loss) per share-basic	32	(3.01)	0.86

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	2007 Rupees	2006 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(30,197,420)	12,823,628
Adjustments for :		
Depreciation property, plant and equipment	16,923,932	18,850,145
Financial cost	1,035,331	5,370,852
Workers' profit participation fund	–	957,604
	17,959,263	25,178,602
Operating cash flow before movement in working capital	(12,238,157)	38,002,230
Changes in working capital		
Stores, spares and loose tools	(2,008,201)	(999,051)
Stock in trade	(13,383,673)	213,235,603
Trade debtors	(1,585,799)	–
Loans and advances	(986,319)	(192,013)
Trade deposits and short term prepayments	213,461	(853,530)
Other receivables	563,905	(874,363)
Trade and other payables	3,522,749	(250,820,099)
Cash generated by operations	(25,902,034)	(40,503,453)
Interest paid	(1,035,331)	(515,420)
Income tax paid	(2,574,473)	(4,318,203)
	(3,609,804)	(4,833,623)
Net cash inflow(outflow) from operating activities	(29,511,838)	(7,334,846)
B. CASH FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	–	(47,890)
Net cash (outflow) from investing activities	–	(47,890)
C. CASH FROM FINANCING ACTIVITIES		
Short term borrowings	70,000,000	33,000,000
Repayment of short term borrowings	(33,000,000)	–
Repayment of long term loans	(7,742,830)	(26,809,350)
Net cash inflow / (outflow) from financing activities	29,257,170	6,190,650
(Decrease) / increase in cash and cash equivalents(A+B+C)	(254,668)	(1,192,086)
Cash and cash equivalent at October 01, 2006	922,155	2,114,241
Cash and bank balances at end of the year	667,487	922,155

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Share Capital	Accumulated Loss	Total
	-----------	Rupees	-----------
Balance at October 01, 2005	108,500,000	(869,286,005)	(760,786,005)
Loss for the year ended September 30, 2005 as restated	–	9,323,628	9,323,628
Transferred from surplus on revaluation of fixed assets	–	9,397,024	9,397,024
Balance at September 30, 2006	108,500,000	(850,565,353)	(742,065,353)
Loss for the year	–	(32,697,420)	(32,697,420)
Transferred from surplus on revaluation of fixed assets	–	8,491,974	8,491,974
Balance at September 30, 2007	108,500,000	(874,770,799)	(766,270,799)

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

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. **STATUS AND ACTIVITIES**

1.1 Pangrio Sugar Mills Limited is a company incorporated in Pakistan on June 12, 1984 as a public limited company under the Companies Ordinance, 1984. The registered office of the company is situated at 10th Floor, Building No. 1, Lakson Square, Sarwar Shaheed Road, Karachi. The company is currently listed on Karachi and Lahore Stock Exchanges. The principal activity of the company is manufacturing and sale of white sugar.

1.2 During the year the company incurred a net loss after taxation of Rs.32.67 million(2006: profit Rs.9.32 million), its accumulated loss as on balance sheet date stood at Rs.874.77 million(2006:Rs.850.57 million) and reported a negative equity of Rs.766.27 million(2006: Rs.742.06 million). Company’s current liabilities exceeds its current assets by Rs.397.08 million(2006: Rs.385.75 million) and total liabilities exceeds total assets by Rs.686.59 million (2006:Rs.653.89 million).

In view of the above, the company has since long been making efforts for a negotiated settlement of its long-term liabilities. These efforts yielded results when in the previous year its request for settlement of its long-term loan liabilities under Circular 29 of the SBP was approved by the Committee for Resolution of Cases of SBP vide letter no. MR / 7980 dated October 14,2004. In terms of the approval as referred to in detail in note 5.1 the company is required to make full and final repayment in 12 quarterly equal installments a total amount of Rs.222.17 million to the financial institutions with effect from the date some pending agreements are signed. To date the company has managed to repay Rs.37.74 million since date of agreement despite its adverse position so as to avail the benefit of the rescheduling in the shape of reversal of liabilities and loss of Rs.353.81 million could be incorporated. Owing to liquidity crunch funds amounting to Rs. 70 million were injected in long term basis free of interest and these funds would be utilized for repayment of loans after pending agreements are signed.

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

2. **SIGNIFICANT ACCOUNTING POLICIES**

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

New Accounting Standards and IFRIC Interpretations that are not yet effective

The following standards, interpretations and amendments in approved accounting standards are only effective for accounting periods beginning on or after October 01, 2007 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in the certain cases:

IAS 1 - Preparation of Financial statement- Amendments Relating to Capital Disclosures;

IAS 23 - Borrowing Costs (as revised);

IAS - 41 Agriculture;

IFRS 2 - Share-based Payments;

IFRS 3 - Business Combination;

IFRS 5 - Non - current Assets Held for Sale and Discontinued Operation;

IFRS 6 - Exploration for and Evaluation of Mineral Resources;

IFRIC 10 - Interim Financial Reporting and Impairment;

IFRIC 11 - Group and Treasury Share Transactions;

IFRIC 12 - Services Concession Arrangements;

IFRIC 13 - Customer Loyalty Programmes;

IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their intersection.

2.2 Accounting convention

The financial statements have been prepared under the historical cost convention modified by revaluation of certain property, plant and equipment and financial instruments. The principal accounting policies adopted are set out below.

2.3 Employee Benefits

The Company operates approved contributory provident fund for Head office and Mills management staff. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33 percent per annum of the basic salary in case of provident fund.

2.4 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

2.5 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.6 Property, plant and equipment

Property, plant and equipment except free hold land are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any. Land is stated at revalued amount.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property, plant and equipment note.

Depreciation on additions of fixed assets is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets were disposed off.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its unappropriated profit.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

2.7 Stores, spares and loose tools

These are valued at the moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

2.8 Stock in trade

Stock-in-trade are valued at the lower of cost and net realizable value.

Finished goods and work-in-process consist of cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity. These are valued on the following basis.

- Finished goods at average manufacturing cost.
- Work-in-process at average manufacturing cost.
- Molasses at contracted price / net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are writtn off when identified.

2.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments and short term running finance under mark-up arrangements.

2.11 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

2.12 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company losses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

2.14 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available if any or minimum taxation at the rate of one-half perent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differencs and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilitis ae measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted for substantively enacted at the balance sheet date.

2.15 Foreign Currencies

Transactions in currencies other than Pakistani Rupees are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.16 Related party transactions

All transactions with related parties are carried out by the Company at arm's length prices using the methods prescribed under the Companies Ordinance, 1984.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2007	2006		2007	2006
No. of Shares			Rupees	Rupees
10,850,000	10,850,000	Ordinary shares of Rs. 10 each fully paid in cash	108,500,000	108,500,000

3.1 There were no movements during the reporting periods.

3.2 The company has one class of ordinary shares which carry no right to fixed income.

3.3 The company has no reserved shares for issuance under options and sales contracts.

4. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

	2007 Rupees	2006 Rupees
Surplus on revaluation of property, plant and equipment as at October 01	88,171,437	97,568,461
Transfer to unappropriated profit in respect of incremental depreciation charged during the year	(8,491,974)	(9,397,024)
Surplus on revaluation of property, plant and equipment as at September 30	79,679,463	88,171,437

Revaluation of building, machinery and electric installation was carried out as on September 30, 1995 by independent valuers M / s. Razzak Umerani & Co. on the basis of depreciated replacement values. Revaluation surplus was credited to surplus on revaluation of fixed assets account.

5. LONG TERM FINANCES
Secured - interest free

From Banks and financial institutions	BEL	HBL	UBL	NBP	MCB	ABL	ZTBL	2007	2006
	Rupees								
Balance as at October 01,	102,689,258	9,412,183	15,389,796	52,937,020	6,702,086	4,371,933	675,000	192,177,276	218,986,626
Payment during the year									
Down payment	–	–	–	–	–	–	–	–	(20,049,707)
Installments	–	–	–	(7,592,830)	–	–	(150,000)	(7,742,830)	(6,759,643)
	–	–	–	(7,592,830)	–	–	(150,000)	(7,742,830)	(26,809,350)
	102,689,258	9,412,183	15,389,796	45,344,190	6,702,086	4,371,933	525,000	184,434,446	192,177,276
Payable within one year shown under current liabilities									
Installments	(34,229,760)	(2,823,000)	(5,129,920)	(19,199,660)	(2,437,126)	(1,589,797)	(225,000)	(65,634,263)	(66,650,252)
Overdue Portion	(51,344,640)	(6,589,183)	(7,694,880)	(23,658,566)	(4,264,960)	(2,782,136)	(300,000)	(96,634,365)	(37,799,769)
	(85,574,400)	(9,412,183)	(12,824,800)	(42,858,226)	(6,702,086)	(4,371,933)	(525,000)	(162,268,628)	(104,450,021)
	17,114,858	–	2,564,996	2,485,964	–	–	–	22,165,818	87,727,255
No. of installments	12	12	12	12	12	12	12		
Installment payment rest	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly		
Amount of installment	Rs. 8,557,438	Rs. 941,000	Rs. 1,282,483	Rs. 4,799,911	Rs. 609,281	Rs. 397,448	Rs. 75,000		
Date of first installment	will be fixed after down payment	Jul, 05	will be fixed after down payment	Jan, 06	Dec, 05	will be fixed after down payment	Sept, 05		

5.1 The Committee for Resolution of Cases of the SBP vide its letter No. MR / 7980, dated October 14, 2004, has approved the application for settlement of various liabilities of the Company towards banks and financial institutions (including the liabilities against redeemable capital issued by the Company) for total amount of Rs.222.17 million as against principal amount of Rs.338.97 million and markup of Rs.237.01 million (total Rs.575.98 million) appearing in the books of accounts. Settlement amount is to be paid at 10% down payment and balance 90% in 12 equal quarterly installments over a period of three years. The settlement is subject to the approval of respective banks. The company has transferred the Settlement Liability amount of Rs.222.17 million to long term loans. All banks and financial institutions have accepted the settlement arrangement.

The balance amount of Rs. 353.81 million, being the difference between the amount as per books and settlement amount, has been transferred to deferred liabilities (Note - 8) as according to the terms of settlement letter, in case of any single default in payment of settlement installment, the arrangement would be cancelled and financial institutions would be entitle to recover entire outstanding liabilities as per their record / decree issued by the court. Because of this condition, the difference amount of principal and markup has not been reversed during the year and kept in the deferred liabilities and will be reversed when the long term loans are fully repaid.

The agreements with individual banks and financial institutions have not yet been signed except National Bank Ltd (formerly NDFC). The management is confident that the agreements will be signed soon.

Securities

The above liabilities are secured against first English mortgage on all the present and future movable and immovable properties of the Company ranking pari passu with each other and a continuing floating charge on the Company's assets. BEL and NBP finance are further secured against pledge of sponsors shares.

6. TRANSACTION WITH ASSOCIATES

	2007 Rupees	2006 Rupees
Long term loan received from sponsors associates (Interest free - unsecured)	70,000,000	–

7. STAFF GRATUITY

Permanent employees were entitled to unfunded gratuity scheme till September 1995. The management is of the opinion that the carrying amount of liability recognized at the balance sheet date is not less than the amount required to settle the liability. From October 01, 1995 Head office and Mills management staff participate in an approved provident fund scheme.

8. DEFERRED LIABILITIES

Secured

Banking Companies

	Agriculture Finance	BEL	HBL	UBL	MCB	NBP	ABL	Sub Total	Cash Finance	2007	2006
	Rupees										
Opening balance	15,336,538	85,613,994	3,094,308	811,250	2,037,307	246,334,677	582,824	353,810,898	2,646,116	356,457,014	356,457,014
	15,336,538	85,613,994	3,094,308	811,250	2,037,307	246,334,677	582,824	353,810,898	2,646,116	356,457,014	356,457,014
Shown under current liabilities											
Overdue installments	–	–	–	–	–	–	–	–	–	(2,646,116)	(2,646,116)
Payable within one year	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	(2,646,116)	(2,646,116)
	15,336,538	85,613,994	3,094,308	811,250	2,037,307	246,334,677	582,824	353,810,898	2,646,116	353,810,898	353,810,898
Sub note no.								8.1	8.2		

8.1 As a result of settlement, the company has transferred the settlement liability of Rs. 222.17 million to long term finances (Note - 5). The balance amount of Rs. 353.81 million has been transferred to deferred liabilities, being the difference between amount as per books (Rs. 575.98 million) and settlement amount (Rs. 222.170 million). According to the terms of settlement letter, in case of any single default in payment of settlement installment, the arrangement would be cancelled and financial institutions would be entitle to recover entire outstanding liabilities as per their record / decree issued by the court. Because of this condition, the difference amount of principal and markup has not been reversed during the year and kept in the deferred liabilities and will be reversed when the long term loans are fully repaid. The agreements with individual banks and financial institutions have not yet been signed and banks and financial institution have not incorporated the effect of settlement arrangement. The management is confident that the agreements will be signed soon.

8.2 Cash finance is subject to a mark up of 45 paisas per Rs.1,000 / - per day payable in 12 quarterly installments each of Rs. 395,003 starting from May 2001.

Securities:

Above borrowings including amount due to Crescent Commercial Bank Limited (formerly Doha Bank Limited) against encashment of guarantee (Refer Note 10) are secured by equitable mortgage of property and pledge of directors' shares and are further secured by demand promissory note and personal guarantee of directors.

	Note	2007 Rupees	2006 Rupees

9. TRADE AND OTHER PAYABLES

	Note	2007 Rupees	2006 Rupees
Creditors		14,647,564	11,763,692
Accrued liabilities		18,394,054	17,178,061
Road cess		3,330,654	3,630,654
Advance against sale		6,428,723	1,073,115
Growers liabilities	9.1	149,219,625	157,648,847
Surcharge		6,355,792	6,355,792
Income tax and zakat withheld		268,810	259,490
Unclaimed dividend		143,900	144,150
Sales tax		4,380,767	582,422
Worker's profit participation fund	9.4	–	1,016,678
Others		502,917	497,156
		203,672,806	200,150,057

9.1 Growers Liabilities

Growers loan	9.2	55,441,502	63,840,134
Quality Premium	9.3	93,778,123	93,808,713
		149,219,625	157,648,847

9.2 This includes outstanding liability of Rs. 31.85 million relating to period before the year 1994 the remained unpaid due to company's financial constraints. These are partly held up for settlement owing to death of some growers for completion of required legal formalities by their legal heirs.

9.3 This represents provision in respect of quality premium payable to growers for the period from 1998-99 to 2003-04. The matter of payment of quality premium is subjudiced and appeals filed in this respect against the orders of High Court of Sindh upholding quality premium is pending before the Supreme Court of Pakistan. In this regard the High Court of Lahore has in parallel case given its judgment against payment of quality premium to growers in Punjab.

9.4 Workers' Profit Participation Fund

Opening balance	1,016,677	53,703
Interest on opening balance	105,345	5,370
	1,122,022	59,073
Allocated for the period	–	957,604
	1,122,022	1,016,677
Payment during the period	(1,122,022)	–
	–	1,016,677

10. MARKUP PAYABLE ON BORROWINGS

Deferred liabilities	3,537,222	3,537,222
Mark up on loan from Dawoodi Morkas	314,062	314,062
Short term borrowings	48,254,598	48,254,598
	52,105,882	52,105,882

11. SHORT TERM BORROWINGS

Payable against bank guarantee			
Secured - under markup arrangements	11.1	22,595,369	22,595,369
Dawoodi Ali Bhay Morkas (12.2)	11.2	–	33,000,000
		22,595,369	55,595,369

11.1 This represents amount of bank guarantee issued by Crescent Bank Ltd (formerly Doha Bank Limited) on behalf of the Company for central excise duty which was encashed by the Department. The Company in view of pending suit, negotiated with the Bank for out of court settlement according to which the amount is payable immediately. Bank has again filed a fresh suit no 1267 / 2002 for recovery of Bank Guarantee amount. It is subject to markup @ 55 paisas per Rs.1,000/- per day. (For security refer Note No 8.2).

11.2 This represents unsecured loan from related party without any fixed repayment tenure and carries mark up @ 3% p.a.

12. CURRENT PORTION OF LONG TERM LIABILITIES

	2007 Rupees	2006 Rupees
Deferred liabilities	2,646,116	2,646,116
Payable within one year		
Long term finances	65,634,263	66,650,252
	68,280,379	69,296,368
Over due portion	96,634,365	37,799,769
	164,914,744	107,096,137

13. CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 As explained fully in Note 1.2, 5 & 8 to the financial statements, the Committee for Resolution of Cases of SBP has approved the Settlement of liabilities towards banks and financial institutions. The agreements with individual banks and institutions have not yet been signed. The management is confident that the agreements will be signed soon. Due to litigation with the banks and financial institutions, the Company did not accrue the following charges during previous years: -

- Restatement of charges waived by NBP (formerly NDFC) at the time of rescheduling amounting approximately to Rs.129 million.
- Markup on overdue installments of redeemable capital of Rs. 24 million.
- Profit on PTC amounting to Rs. 108.5 million.

The Company will not be liable to pay the above charges in case of satisfactory settlement of the liabilities as per Settlement Agreements.

13.2 Other

Quality premium for the years upto 1999-2000 at higher rate not acknowledged by the Company amounts to Rs.18.8 million.

Commitment

	2007 Rupees	2006 Rupees
Commitment for sale of sugar (212.00 M.T) against delivery orders	5,556,700	–

14. PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost / valuation at October 01, 2006	Addition / (Disposal)	Cost / valuation at September 30, 2007	Accumulated Depreciation at October 01, 2006	Depreciation / (Adjustment) for the year	Accumulated Depreciation at September 30, 2007	Book value at September 30, 2007	Dep. Rate %
Freehold land	5,824,913	–	5,824,913	–	–	–	5,824,913	–
Building on freehold land	137,094,062	–	137,094,062	93,302,857	4,217,623	97,520,480	39,573,582	10
Office premises	19,254,820	–	19,254,820	13,116,841	591,161	13,708,002	5,546,818	10
Plant and machinery	159,740,541	–	159,740,541	104,168,357	5,352,275	109,520,632	50,219,909	10
Boiler House	105,000,000	–	105,000,000	71,528,507	3,223,710	74,752,217	30,247,783	10
Power House	56,359,850	–	56,359,850	37,064,006	1,858,423	38,922,429	17,437,421	10
Electrical installation and appliances	20,083,700	–	20,083,700	13,678,936	616,317	14,295,253	5,788,447	10
Mills and other equipment	3,544,550	–	3,544,550	3,086,247	44,141	3,130,388	414,162	10
Agricultural vehicles	457,000	–	457,000	403,330	9,954	413,284	43,716	20
Furniture and fixture	5,376,447	–	5,376,447	4,787,471	52,760	4,840,231	536,216	10
Office equipment	4,317,367	–	4,317,367	2,792,347	151,380	2,943,727	1,373,640	10
Computers	3,269,179	–	3,269,179	2,631,038	170,962	2,802,000	467,179	30
Vehicles	10,882,512	–	10,882,512	7,458,007	635,226	8,093,233	2,789,279	20
2007	531,204,941	–	531,204,941	354,017,944	16,923,932	370,941,876	160,263,065	
2006	531,002,551	202,390 –	531,204,941	335,167,799	18,850,145	354,017,944	177,186,997	

14.1 Depreciation for the year has been allocated as follows:

	Note	2007 Rupees	2006 Rupees
Cost of goods manufactured	23	15,231,539	16,965,131
Administrative expenses	26	1,692,393	1,885,015
		16,923,932	18,850,145

14.2 Had there been no revaluation, the related figures of office premises, building, machinery and electric installation at September 30, 2007 would have been as follows:-

Particulars	Office Premises	Building	Machinery	Electric Instalation	Total Rupees
Cost as at September 30, 1995	9,808,206	93,618,097	386,808,065	19,473,136	509,707,504
Accumulated Depreciation upto September 30, 2006	(7,844,283)	(81,657,119)	(336,879,967)	(16,894,802)	(443,276,171)
Carying amount October 1, 2006	1,963,923	11,960,978	49,928,098	2,578,334	66,431,333
Depreciation for the year	(196,392)	(1,196,098)	(4,992,810)	(257,833)	(6,643,133)
2007	1,767,531	10,764,880	44,935,288	2,320,501	59,788,200
2006	1,963,923	11,960,978	49,928,099	2,578,334	66,431,334

	2007 Rupees	2006 Rupees

15. STORES, SPARES AND LOOSE TOOLS

	2007 Rupees	2006 Rupees
Stores	9,722,989	8,834,119
Spares	9,937,201	8,966,578
Loose tools	459,191	310,483
	20,119,381	18,111,180
Less: Provision against slow moving items	(1,010,123)	(1,010,123)
	19,109,258	17,101,057

16. STOCK IN TRADE - FINISHED GOODS

	2007 Rupees	2006 Rupees
Molasses	8,607,817	–
Sugar	4,775,856	–
	13,383,673	–

Finished goods of Rs. 4,775,856/- (2006: Rs. Nil) are being carried at net realizable value.

17. TRADE DEBTS

	2007 Rupees	2006 Rupees
Considered good	1,585,799	–
Considered doubtful	1,590,612	1,590,612
	3,176,411	1,590,612
Provision for doubtful debts	(1,590,612)	(1,590,612)
	1,585,799	–

18. LOANS AND ADVANCES

	2007 Rupees	2006 Rupees
Relatd parties		
Employees - considered good	824,977	595,959
Employees - considered doubtful	1,501,033	1,501,033
	2,326,010	2,096,992
Less: Provision for doubtful loans and advances	(1,501,033)	(1,501,033)
	824,977	595,959
Advances to		
Growers - considered good	1,293,132	535,831
Growers - considered doubtful	25,786,566	29,986,565
	27,079,698	30,522,396
Less: Provision for doubtful loans and advances	(25,786,566)	(29,986,565)
	1,293,132	535,831
	2,118,109	1,131,790

19. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2007 Rupees	2006 Rupees
Trade deposits - considered good		
Transport contractors	480,507	480,507
Suppliers	2,555,974	2,456,471
Expenses	1,604,780	1,887,852
	4,641,261	4,824,830
Trade deposits - considered doubtful		
Transport contractors	1,950,331	1,950,331
Suppliers	2,292,048	2,292,048
Expenses	1,417,021	1,417,021
	5,659,400	5,659,400
Less: Provision for doubtful trade deposits	(5,659,400)	(5,659,400)
	4,641,261	4,824,830
Prepayments	70,090	99,982
	4,711,351	4,924,821

20. OTHER RECEIVABLE

	2007 Rupees	2006 Rupees
From provident fund	230,817	857,627
Other	280,283	–
Excise Duty	259,200	–
PSMA	253,704	730,283
	1,024,004	1,587,910

21. CASH AND BANK BALANCES

	2007 Rupees	2006 Rupees
Cash at banks-Current accounts	584,169	900,290
Cash in hand	83,318	21,865
	667,487	922,155

	2007 Rupees	2006 Rupees

22. SALES

	2007 Rupees	2006 Rupees
Sugar	542,897,825	742,604,350
Molasses	14,139,610	31,239,232
	557,037,435	773,843,582
Less: Sales tax	(75,147,917)	(102,398,781)
	481,889,518	671,444,801

23. COST OF GOODS SOLD

	2007 Rupees	2006 Rupees
Sugar cane consumed	411,067,561	332,777,047
Packing material	5,393,415	4,505,561
Road cess	1,295,911	945,058
Salaries, wages and benefits (23.1)	39,260,066	31,722,393
Fuel and power	8,105,748	6,198,123
Stores and spares consumed	19,516,792	18,189,036
Repairs and maintenance	1,420,537	1,125,454
Insurance	3,140,504	3,074,054
Travelling	1,536,726	1,289,225
Telephone and postage	357,569	404,381
Vehicles running	2,281,395	2,612,466
Depreciation	15,387,002	16,965,131
Freight, handling and mud removal	2,178,451	1,680,442
Others	3,337,481	1,808,963
Cost of goods manufactured	514,279,158	423,297,334
Finished stocks		
As at October 01, 2006	–	213,235,603
As at September 30, 2007	(13,383,673)	–
	(13,383,673)	213,235,603
	500,895,485	636,532,937

23.1 This includes Rs. 721,875/- (2006: Rs. 631,068/-) in respect of staff retirement benefits.

	2007 Rupees	2006 Rupees

24. OTHER INCOME

Scrap sales	13,759	9,802
Recovery of Bad Debts	4,200,000	–
Miscellaneous Receipt	100,485	–
Sales Tax Refund	2,897,511	–
	7,211,755	9,802

25. DISTRIBUTION COST

Loading and stacking	711,073	475,400
Penalty on sales tax	–	1,708,200
	711,073	2,183,600

26. ADMINISTRATIVE EXPENSES

Directors' remuneration	2,044,325	1,573,830
Salaries, wages and benefits (26.1)	5,550,443	4,749,653
Eelectricity, gas and water	443,326	471,290
Repairs and maintenance	1,266,085	1,247,773
Insurance	399,145	400,988
Rent, rates and taxes	168,965	378,089
Travelling	120,088	142,295
Printing and stationery	361,332	307,876
Auditors' remuneration (26.2)	277,500	277,500
Legal and professional	584,400	190,400
Vehicles running	1,122,759	778,171
Telephone and postage	1,299,577	672,997
Fees and subscription	638,608	149,670
Advertisement	16,600	25,700
Depreciation	1,536,906	1,885,015
Other	836,745	334,735
	16,656,804	13,585,982

26.1 This includes Rs. 220,807 / - (2006: Rs. 195,529 / -) in respect of staff retirement benefits.

26.2 Auditors Remuneration

Annual Audit fee	150,000	150,000
Half yearly review and other certification	127,500	127,500
	277,500	277,500

	2007 Rupees	2006 Rupees

27. FINANCE COST

	2007 Rupees	2006 Rupees
Markup on short term borrowings	–	4,850,062
Interest on W.P.P.F.	105,345	5,370
Bank charges	929,986	515,420
	1,035,331	5,370,852

28. PROVISION FOR TAXATION

	2007 Rupees	2006 Rupees
Current		
for the year	2,500,000	3,500,000
	2,500,000	3,500,000

28.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance 2001.

28.2 Deferred tax liability of Rs. 5.73 million calculated at effective tax rate on taxable temporary differences was offset against un-used tax losses of Rs. 210 million at the balance sheet date (2006: Rs. 208 million). The difference has not been recognized as deferred tax assets the cost it is not probable that future tax profit will be available.

29. PLANT CAPACITY AND PRODUCTION

	2007		2006	
	Metric tons	Days	Metric tons	Days
Capacity	42,600	180	42,600	180
Actual production	20,585	145	15,495	101

Reasons for shortfall:
Non-availability of sugar cane

30. REMUNERATION TO DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees
Remuneration	846,000	680,000	480,760	384,880
House rent	380,700	306,000	221,377	173,176
Utilities	55,855	52,101	64,430	50,860
Others	69,600	34,000	45,888	19,944
Meeting fee	–	–	19,000	7,000
	1,352,155	1,072,101	831,455	635,860
Number of persons				
Remuneration	1	1	2	2
Meeting fee	–	–	4	5

30.1 The chief executive and directors are entitled to free use of Company maintained cars. Chief executive is also provided telephone and utility facilities. The monetary value of these facilities are restricted to Rs. 180,000/- (2006 - Rs. 180,000/-).

31. RELATED PARTY TRANSACTION

The Company has related party relationship with its directors, Executive and Provident Fund. Remuneration given to Chief Executive, Directors and Executives are in accordance with their terms of employment as disclosed in Note 30. The Company has made contribution to the Provident Fund amounting to Rs. 942,682/- (2006: Rs. 826,597/-).

32. (LOSS)/EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company which is based on :-

		2007	2006
(Loss)/profit after taxation	Rs	(32,697,420)	9,323,628
Weighted average number of Ordinary shares		10,850,000	10,850,000
(Loss)/earning per share	Rs.	(3.01)	0.86

33. FINANCIAL INSTRUMENTS

33.1 Interest/mark-up rate risk management

Interest / mark-up rate risk arises from the possibility that changes in interst / mark-up rates will affect the value of financial instruments. The effective interest/mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

	Markup rate	2007 Interest/ markup bearing	2007 Non interest/ markup bearing	2007 Total	2006 Total
		------------------------------	Rupees	------------------------------	
Financial Assets:					
Long term deposits		–	132,250	132,250	132,250
Trade debts		–	–	–	–
Loans and advances		–	2,118,109	2,118,109	1,131,790
Trade deposits		–	4,641,261	4,641,261	4,824,830
Other receivables		–	1,024,005	1,024,005	1,587,910
Cash and bank balances		–	667,487	667,487	922,155
		–	8,583,112	8,583,112	8,598,935
Financial Liabilities:					
Long term finances		–	184,434,446	184,434,446	192,177,276
Deferred liabilities-Banking companies		–	356,457,014	356,457,014	356,457,014
Trade and other payables		–	199,023,229	199,023,229	198,291,467
Markup payable on borrowing		–	52,105,882	52,105,882	52,105,882
Short term borrowings	20.08%	22,595,369	–	22,595,369	22,595,369
		22,595,369	792,020,571	814,615,940	821,627,008

33.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of Rs.8,583,112/- (2006 : Rs.8,598,935/-), the financial assets which are subject to credit risk amounted to Rs.7,783,375/- (2006 : Rs.7,544,530/-). The company manages credit risk in trade receivables by limiting significant exposure to any individual customers by obtaining advance against sales.

The company is exposed to credit risk on loans, advances, deposits, trade debts and other receivables. The company seeks to minimize the credit risk exposure through dealings with customers considered credit worthy and obtaining securities where applicable.

33.3 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

33.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. However, the company is not exposed to any significant foreign currency risk.

33.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the company and authorized for issue on December 06, 2007.

35. GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE | DIRECTOR

FORM OF PROXY

The Secretary,
PANGRIO SUGAR MILLS LIMITED
10th Floor, Building No. 1,
Lakson Square, Sarwar Shaheed Road,
Karachi-74200.

I / We____

of____

being a member of **PANGRIO SUGAR MILLS LIMITED** and holder of________________________

Ordinary Shares, as per Register Folio No. / CDC A / c No.________________________

hereby appoint____

of____

____

who is also a member of the Company as my / our Proxy to vote for me / us and on my / our behalf at the **23rd Annual General Meeting** of the Company to be held on **December 31, 2007** and at any adjournment thereof.

Signed:__________________________day of__________________________2007.

Witness

1) Name________________________
N.I.C No.________________________
Address________________________
Signature________________________

2) Name________________________
N.I.C No.________________________
Address________________________
Signature________________________

Five Rupees Revenue Stamp

(Signature should agree with the specimen signature registered with the company)

NOTE:

1. This form of proxy duly completed and signed, must be deposited at the company's Registered Office not later than 48 hours before the meeting.

2. This form should be signed by the Member or by his / her attorney duly authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.

3. A Member entitled to attend and vote at the meeting may appoint any other Member as his / her proxy to attend and vote on his / her behalf except that a corporation may appoint a person who is not a member.