

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

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

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

COMPANY SECRETARY

MUJAHID BASHIR

CHIEF FINANCIAL OFFICER

RIZWAN ULLAH KHAN

AUDITORS

MESSRS HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

COST AUDITORS

MESSRS MUNAWAR ASSOCIATES,
CHARTERED ACCOUNTANTS,

TAX CONSULTANT

MESSRS HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

QAZI MUHAMMAD ANWAR ADVOCATE

BANKERS

NATIONAL BANK OF PAKISTAN
HABIB BANK LIMITED
MCB BANK LIMITED
UNITED BANK LIMITED
ALLIED BANK LIMITED
THE BANK OF KHYBER
PICIC COMMERCIAL BANK LIMITED
INNOVATIVE INVESTMENT BANK LIMITED
THE BANK OF PUNJAB
BANK ALFALAH LIMITED
FAYSAL BANK LIMITED

REGISTERED OFFICE

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

FACTORY

MARDAN

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
DIRECTORS' REVIEW REPORT

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the half year ended March 31, 2009 along with the Auditor's review report.

1. Sugar cane season 2008-2009

The sugar factory commenced operation on November 11, 2008, crushed 88,612.756 Metric tons (31 March, 2008: 197,313.428 Metric tons) of sugarcane and produced 8,006 Metric tons (31 March 2008:16,485.800 Metric tons) of sugar at an average recovery of 9.20 % (31 March 2008: 8.50%). The sugarcane supplies were regular upto Eid Holidays, however, despite shortage of sugar in the country, GOP allowed unbridled export of raw sugar (Gur) to Afghanistan, as a result, the sugarcane supplies to the factory were diverted towards tax free commercial Gur making, because of intermittent operations, on January 24, 2009 the Management had to perform end the crushing season 2008-09. We have to pay multiple taxes, whereas, there is not a single tax on commercial gur manufacturing. In this situation, we cannot compete with the tax free commercial gur manufacturing in the absence of the following measures:

- Implementation of Gur Control Act 1948 in letter and spirit
- Collection of sales tax on the commercial sale of Gur at mandi level as per Sales Tax Act 1990, because Gur has a levy of sales tax.
- Imposing ban / duty on export of Gur.
- Linkage of the support price of sugarcane with its sucrose contents.

The Government in order to control the shortage of sugar has banned the sugar export, whereas, despite our repeated requests, raw sugar exports in the form of GUR is allowed at the cost of local consumer, national exchequer and wastage of precious foreign exchange on the import of equivalent quantity of expensive international sugar.

The Company suffered losses from the current period's operations, the Gross profit of Rs. 60.50 million represents sale of carryover sugar inventory.

2. Sugarcane procurement and uneven competition with Gur

In Peshawar valley, the sugar industry is facing unfair competition from commercial tax free Gur manufacturers, producing approximately 300,000 tons of Gur, valuing Rs. 8.400 Billion from 3 Million Metric tons of sugarcane. Though, the commercial Gur manufacturing qualifies the status of Medium Scale Industry and is not exempt from the sales tax, despite this, the Government has failed to collect sales tax at the Mandies level on the false

pretext that the Gur making is a Cottage Industry. As a result, the sales tax and income tax to the tune of Millions of Rupees is not collected from lucrative Gur trade, depriving the National exchequer of huge revenues. The sugar factories in the Peshawar Valley have a capacity to produce 125,000 tons of sugar and contribute Rs. 625 million in taxes to the GOP, instead Gur traders are benefiting at the cost of exchequer, because of inability of FBR to collect sales tax on Gur trade.

3. Sugar price

The Sugar production cost has increased due to the increase in the sugarcane prices and the other manufacturing expenses e.g. minimum wages, chemicals, spare parts and packing materials. Contrary to this, sugar prices have remained below breakeven cost as the Trading Corporation of Pakistan instead of selling subsidized sugar to the masses in small quantities through Utility Stores and Cantonment Stores Department, has sold sugar in bulk in the commercial markets, and profits thus earned have been pocketed by middleman.

4. Export duty on Molasses

The Government imposed 15% export duty on export of sugarcane molasses in spite of the fact that the Economic Coordination Committee (ECC) of the cabinet had twice rejected the proposal in last few months on the grounds that it will substantially erode foreign exchange earnings and jeopardize payments by the mills to the sugarcane growers. However, the duty has been imposed to benefit individuals who are in the business of ethanol manufacturing, not based on economic considerations.

5. Sugarbeet season 2009

The Government has fixed the wheat prices (competitive crop with beet) @ Rs.950 per maund, in anticipation of higher returns, the farmers have opted to sow wheat instead of sugarbeet. We can not compete with the wheat prices because the Government procures wheat on predetermined a fixed support price, whereas the support price of the sugarbeet is fixed by the Provincial Government, is not linked with the price of the sugar that is determined by the market forces, further, unlike sugarcane, the production of sugar from sugarbeet consumes external fuel and because of the high fuel prices, sugar production from the sugarbeet has become uncompetitive. In the past, the Government in order to compensate the high fuel cost incurred to produce sugar from sugarbeet, had exempted it from the payment of Central Excise duty. Subsequently, this benefit was withdrawn. Beet sugar production without exemption of sales tax, provincial excise duty, is no longer viable and we have decided not to import sugarbeet seed in future as all our presentations to the Federal/ Provincial Governments in this respect have been ignored..

6. Distillery

189,000 Gallons of Industrial Alcohol was produced during the half year ended 31 March, 2009.

7. Accounting Policies

There has been no change in the accounting policies adopted in the preparation of the half yearly Financial Statements.

8. Acknowledgement

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

**Mardan;
26 May, 2009**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** as at 31 March, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 March, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 March, 2009.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half-year ended 31 March, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**LAHORE:
27 May, 2007**

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH, 2009

	Un-audited 31 March, 2009	Audited 30 Sep., 2008		Un-audited 31 March, 2009	Audited 30 Sep., 2008
Note (Rupees in thousand)			Note (Rupees in thousand)		
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 5,750,000 ordinary shares of Rs.10 each	57,500	57,500	Property, plant and equipment	10 771,167	256,264
Issued, subscribed and paid-up capital	37,500	37,500	Investments	11 76,704	104,206
Reserves	900,001	900,001	Loan to an Associated Company	322,500	322,500
UNAPPROPRIATED PROFIT / ACCUMULATED LOSS	64,323	(15,427)	Security deposits	497	497
	<u>1,001,824</u>	<u>922,074</u>		<u>1,170,868</u>	<u>683,467</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6 407,093	69,563	CURRENT ASSETS		
NON-CURRENT LIABILITIES			Stores and spares	84,255	72,526
Deferred taxation	7 205,155	39,141	Stock-in-trade	405,136	319,696
Staff retirement benefits - gratuity	18,616	20,296	Trade debts - unsecured considered good	11,756	16,297
	223,771	59,437	Loans and advances	16,609	16,414
CURRENT LIABILITIES			Deposits and prepayments	572	835
Short term finances	126,887	157,968	Accrued profit / mark-up on bank deposits and loan to an Associated Company	27,518	6,749
Trade and other payables	27,756	26,882	Other receivables	183	4,107
Accrued mark-up	6,469	5,573	Income tax refundable, advance income tax and tax deducted at source	25,439	23,033
Unclaimed dividends	5,969	5,969	Cash and bank balances	59,648	106,042
Taxation	8 2,215	1,700		<u>631,116</u>	<u>565,699</u>
	169,296	198,092			
CONTINGENCIES AND COMMITMENTS	9			<u>1,801,984</u>	<u>1,249,166</u>
	<u>1,801,984</u>	<u>1,249,166</u>			

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

The Chief Executive of the Company was out of country, hence the accounts signed by Directors.

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

Note	For the 2nd Quarter		Cumulative	
	Jan. - Mar. 2009	Jan. - Mar. 2008	Oct. - Mar. 2009	Oct. - Mar. 2008
	----- Rupees in thousand -----			
TURNOVER	147,747	117,071	294,093	247,653
LESS: SALES TAX, SPECIAL EXCISE DUTY AND COMMISSION	20,914	16,524	39,972	34,933
	<u>126,833</u>	<u>100,547</u>	<u>254,121</u>	<u>212,720</u>
COST OF SALES	88,721	118,091	193,567	264,499
GROSS PROFIT / (LOSS)	38,112	(17,544)	60,554	(51,779)
ADMINISTRATIVE EXPENSES	8,386	7,775	16,268	15,274
DISTRIBUTION COST	203	243	573	481
OTHER OPERATING EXPENSES	12 (10,420)	14,256	27,833	15,359
	(1,831)	22,274	44,674	31,114
	<u>39,943</u>	<u>(39,818)</u>	<u>15,880</u>	<u>(82,893)</u>
OTHER OPERATING INCOME	13 16,763	8,020	34,827	18,148
OPERATING PROFIT / (LOSS)	56,706	(31,798)	50,707	(64,745)
FINANCE COST	14 6,992	2,866	11,414	3,141
PROFIT / (LOSS) BEFORE TAXATION	49,714	(34,664)	39,293	(67,886)
TAXATION				
- Current	515	538	515	1,229
- Deferred	(24,567)	(38,572)	(24,567)	(40,221)
	<u>(24,052)</u>	<u>(38,034)</u>	<u>(24,052)</u>	<u>(38,992)</u>
PROFIT / (LOSS) AFTER TAXATION	73,766	3,370	63,345	(28,894)
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EARNINGS / (LOSS) PER SHARE	19.67	0.90	16.89	(7.71)

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

The Chief Executive of the Company was out of country, hence the accounts signed by Directors.

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

	Half-year ended 31 March, 2009	Half-year ended 31 March, 2008
(Rupees in thousand)		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the period - before taxation	39,293	(67,886)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	34,916	10,271
Depreciation on investment property	1,373	1,497
Impairment loss on remeasurement of long term investments at fair value	27,502	14,214
Staff retirement benefits - gratuity (net)	(1,680)	1,425
Mark-up on loan to an Associated Company and profit / mark-up on bank deposits	(27,083)	(13,778)
Finance cost	11,414	3,141
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
- Before working capital changes	85,735	(51,116)
(Increase) / decrease in current assets:		
Stores and spares	(11,729)	6,119
Stock-in-trade	(85,440)	(139,194)
Trade debts	4,541	(4,324)
Loans and advances	(195)	75
Deposits and prepayments	263	468
Other receivables	3,924	(188)
Increase in trade and other payables	874	57,116
	(87,762)	(79,928)
CASH OUTFLOW FROM OPERATING ACTIVITIES - Before taxation	(2,027)	(131,044)
Taxes paid	(2,406)	(1,666)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES - After taxation	(4,433)	(132,710)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(6,676)	(17)
Mark-up on loan to an Associated Company and profit / mark-up on bank deposits	6,314	9,356
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES	(362)	9,339
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - net	(31,081)	70,461
Dividends paid	0	8
Finance cost paid	(10,518)	(1,764)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	(41,599)	68,705
NET DECREASE IN CASH AND CASH EQUIVALENTS	(46,394)	(54,666)
CASH AND CASH EQUIVALENTS - At the beginning of the period	106,042	320,822
CASH AND CASH EQUIVALENTS - At the end of the period	59,648	266,156

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

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

	Reserves			(Accumul- ated loss) / unappropri- ated profit	Total
	Share capital	Capital redempt- ion	General		
Rupees in thousand					
Balance as at 30 September, 2007	37,500	1	900,000	900,001	(55,899) 881,602
Loss for half-year ended 31 March, 2008	0	0	0	0	(28,894) (28,894)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year ended 31 March, 2008 - net of deferred taxation	0	0	0	0	3,415 3,415
Balance as at 31 March, 2008	37,500	1	900,000	900,001	(81,378) 856,123
Profit for the half-year ended 30 September, 2008	0	0	0	0	62,537 62,537
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year ended 30 September, 2008 - net of deferred taxation	0	0	0	0	3,414 3,414
Balance as at 30 September, 2008	37,500	1	900,000	900,001	(15,427) 922,074
Profit for half-year ended 31 March, 2009	0	0	0	0	63,345 63,345
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year ended 31 March, 2009 - net of deferred taxation	0	0	0	0	16,405 16,405
Balance as at 31 March, 2009	37,500	1	900,000	900,001	64,323 1,001,824

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

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

1. The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's Mills and its Registered Office are located at Mardan (N.W.F.P).
2. This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and has been reviewed by the external Auditors as required by the Code of Corporate Governance.
3. The condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 September, 2008.
4. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the Company for the year ended 30 September, 2008.
5. The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 30 September, 2008.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Company, during the current period, has again revalued its buildings and plant & machinery. The revaluation exercise has been carried-out by independent Valuers M/s Hasib Associates (Pvt.) Limited (Engineers, Plant & Machinery and Industrial Property Valuers), Gulberg II, Lahore to replace the carrying amounts of these assets with their depreciated market values. The period-end balance has been arrived at as follows:

	Un-audited 31 March, 2009 (Rupees in thousand)
Balance at beginning of the period	69,563
Add: surplus arisen on revaluation carried-out during the period	544,516
Less: related deferred taxation	190,581
	353,935
	423,498
Less: transferred to unappropriated profit on account of incremental depreciation for the period - net of deferred taxation	16,405
Balance at end of the period	407,093

7. DEFERRED TAXATION

Deferred taxation liability comprises
of temporary differences arising due to:

Credit balances arising in respect of :

	Un-audited 31 March, 2009	Audited 30 Sep., 2008
	(Rupees in thousand)	
- accelerated tax depreciation allowances	62,545	29,759
- surplus on revaluation of property, plant and equipment	183,794	37,457
	246,339	67,216

Debit balances arising in respect of:

- staff retirement benefits - gratuity	(6,516)	(7,104)
- impairment loss on investments	(28,903)	(19,221)
- doubtful bank balances	(1,750)	(1,750)
- unused tax losses	(4,015)	0
	(41,184)	(28,075)
	205,155	39,141

8. TAXATION

The Taxation Officer (TO), during the financial year ended 30 September, 2005 in framing the assessment for the Assessment Year 2002-03 (Income Year ended 30 September, 2001), had rejected the declared trading results of the Company. The TO, against the declared taxable loss of Rs.87.129 million, had assessed the Company's income at Rs.111.387 million and raised income tax, additional tax and workers' welfare fund demands aggregating Rs.65.267 million. The Company had disputed contention of the TO for these demands and filed an appeal with the Commissioner of Income Tax (Appeals) - CITA, who, during the financial year ended 30 September, 2006, decided the appeal in favour of the Company. The Company and the Department had filed appeals against the order of CITA before the Income Tax Appellate Tribunal, Islamabad Bench, Islamabad (the ITAT).

The ITAT, vide its order dated 12 January, 2008, has:

- set aside the assessment on the issue of Trading Account;
- remanded the issue of addition under section 24(ff) of the repealed Income Tax Ordinance, 1979 (the repealed Ordinance) back to the Assessing Officer for reappraisal of the fact;
- maintained order of the CITA on the issues of profit from special saving deposits and profit on bank deposits;
- maintained order of the CITA on the issues of extra shift allowance and reinvestment allowance under rule 5B of the Third Schedule to the repealed Ordinance;
- vacated order of the CITA on the issue of tax credit under section 107AA of the repealed Ordinance; and
- ordered deletion of all the profit & loss account additions made by the Assessing Officer as reduced by the First Appellate Authority.

9. CONTINGENCIES AND COMMITMENTS

- 9.1** Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at 31 March, 2009 was for Rs.10 million (30 September, 2008: Rs.10 million).
- 9.2** No commitments were outstanding as at 31 March, 2009 and 30 September, 2008.
- 9.3** There has been no significant change in the status of contingencies since the date of preceding published annual financial statements for the year ended 30 September, 2008.

10. PROPERTY, PLANT AND EQUIPMENT

	Un-audited Half-year ended 31 March, 2009	Audited Year ended 30 Sep., 2008
Note	(Rupees in thousand)	
Operating fixed assets	720,684	204,408
Investment property	50,483	51,856
	<u>771,167</u>	<u>256,264</u>

10.1 Operating fixed assets

Opening book value	204,408	224,863
Additions during the period / year:		
- furniture, fittings and office equipment	1,834	47
- railway rolling stock and vehicles	4,842	0
	6,676	47
Surplus arisen on revaluation carried-out during the period	(a) 544,516	0
Depreciation charge for the period / year	(34,916)	(20,502)
Closing book value	<u>720,684</u>	<u>204,408</u>

- (a)** The Company had availed its option of renewal of leasehold land agreement expired during the preceding year; necessary legal formalities in this regard are still in progress. Buildings on leasehold land, however, have been revalued during the current period and revaluation surplus on these assets aggregating Rs.124.274 million has been incorporated in the books of account.

10.2 Investment property

Opening book value	51,856	57,169
Disposals during the year	0	(2,319)
Depreciation charge for the period / year	(1,373)	(2,994)
Closing book value	<u>50,483</u>	<u>51,856</u>

11. INVESTMENTS

There was no change in the investments portfolio of the Company during the current period except that additional impairment loss amounting Rs.27,502 thousand was recognised against fall in the value of investments made in Chashma Sugar Mills Limited (an Associated Company).

12. OTHER OPERATING EXPENSES

- (a)** Expense for the current period includes impairment loss on remeasurement of investments to fair value amounting Rs.27,502 thousand (2008: Rs.14,214 thousand).
- (b)** Expense for the second quarter (January-March, 2009) is appearing in negative as the Company has recognised impairment loss on remeasurement of investments to fair value amounting Rs.37,977 thousand during the first quarter (October-December, 2008); the quantum of this loss has been reduced to Rs.27,502 thousand as at 31 March, 2009.

13. OTHER OPERATING INCOME

Income for the current period includes mark-up on loan advanced to an Associated Company amounting Rs.25,794 thousand (2008: Rs.Nil).

14. FINANCE COST

Expense for the current period includes mark-up on short term finances aggregating Rs.11,118 thousand (2008: Rs.2,931 thousand).

15. TRANSACTIONS WITH RELATED PARTIES

- 15.1** Aggregate transactions with Subsidiary Company and Associated Companies during the period were as follows:

	Un-audited Half-year ended 31 March, 2009	Audited Year ended 30 Sep., 2008
	(Rupees in thousand)	
- purchase of goods and services	2,466	5,783
- machinery lease rentals	1,206	900
- sale of goods and services	31	136
- mark-up earned on loan advanced to an Associated Company	25,794	0

- 15.2** Period-end trade and other payables include due to Subsidiary Company amounting Rs.2,456 thousand (30 September, 2008: Rs.Nil).

	Un-audited Half-year ended 31 March, 2009	Audited Year ended 30 Sep., 2008
	(Rupees in thousand)	
Period / year-end loans and advances include due from:		
Subsidiary Company	0	28
Associated Companies:		
Chashma Sugar Mills Ltd. (CSM)	9,527	10,249
Syntronics Ltd.	1,245	1,023
Aztrak Enterprises (Pvt.) Ltd.	0	20
Arpak International Investments Ltd.	1,413	191
Premier Board Mills Ltd.	5	5
	<u>12,190</u>	<u>11,516</u>

- 15.3 (a)** Mark-up on loan advanced to CSM, during the period, was charged at the rates ranging from 12.39% to 15.85% per annum.
- (b)** No return was charged on other balances of Subsidiary Company and Associated Companies as these have arisen due to normal trade dealings.

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 26 May, 2009.

17. SEGMENT REPORTING

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

18. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have neither been re-arranged nor re-classified.

CHIEF EXECUTIVE**DIRECTOR**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2009

	Un-audited 31 March, 2009	Audited 30 Sep., 2008		Un-audited 31 March, 2009	Audited 30 Sep., 2008
	Note (Rupees in thousand)			Note (Rupees in thousand)	
EQUITY AND LIABILITIES			ASSETS		
CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital	<u>57,500</u>	<u>57,500</u>	Property, plant and equipment	10	796,037
Issued, subscribed and paid-up capital	37,500	37,500	Investments	11	94,568
Reserves	1,004,977	1,004,977	Loans to an Associated Company		355,833
Fair value reserve on available-for-sale investments	3,434	8,889	Security deposits		589
UNAPPROPRIATED PROFIT	83,397	18,088		<u>1,247,027</u>	<u>781,398</u>
	<u>1,129,308</u>	<u>1,069,454</u>	CURRENT ASSETS		
MINORITY INTEREST	33,396	35,164	Stores and spares	117,858	106,129
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	421,531	Stock-in-trade	407,233	321,793
	6	84,760	Trade debts - unsecured considered good	11,756	16,326
NON-CURRENT LIABILITIES			Loans and advances	17,673	17,284
Deferred taxation	7	205,155	Deposits and prepayments	620	966
Staff retirement benefits - gratuity		29,289	Accrued profit / mark-up on bank deposits and loans to an Associated Company	33,408	10,288
		70,922	Other receivables	429	4,270
CURRENT LIABILITIES			Excise duty and sales tax refundable	1,406	1,338
Short term finances	126,993	157,968	Income tax refundable, advance income tax and tax deducted at source	30,678	28,104
Trade and other payables	28,859	31,075	Current portion of loan to an Associated Company	16,667	16,667
Accrued mark-up	6,702	5,806	Cash and bank balances	105,403	158,930
Unclaimed dividends	5,969	5,969		<u>743,131</u>	<u>682,095</u>
Dividends payable to minority shareholders	572	572			
Taxation	8	2,384			
	8	1,803			
CONTINGENCIES AND COMMITMENTS	9	171,479			
		203,193			
	<u>1,990,158</u>	<u>1,463,493</u>		<u>1,990,158</u>	<u>1,463,493</u>

The annexed notes form an integral part of this condensed interim consolidated financial information.
The Chief Executive of the Company was out of country, hence the accounts signed by Directors.

CHIEF EXECUTIVE**DIRECTOR**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
 FOR THE HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

	For the 2nd Quarter		Cumulative	
	Jan. - Mar. 2009	Jan. - Mar. 2008	Oct. - Mar. 2009	Oct. - Mar. 2008
	----- Rupees in thousand -----			
TURNOVER	147,747	117,285	294,093	247,867
LESS: SALES TAX, SPECIAL EXCISE DUTY AND COMMISSION	20,914	16,556	39,972	34,965
	<u>126,833</u>	<u>100,729</u>	<u>254,121</u>	<u>212,902</u>
COST OF SALES	91,363	122,770	197,966	274,067
GROSS PROFIT / (LOSS)	35,470	(22,041)	56,155	(61,165)
ADMINISTRATIVE EXPENSES	10,711	9,516	20,384	18,998
DISTRIBUTION COST	203	243	573	481
OTHER OPERATING EXPENSES	55	42	331	1,145
	<u>10,969</u>	<u>9,801</u>	<u>21,288</u>	<u>20,624</u>
	<u>24,501</u>	<u>(31,842)</u>	<u>34,867</u>	<u>(81,789)</u>
OTHER OPERATING INCOME	20,698	10,940	41,456	21,448
OPERATING PROFIT / (LOSS)	45,199	(20,902)	76,323	(60,341)
FINANCE COST	6,993	2,874	11,418	3,160
	<u>38,206</u>	<u>(23,776)</u>	<u>64,905</u>	<u>(63,501)</u>
LOSS FROM ASSOCIATED COMPANIES - Net	(59,594)	(60,035)	(59,594)	(60,035)
PROFIT / (LOSS) BEFORE TAXATION	(21,388)	(83,811)	5,311	(123,536)
TAXATION				
Group				
- Current	515	539	581	1,230
- Deferred	(24,567)	(38,572)	(24,567)	(40,221)
	<u>(24,052)</u>	<u>(38,033)</u>	<u>(23,986)</u>	<u>(38,991)</u>
Associated Companies	1,057	3,743	1,057	3,743
	<u>(22,995)</u>	<u>(34,290)</u>	<u>(22,929)</u>	<u>(35,248)</u>
PROFIT / (LOSS) AFTER TAXATION	1,607	(49,521)	28,240	(88,288)
MINORITY INTEREST	(423)	(1,946)	(423)	(1,946)
PROFIT / (LOSS) AFTER TAXATION AND MINORITY INTEREST	<u>2,030</u>	<u>(47,575)</u>	<u>28,663</u>	<u>(86,342)</u>
	----- Rupees -----			
EARNINGS / (LOSS) PER SHARE	0.54	(12.69)	7.64	(23.02)

The annexed notes form an integral part of this condensed interim consolidated financial information.
 The Chief Executive of the Company was out of country, hence the accounts signed by Directors.

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
 FOR THE HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

	Half-year ended 31 March, 2009	Half-year ended 31 March, 2008
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the period - before taxation	5,311	(123,536)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	36,221	11,723
Depreciation on investment property	1,373	1,497
Loss from Associated Companies -net	59,594	60,035
Mark-up on loan to an Associated Company and profit / mark-up on bank deposits	(32,261)	(17,076)
Staff retirement benefits - gratuity (net)	(2,492)	1,729
Finance cost	11,418	3,160
Unclaimed balances / provisions written-back	(788)	0
Trade debts written-off	29	0
Receivable balances written-off	189	0
Dividend	(657)	0
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	<u>77,937</u>	<u>(62,468)</u>
- Before working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(11,729)	6,612
Stock-in-trade	(85,440)	(138,969)
Trade debts	4,541	(4,331)
Loans and advances	(578)	(1,584)
Deposits and prepayments	346	822
Other receivables	3,841	(421)
Excise duty and sales tax refundable	(68)	0
(Decrease) / increase in trade and other payables	<u>(1,428)</u>	<u>61,536</u>
	<u>(90,515)</u>	<u>(76,335)</u>
CASH OUTFLOW FROM OPERATING ACTIVITIES - Before taxation	<u>(12,578)</u>	<u>(138,803)</u>
Taxes paid	(2,574)	1,788
NET CASH OUTFLOW FROM OPERATING ACTIVITIES - After taxation	<u>(15,152)</u>	<u>(137,015)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(6,676)	(17)
Investments	0	(52,933)
Mark-up on loan to an Associated Company and profit / mark-up on bank deposits received	9,141	12,556
Dividend received	657	0
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	<u>3,122</u>	<u>(40,394)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finances - net	(30,975)	70,788
Dividend	0	8
Finance cost paid	(10,522)	(1,783)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	<u>(41,497)</u>	<u>69,013</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(53,527)</u>	<u>(108,396)</u>
CASH AND CASH EQUIVALENTS - At the beginning of the period	<u>158,930</u>	<u>430,738</u>
CASH AND CASH EQUIVALENTS - At the end of the period	<u>105,403</u>	<u>322,342</u>

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

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

	Share capital	Reserves			Fair value reserve on available-for-sale investments	(Accumulated loss) / unappropriated profit	Total
		Capital redemption	General	Sub-total			
Rupees in thousand							
Balance as at 30 September, 2007	37,500	1,044,146	1,044,147	11,072	(31,362)	1,061,357	
Loss for half-year ended 31 March, 2008	0	0	0	0	(86,342)	(86,342)	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year ended 31 March, 2008 - net of deferred taxation	0	0	0	0	4,259	4,259	
Fair value gain on available-for-sale investments as at 31 March, 2008	0	0	0	6,558	0	6,558	
Balance as at 31 March, 2008	37,500	1,044,146	1,044,147	17,630	(113,445)	985,832	
Profit for the half-year ended 30 September, 2008	0	0	0	0	88,104	88,104	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year ended 30 September, 2008 - net of deferred taxation	0	0	0	0	4,259	4,259	
Fair value loss on available-for-sale investments as at 30 September, 2008	0	0	0	(8,741)	0	(8,741)	
Transfer	0	(39,170)	(39,170)	0	39,170	0	
Balance as at 30 September, 2008	37,500	1,004,976	1,004,977	8,889	18,088	1,069,454	
Profit for the half-year ended 31 March, 2009	0	0	0	0	28,663	28,663	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year ended 31 March, 2009 - net of deferred taxation	0	0	0	0	17,000	17,000	
Fair value loss on available-for-sale investments as at 31 March, 2009	0	0	0	(5,455)	0	(5,455)	
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	19,646	19,646	
Balance as at 31 March, 2009	37,500	1,004,976	1,004,977	3,434	83,397	1,129,308	

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

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE HALF-YEAR ENDED 31 MARCH, 2009 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

1.1 The Holding Company

The Premier Sugar Mills and Distillery Company Limited was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Islamabad and Karachi Stock Exchanges. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's Mills and its Registered Office are located at Mardan (N.W.F.P).

1.2 Subsidiary Company

(a) The Frontier Sugar Mills and Distillery Limited was incorporated on 31 March, 1938 as a Public Company and its shares are quoted on Karachi and Islamabad Stock Exchanges. It was principally engaged in manufacture and sale of white sugar. The Company's Mills and Registered Office are located at Takht-I-Bhai, Mardan (N.W.F.P).

(b) The Subsidiary Company has been suffering losses over the years and during the current period and preceding year has not carried-out manufacturing operations due to non-availability of raw materials. The financial statements of the Subsidiary Company, however, have been prepared on the 'going concern basis' on the assumptions that it will achieve satisfactory levels of profitability in the foreseeable future and will also continue as a 'manufacturing concern'.

- This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting). The consolidated condensed financial information is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.
- The condensed interim consolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual consolidated financial statements of the Holding Company for the year ended 30 September, 2008.
- The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding published annual consolidated financial statements of the Holding Company for the year ended 30 September, 2008.
- The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the published annual consolidated financial statements of the Holding Company as at and for the year ended 30 September, 2008.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Holding Company, during the current period, has again revalued its buildings and plant & machinery. The revaluation exercise has been carried-out by independent Valuers M/s Hasib Associates (Pvt.) Limited (Engineers, Plant & Machinery and Industrial Property Valuers), Gulberg II, Lahore to replace the carrying amounts of these assets with their depreciated market values. The period-end balance has been arrived at as follows:

	Un-audited 31 March, 2009 (Rupees in thousand)	
Balance at beginning of the period	84,760	
Add: surplus arisen on revaluation carried-out during the period	544,516	
Less: related deferred taxation	190,581	
	353,935	
	438,695	
Less: incremental depreciation for the period net of deferred taxation transferred to:		
- unappropriated profit	17,000	
- minority interest	164	
	17,164	
Balance at end of the period	421,531	

7. DEFERRED TAXATION

	Un-audited 31 March, 2009 (Rupees in thousand)	Audited 30 Sep., 2008
Deferred taxation liability comprises of temporary differences arising due to:		
Credit balances arising in respect of :		
- accelerated tax depreciation allowances	62,545	29,759
- surplus on revaluation of property, plant and equipment	183,794	37,457
	246,339	67,216
Debit balances arising in respect of:		
- staff retirement benefits - gratuity	(6,516)	(7,104)
- impairment loss on investments	(28,903)	(19,221)
- doubtful bank balances	(1,750)	(1,750)
- unused tax losses	(4,015)	0
	(41,184)	(28,075)
	205,155	39,141

8. TAXATION

Holding Company

8.1 The Taxation Officer (TO), during the financial year ended 30 September, 2005 in framing the assessment for the Assessment Year 2002-03 (Income Year ended 30 September, 2001), had rejected the declared trading results of the Company. The TO, against the declared taxable loss of Rs.87.129 million, had assessed the Company's income at Rs.111.387 million and raised income tax, additional tax and workers' welfare fund demands aggregating Rs.65.267 million. The Company had disputed contention of the TO for these demands and filed an appeal with the Commissioner of Income Tax (Appeals) - CITA, who, during the financial year ended 30 September, 2006, decided the appeal in favour of the Company. The Company and the Department had filed appeals against the order of CITA before the Income Tax Appellate Tribunal (ITAT), Islamabad Bench, Islamabad.

The ITAT, vide its order dated 12 January, 2008, has:

- set aside the assessment on the issue of Trading Account;
- remanded the issue of addition under section 24(ff) of the repealed Income Tax Ordinance, 1979 (the repealed Ordinance) back to the Assessing Officer for reappraisal of the fact;
- maintained order of the CITA on the issues of profit from special saving deposits and profit on bank deposits;
- maintained order of the CITA on the issues of extra shift allowance and reinvestment allowance under rule 5B of the Third Schedule to the repealed Ordinance;
- vacated order of the CITA on the issue of tax credit under section 107AA of the repealed Ordinance; and
- ordered deletion of all the profit & loss account additions made by the Assessing Officer as reduced by the First Appellate Authority.

Subsidiary Company

8.2 There has been no significant change in the Company's taxation status since the date of preceding published annual financial statements for the year ended 30 September, 2008 except for the following:

The Tax Department against the judgment of the Peshawar High Court, Peshawar (PHC) dated 22 October, 2008 has filed an appeal before the Supreme Court of Pakistan. The PHC, vide its aforementioned judgment, rejected the departmental application and upheld the order of the ITAT dated 28 April, 2007. Earlier, the ITAT had upheld the Commissioner of Income Tax - Appeals' action of annulment of amendment of assessment orders passed by the Additional Commissioner (Audit) under section 122(5A) of the Income Tax Ordinance, 2001.

9. CONTINGENCIES AND COMMITMENTS

- 9.1 Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Holding Company outstanding as at 31 March, 2009 was for Rs.10 million (30 September, 2008: Rs.10 million).
- 9.2 There has been no significant change in the status of contingencies since the date of preceding published annual consolidated financial statements for the year ended 30 September, 2008.
- 9.3 No commitments were outstanding as at 31 March, 2009 and 30 September, 2008.

10. PROPERTY, PLANT AND EQUIPMENT

		Un-audited Half-year ended 31 March, 2009	Audited Year ended 30 Sep., 2008
	Note	(Rupees in thousand)	
Operating fixed assets	10.1	745,554	230,583
Investment property	10.2	50,483	51,856
		<u>796,037</u>	<u>282,439</u>
10.1 Operating fixed assets			
Opening book value		230,583	253,954
Additions during the period / year:			
- furniture, fittings and office equipment		1,834	47
- railway rolling stock and vehicles		4,842	0
		6,676	47
Surplus arisen on revaluation carried-out during the period	(a)	544,516	0
Book value of assets disposed-off		0	(12)
Depreciation charge for the period / year		(36,221)	(23,406)
		<u>745,554</u>	<u>230,583</u>
Closing book value		<u>745,554</u>	<u>230,583</u>

(a) The Holding Company has availed its option of renewal of leasehold land agreement expired during the preceding year; necessary legal formalities in this regard are still in progress. Buildings on leasehold land, however, have been revalued during the current period and revaluation surplus on these assets aggregating Rs.124.274 million has been incorporated in the books of account.

10.2 Investment property

Opening book value	51,856	57,169
Disposals during the year	0	(2,319)
Depreciation charge for the period / year	(1,373)	(2,994)
	<u>50,483</u>	<u>51,856</u>
Closing book value	<u>50,483</u>	<u>51,856</u>

11. INVESTMENTS

Related parties	11.1	84,050	125,055
Others	11.2	10,518	17,482
		<u>94,568</u>	<u>142,537</u>

11.1 Related parties

Balance at beginning of the period - cost	143,190
Add: post acquisition loss brought forward - net	(18,135)
Share of loss of Associated Companies including effect of items directly credited in equity - net	(39,948)
Less: taxation	1,057
	<u>(41,005)</u>
Balance at end of the period	<u>84,050</u>

11.2 Others

	Un-audited Half-year ended 31 March, 2009 (Rupees in thousand)
Ibrahim Fibres Limited 438,250 ordinary shares of Rs.10 each	6,135
Add: adjustment arising from re-measurement to fair value	4,383
	<u>10,518</u>

12. TRANSACTIONS WITH RELATED PARTIES

12.1 Aggregate transactions with Associated Companies during the period were as follows:

	Un-audited Half-year ended 31 March, 2009	Audited Year ended 31 March, 2008
	(Rupees in thousand)	
- purchase of goods and services	2,466	5,265
- machinery lease rentals	1,206	900
- sale of goods and services	31	37
- Mark-up earned on long term loans	29,470	0

	Un-audited Half-year ended 31 March, 2009	Audited Year ended 30 Sep., 2008
	(Rupees in thousand)	

Period / year-end loans and advances include due from the following Associated Companies:

Chashma Sugar Mills Ltd. (CSM)	8,575	9,270
Syntronics Ltd.	1,245	1,023
Azlak Enterprises (Pvt.) Ltd.	0	20
Arpak International Investments Ltd.	1,413	191
Premier Board Mills Ltd.	5	5
	<u>11,238</u>	<u>10,509</u>

12.2 (a) Mark-up on loans advanced to CSM, during the period, was charged at the rates ranging from 12.39% to 15.85% per annum.

(b) No return was charged on other balances of Associated Companies as these have arisen due to normal trade dealings.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Holding Company in its meeting held on 26 May, 2009.

14. SEGMENT REPORTING

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

15. GENERAL

- Figures in the condensed interim consolidated financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been re-arranged and re-classified wherever necessary for the purposes of comparison; however, no material rearrangements and reclassifications have been made in these condensed interim consolidated financial information.

CHIEF EXECUTIVE

DIRECTOR

1		1		1		1	
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