



THE PREMIER SUGAR MILLS
& DISTILLERY COMPANY LIMITED.
MARDAN

QUARTERLY FINANCIAL STATEMENTS
(UN-AUDITED)
AS ON 30 JUNE, 2010

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN KHAN AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE MR. ABBAS SARFARAZ KHAN
DIRECTORS BEGUM LAILA SARFARAZ

MS. ZARMINE SARFARAZ

MS. NAJDA SARFARAZ

MISS. MAHNAZ SAIGOL

MR. ISKANDER M. KHAN

MR. ABDUL QADAR KHATTAK

MR. BABAR ALI KHAN

BOARD AUDIT COMMITTEE

KHAN AZIZ SARFARAZ KHAN CHAIRMAN

MS. NAJDA SARFARAZ MEMBER

MR. BABAR ALI KHAN MEMBER

COMPANY SECRETARY

MR. MUJAHID BASHIR

CHIEF FINANCIAL OFFICER

MR. 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 nine months ended June 30, 2010.

Sugarcane season 2009-10

The factory during first week of November, issued indents for the purchase of sugarcane to start the crushing on November 11, 2009. Up-till December 07, 2009 growers supplied only 3,864 Tons of sugarcane. Mills crushed this minimal quantity intermittently and suffered heavy losses due to uneconomical operation, high fuel cost and inversion of sugar. On December 16, 2009, the management had to perform close down the mills due to the non-availability of sugarcane.

Sugarbeet season 2010

The sugarbeet season started on May 22, 2010. The Company sliced 33,026 Tons of sugarbeet at an average recovery of 7.60%. This year the recovery from sugarbeet remained low because of unfavorable climatic condition and irregular supplies of natural gas. Sugar production from sugarbeet is no more economical, because unlike sugarcane, the production of sugar from sugarbeet consumes external fuel which contributes Rs. 10 / kg to the cost of production. MINFA which is flag bearer in promotion of sugar production from sugarbeet failed to convince the Government to exempt sales tax on sugar produced from sugarbeet, as it was exempted from the payment of Central Excise Duty in the past.

Operational performance

The Company suffered Gross loss of Rs. 42.054 million for the third quarter and Rs. 79.450 million for the nine months ended on June 30, 2010. However, the Company earned other operating income of Rs. 151.672 million and the total comprehensive income for the period is Rs. 37.901 million.

Commercial Gur trade

Despite the directions from the Provincial cane commissioner, the local Administration colluded with the commercial gur traders for their personal benefits and did not implement the direction of Provincial cane commissioner. The political Government of Khyber Pakhtoonkhwa showed minimal interest for the promotion of Sugar or any other industry. Two of the four sugar mills situated in the Peshawar valley have already closed down and the other two are at the verge of closure. The tax free commercial gur manufacturers are producing approximately 300,000 Tons of Gur, valuing Rs. 18.0 billion from 3.0 million Tons of sugarcane involving sales tax of 3.0 billion. Though, the commercial gur manufacturer qualifies the status of medium scale industry and is not exempt from sales tax, the Government has failed to collect sales tax on commercial gur. The sales tax amount of 3.0 billion is the bloodline of the Commercial Gur traders and is direct income of the traders at the cost of national kitty. We made representations to the Federal and Provincial Governments to remove this anomaly and to provide us level playing field but of no avail.

Mardan:
July 27, 2010

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE ,2010 (UN-AUDITED)

		Un-audited 30 June, 2010	Audited 30 Sep., 2009
(Rupees in thousand)			
Assets			
Non-current assets	NOTE		
Property, Plant and equipment	4	636,275	688,890
Investment Property	5	39,432	49,110
Investments	6	145,137	99,552
long term loan to an Associated Company		282,187	282,187
Deposit with a non-bank financial institution		23,400	23,400
Security Deposits		497	497
		<u>1,126,928</u>	<u>1,143,636</u>
Current assets			
Stores and spares		76,328	78,857
Stock-in-trade		188,414	209,537
Trade debtors - unsecured - considered good		391	1,439
Income tax refundable, advance income tax and tax deducted at source		29,112	23,753
Loan and advances		65,206	54,566
Accrued profit / mark-up on bank deposits and loan to an Associated Company		24,947	45,300
Trade deposits and short term prepayments		1,294	1,393
Other receivables		1,367	110
Cash and bank balances	7	310,876	112,340
		<u>697,935</u>	<u>527,295</u>
		<u>1,824,863</u>	<u>1,670,931</u>
Equity and liabilities			
Capital and reserve			
Authorised capital		57,500	57,500
Issued, subscribed and paid up capital		37,500	37,500
Reserves		900,001	900,001
UNAPPROPRIATED PROFIT		105,339	67,759
		<u>1,042,840</u>	<u>1,005,260</u>
Surplus on revaluation of Property , plant and equipment		362,009	384,267
Non-current liabilities			
Deferred taxation		203,853	206,123
Staff retirement benefits- gratuity		20,951	17,474
		<u>224,804</u>	<u>223,597</u>
Current liabilities			
Short term Finance	8	75,000	0
Trade and other payables		95,948	43,004
Accrued mark-up		197	0
Taxation	9	24,065	14,803
		<u>195,210</u>	<u>57,807</u>
Contingencies and commitments	10		
		<u>1,824,863</u>	<u>1,670,931</u>

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

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2010 (UN-AUDITED)

	For the 3rd Quarter		Cumulative	
	April -June, 2010	April -June, 2009	Oct. - June, 2010	Oct. - June, 2009
----- Rupees in thousand -----				
TURNOVER	23,411	115,189	207,539	409,282
LESS: SALES TAX, SPECIAL EXCISE DUTY AND COMMISSION	2,416	15,660	15,992	55,632
	<u>20,995</u>	<u>99,529</u>	<u>191,547</u>	<u>353,650</u>
COST OF SALES	63,049	86,197	270,997	279,764
GROSS (LOSS) / PROFIT	<u>(42,054)</u>	13,332	<u>(79,450)</u>	73,886
ADMINISTRATIVE EXPENSES	20,386	11,115	50,196	27,383
DISTRIBUTION COST	209	197	561	770
OTHER OPERATING EXPENSES	329	333	634	28,166
	<u>20,924</u>	<u>11,645</u>	<u>51,391</u>	<u>56,319</u>
	<u>(62,978)</u>	1,687	<u>(130,841)</u>	17,567
OTHER OPERATING INCOME	13,210	16,877	151,351	51,704
	<u>(49,768)</u>	18,564	<u>20,510</u>	69,271
FINANCE COST	1,473	4,746	1,573	16,160
(LOSS) / PROFIT BEFORE TAXATION	<u>(51,241)</u>	13,818	<u>18,937</u>	53,111
TAXATION				
Current	4,889	1,254	5,884	1,769
Deferred	(8,235)	(5,399)	(2,270)	(29,966)
	<u>(3,346)</u>	<u>(4,145)</u>	<u>3,614</u>	<u>(28,197)</u>
(LOSS) / PROFIT AFTER TAXATION	<u>(47,895)</u>	17,963	<u>15,323</u>	81,308
----- Rupees -----				
(LOSS) / EARNINGS PER SHARE	<u>(12.77)</u>	4.79	<u>4.09</u>	21.68

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 COMPREHENSIVE INCOME
 FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2010 (UN-AUDITED)

	For the 3rd Quarter		Cumulative	
	April - June, 2010	April - June, 2009	Oct. - June, 2010	Oct. - June, 2009
	(Rupees in thousand)			
(LOSS) / PROFIT AFTER TAXATION	(47,895)	17,963	15,323	81,308
OTHER COMPREHENSIVE INCOME				
Incremental depreciation in respect of Surplus on Revaluation of Property, Plant & Equipment - net of deferred Taxation	22,257	26,009	22,257	29,423
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(25,638)	43,972	37,580	110,731

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

	30 June, 2010	30 June, 2009
	(Rupees in thousand)	
Cash flow from operating activities	18,937	53,111
Profit for the period - before taxation	18,937	53,111
Adjustments for:		
Depreciation	50,016	54,625
Impairment (Gain) / loss against long term Investments at fair value	(45,585)	27,891
Staff retirement benefits - gratuity (net)	3,477	(2,637)
Gain on sale of machinery	(151)	0
Gain on sale of investment property	(43,058)	0
Other income- including accrued profit / mark-up on bank deposits and loan to an Associated Company	(151,672)	(51,704)
Finance cost	1,573	16,160
Cash (utilised in) / generated from operating activities - before working capital changes	(166,463)	97,446
Decrease / (increase) in current assets		
Stores and spares	2,529	(10,148)
Stock-in-trade	21,123	(39,504)
Trade debtors	1,048	7,911
Loan and advances	(10,640)	(2,573)
Deposits and prepayments	99	(437)
Other receivables	(1,257)	2,359
Increase / (Decrease) in trade and other payables	52,944	(4,307)
	65,846	(46,699)
Cash (utilised in) / generated from operating activities - before taxation	(100,617)	50,747
Taxes paid	(1,981)	(2,562)
Security Deposits	0	19
Net cash (utilised in) / generated from operating activities - after taxation	(102,598)	48,204
Cash flow from investing activities		
Additions to Property plant and Equipment	(1,338)	(7,809)
Sale proceeds of fixed assets & Investment Property	56,823	0
Mark-up on loan to an Associated Company and profit / mark-up on bank deposits received	172,025	20,435
Net cash generated from investing activities	227,510	12,626
Cash flow from financing activities		
Short term finances - net	75,000	(100,711)
Finance cost paid	(1,376)	(18,380)
Net cash generated / (utilised in) financing activities	73,624	(119,091)
Net Increase / (Decrease) in cash and cash equivalents	198,536	(58,261)
Cash and cash equivalents - at the beginning of the period	112,340	106,042
Cash and cash equivalents - at the end of the period	310,876	47,781

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

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE, 2010 (UN-AUDITED)

	Share capital	Reserves			(Accumulated loss) / Unappropriated profit	Total
		Capital	Revenue			
		Share redemption	General	Sub-total		
----- Rupees in thousand -----						
Balance as at 30 September, 2008	37,500	1	900,000	900,001	(15,427)	922,074
Profit for the nine months ended 30 June, 2009	0	0	0	0	81,308	81,308
Other Comprehensive Income for the nine months ended 30 June, 2009	0	0	0	0	29,423	29,423
Balance as at 30 June, 2009	37,500	1	900,000	900,001	95,304.00	1,032,805
Loss for the Period from 1st July to 30 September, 2009	0	0	0	0	(26,103)	(26,103)
Interim cash dividend for the current year at the rate of Rs.3 per share	0	0	0	0	(11,250)	(11,250)
Other Comprehensive Income from 1st July to 30 September, 2009	0	0	0	0	9,808	9,808
	37,500	1	900,000	900,001	67,759	1,005,260
Profit after taxation for the nine months ended 30 June, 2010	0	0	0	0	15,323	15,323
Other Comprehensive Income for the nine months ended 30 June, 2010	0	0	0	0	22,257	22,257
Balance as at 30 June, 2010	37,500	1	900,000	900,001	105,339	1,042,840

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

CHIEF EXECUTIVE

DIRECTOR

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE, 2010 (UN-AUDITED)

1. CORPORATE INFORMATION

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.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited; it has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 (Interim Financial Reporting). The figures for the nine months ended 30 June, 2010 have, however, been prepared as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual published financial statements of the Company for the year ended 30 September, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual published financial statements of the Company for the year ended 30 September, 2009 except for the changes mentioned below:

3.1 IAS 1 (Revised) - (Presentation of Financial Statements). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from 'owner changes in equity'. All 'non-owner changes in equity' are required to be shown in a performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The Company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. In this condensed interim financial information, comparative information has been represented in conformity with the revised standard. Since this change in accounting policy only impacts presentation aspects, there is no impact on earning per share.

3.2 In addition to above, following amendments to standards are mandatory for the first time for financial year beginning on 01 October, 2009 and are also relevant to the Company. The adoption of these amendments does not have significant impact on the condensed interim financial information of the Company.

- IAS 23 (Amendment) - Borrowing Costs

- IAS 28 (Amendment) - Investment in Associates

- IAS 36 (Amendment) - Impairment of Assets

- IAS 39 (Amendment) - Financial Instruments: Recognition and Measurement

3.3 There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after 01 October, 2009 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in the condensed interim financial information.

	Note	30 June, 2010	30 September, 2009
4. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		688,890	204,408
Additions during the period / year -furniture, fittings and office equipment		1,338	10,339
Surplus arisen on Revaluation		0	544,516
Disposals during the period / year	4.1	(5,628)	(32)
Depreciation charge for the period / year		48,325	70,341
Closing book value		<u>636,275</u>	<u>688,890</u>

4.1 Disposal during the period represents sale of Horizontal Multi-stage Turbo Alternator Generator (4,000 KW) to Chashma Sugar Mills Limited. (An associated company).

5. INVESTMENT PROPERTY

Opening book value		49,110	51,856
Disposals during the year	5.1	(7,987)	0
Depreciation charge for the period / year		1,691	2,746
Closing book value		<u>39,432</u>	<u>49,110</u>

5.1 This represents sale of House # 2 located at Street # 27, Sector F/6-2, Islamabad measuring 622 Square Yards alongwith fittings, fixtures and installations thereon to Tennon International Limited against consideration of Rs. 50.945 Million.

6. INVESTMENTS

	Un-Audited 30 June, 2010 (Rupees in Thousand)
Carrying Value of Investments as at 30 September, 2009	99,552
Add: Reversal of impairment loss due to increase in value of investments made in Chashma Sugar Mills Limited. (an associated company)	44,691
Add: Reversal of impairment loss due to increase in value of investments made in Arpak International Investments Limited. (an associated company)	894
Carrying Value of investments as at 30 June, 2010	<u>145,137</u>

7. CASH AND BANK BALANCES

The status of the matter, as detailed in note 25.3 the Company's published financial statements for the year-ended 30 September, 2009 has remained unchanged during the current period.

8. SHORT TERM FINANCES - Secured

Cash and running finance facility available from a commercial bank under mark-up arrangement aggregate Rs. 100 million (30 September, 2009: Rs. NIL). The facility, during the period, carried mark-up at the rates ranging from 14.16 % to 14.29%

9. TAXATION

9.1 The status of pending tax cases has not changed since the date of preceding published annual financial statements for the year ended 30 September, 2009.

9.2 Provision for current taxation represents income tax under rate applicable to the Companies as per Income Tax Ordinance, 2001.

10. CONTINGENCIES AND COMMITMENTS

10.1 Guarantee given by a bank on behalf of the Company outstanding as at 30 June, 2010 was for Rs. 45 million (30 September, 2009: Rs. 10 million).

10.2 No commitments were outstanding as at 30 June 2010 and 30 September, 2009.

10.3 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, 2009.

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on 27 July, 2010.

12. 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).

13. CORRESPONDING FIGURES

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

14. GENERAL

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

CHIEF EXECUTIVE

DIRECTOR