

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED 31 DECEMBER, 2008 (UN-AUDITED)

1. CORPORATE INFORMATION

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. BASIS OF PREPARATION

a)

These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Islamabad and Karachi Stock Exchanges. These financial statements are un-audited.

b)

The accounting policies adopted for the preparation of these financial information, except for the change stated in note (c) below, are the same as those applied in preparation of the preceding published annual financial statements of the Company for the year ended 30 September, 2008.

c)

Effective from 30 September, 2008, building & roads and plant & machinery are being shown at fair value based on valuations carried out with sufficient regularity by external independent valuers, less subsequent depreciation. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

3. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Company has revalued its buildings on freehold land, buildings and roads on leasehold land and plant & machinery on 30th September, 2008. The revaluation exercise has been carried out by M / S Hasib Associates (Pvt.) Ltd. The aggregated net surplus on the revaluation amounting Rs. 544.516 million has been credited to this account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

4. SHORT TERM FINANCES - Secured

Cash and running finance facilities available from commercial banks under mark-up arrangements aggregate Rs. 175 million (30 September, 2008: Rs. 175 million) and are secured against hypothecation / pledge of sugar stocks and charge on book debts of the Company. These facilities, during the period, carried mark-up at the rates ranging from 0.95% to 2.00% above three month KIBOR per annum. Facilities available for opening letters of credit and guarantee aggregate Rs. 35 million (30 September, 2008: Rs. 35 million). The aggregate facilities are secured against hypothecation charge of sugar over stock in trade and book debts, demand promissory note, ranking charge all current and fixed and lien on import documents. These facilities are expiring on various dates by 28 February, 2009.

5. TAXATION

5.1 Provision for taxation is considered adequate to discharge the expected liability.

5.2 The returns for Tax Years 2003 to 2008 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing out of deficiency by the Commissioner.

5.3 There has been no change in other taxation matters since the date of preceding published annual financial statement of the Company.

6. CONTINGENCIES AND COMMITMENTS

6.1

Guarantee given to Sui Northern Gas Pipelines Ltd. By banks on behalf of the Company outstanding as at 31 December, 2008 was for Rs. 10 million (30 September, 2008: Rs. 10 million).

6.2

There has been no significant change in other contingencies since the date of preceding published annual financial statements of the Company.

6.3

No commitments against irrevocable letters of credit were outstanding as at 31 December, 2008.

7. PROPERTY, PLANT & EQUIPMENT

	Un-audited 31 Dec., 2008	Audited 30 Sep., 2008
	(Rupees in thousand)	
Opening book value	204,408	224,863
Additions during the period / year - owned		
- Furniture fittings and office equipment	1,194	47
- Addition Revaluation	544,515	0
Depreciation charge for the period / year	(17,363)	(20,502)
Closing book value	732,754	204,408

8. INVESTMENT PROPERTY

	Un-audited 31 Dec., 2008	Audited 30 Sep., 2008
	(Rupees in thousand)	
Opening book value	51,856	57,169
Depreciation charge for the period / year	(687)	(5,313)
Closing book value	51,169	51,856

9. LONG TERM INVESTMENTS

There has been no change in the investments portfolio of the Company during the current period except for the impairment loss amounting Rs. 37,977 thousand on shares of Chashma Sugar Mills Limited.

10. CASH AND BANK BALANCES

The status of the matter, as detailed in note 23.1 to 23.3 to the Company's published financial statements for the year-ended 30 September, 2008, has remained unchanged during the current period.

11. OTHER OPERATING INCOME

Income for the current period mainly includes profit on bank saving deposit accounts and interest on loan to Chashma Sugar Mills Limited.

12. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its Associated Companies, Subsidiary Company, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Subsidiary Company and Associated Companies during the period / year were as follows:

	Un-audited	Audited
	Period	Year
	ended	ended
	31 Dec.,	30 Sep.,
	2008	2008
	(Rupees in thousand)	
- dividend received	0	200
- purchase of goods and services	293	7,449
- lease rentals	450	1,800
- sale of goods and services	2,960	720

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 24 January, 2009 by the Board of Directors of Company.

14. SEGMENT REPORTING

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

15. GENERAL

Figures:

- in the financial statements have been rounded-off to the nearest Thousand Rupees except stated otherwise and

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and corresponding figures have been neither re-arranged nor classified.

CHIEF EXECUTIVE

DIRECTOR



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

**1ST QUARTER ACCOUNTS
(UN-AUDITED)**

AS ON 31ST DECEMBER 2008

BOARD OF DIRECTORS

psm

CHAIRPERSON CHIEF EXECUTIVE DIRECTORS	KHAN AZIZ SARFARAZ KHAN ABBAS SARFARAZ KHAN BEGUM LAILA SARFARAZ MS. ZARMINE SARFARAZ ISKANDER M. KHAN MS.NAJDA SARFRAZ ABDUL QADAR KHATTAK BABER ALI KHAN Ms MAHNAZ SAIGOL
BOARD AUDIT COMMITTEE	KHAN AZIZ SARFARAZ KHAN CHAIRMAN MS.NAJDA SARFRAZ MEMBER BABER ALI KHAN MEMBER
COMPANY SECRETARY / CHIEF FINANCIAL OFFICER	MALIK MUHAMMAD ASLAM, FCMA
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 OF PAKISTAN LIMITED BANK ALFALAH LIMITED PICIC COMMERCIAL BANK LIMITED INNOVATIVE HOUSING FINANCE LTD.. BANK OF PUNJAB
REGISTERED OFFICE	MARDAN (N.W.F.P) PHONES: (0937) 862051-862052 FAX: (0937) 862989
FACTORY	MARDAN