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PGI INC
Form 10-Q
November 14, 2008

U.S SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10 - Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2008

/ / TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-6471

PGI INCORPORATED

(Exact name of small business issuer as specified in its charter)

FLORIDA 59-0867335

(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

212 SOUTH CENTRAL, SUITE 100, ST. LOUIS, MISSOURI 63105

(Address of principal executive offices)

(314) 512-8650

(Issuer's telephone number)

N/A

(Former Name, Former Address and Former Fiscal year, if changed since last report)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer _____ Accelerated filer _____
Non-accelerated filer _____ Smaller reporting company X

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(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ----- No X -----

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 10, 2008, there were 5,317,758 shares of the issuer's common stock, \$.10 par value per share, outstanding.

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PGI INCORPORATED AND SUBSIDIARIES
Form 10 - Q
For the Quarter Ended September 30, 2008

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PART I FINANCIAL INFORMATION
 Item 1. Financial Statements

PGI INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (\$ in thousands)

	September 30, 2008 ----- (Unaudited)	December 31, 2007 -----
ASSETS		
Cash and cash equivalents	\$ 1	\$ 16
Restricted cash	5	5
Receivables	845	878
Land and improvement inventories	639	639
Other assets	190	186
	-----	-----
	\$ 1,680	\$ 1,724
	=====	=====
LIABILITIES		
Accounts payable & accrued expenses	\$ 104	\$ 115
Accrued real estate taxes	9	9
Accrued interest:		
Primary lender	145	105
Debentures	34,120	31,293
Other	2,631	2,566
Credit Agreements -		
Primary lender	500	500
Notes payable	1,198	1,198
Subordinated debentures payable	9,059	9,059
Convertible debentures payable	1,500	1,500
	-----	-----
	\$ 49,266	\$ 46,345
	-----	-----

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STOCKHOLDERS' DEFICIENCY

Preferred stock, par value \$1.00 per share; authorized 5,000,000 shares; 2,000,000 Class A cumulative convertible shares issued and outstanding; (liquidation preference of \$8,000,000 and cumulative dividends)	2,000	2,000
Common stock, par value \$.10 per share; authorized 25,000,000 shares; 5,317,758 shares issued and outstanding	532	532
Paid-in capital	13,498	13,498
Accumulated deficit	(63,616)	(60,651)
	-----	-----
	(47,586)	(44,621)
	-----	-----
	\$ 1,680	\$ 1,724
	=====	=====

See accompanying notes to Condensed Consolidated Financial Statements.

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Part I Financial Information (Continued)

PGI INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine
	September 30, 2008	September 30, 2007	September 30, 2008
	----	----	----
REVENUES			
Real Estate Sales	\$ -	\$ -	\$ -
Interest Income	18	22	54
Other Income	-	-	-
	-----	-----	-----
	18	22	54
	-----	-----	-----
COSTS AND EXPENSES			
Cost of Real Estate Sales	-	-	-
Interest	1,001	918	2,932
Taxes & Assessments	-	5	9
Consulting & Accounting	10	9	30
Legal & Professional	-	1	5
General & Administrative	14	14	42
	-----	-----	-----
	1,025	947	3,018
	-----	-----	-----
NET LOSS	\$ (1,007)	\$ (925)	\$ (2,964)
	=====	=====	=====

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NET LOSS PER SHARE (*)

\$ (.22)
=====

\$ (.20)
=====

\$ (.65)
=====