

Note	Unaudited December 31, 2007 Rupees	Audited September 30, 2007 Rupees
------	---	--

SHARE CAPITAL**Authorised Capital**

15,000,000 ordinary
shares of Rs. 10/- each

150,000,000	150,000,000
-------------	-------------

Issued, subscribed and paid-up capital

14,100,000 Ordinary shares of Rs. 10/-
each fully paid in cash

141,000,000	141,000,000
-------------	-------------

Accumulated loss

(1,016,430,134)	(970,967,942)
(875,430,134)	(829,967,942)

NON-CURRENT LIABILITIES**LONG TERM LOANS**

304,986,085	319,294,075
-------------	-------------

DEFERRED INCOME

153,301,062	153,301,062
-------------	-------------

CURRENT LIABILITIES

Current portion of long term liabilities
Trade and other payables
Accrued markup on loans
Taxation

468,003,215	449,629,877
251,911,846	170,487,926
18,991,927	18,991,927
10,703,279	10,183,279

749,610,267	649,293,009
-------------	-------------

CONTINGENCIES AND COMMITMENT

-	-
---	---

332,467,280	291,920,204
-------------	-------------

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

CHIEF EXECUTIVE

Karachi: January 22, 2008

1. THE COMPANY AND ITS OPERATION

- 1.1 The company was incorporated in Pakistan on January 16, 1990, as a public limited company and listed on Karachi and Lahore Stock Exchanges. The principal business of the company is to manufacture and sell white sugar.
- 1.2 The company incurred a net loss after taxation for the period amounting to Rs. 45.462 million (December 2006: Rs. 27.339 million); as on the balance sheet date its accumulated loss stood at Rs. 1,016,430 million (September 2007: Rs. 970.968 million) and negative equity amounting to Rs. 875.430 million (September 2007: Rs. 829.968 million). Company's current liabilities exceeded current assets by Rs. 654.522 million (September 2007: Rs. 598.148 million) and total liabilities exceeded total assets by Rs. 875.430 million (September 2007: Rs. 829.968 million).

The company, however, has succeeded in keeping the mill operational, despite the liquidity restraints, during the current crushing season through its own resources. The status of long term liabilities is the same as given in note 1.2, 4 & note 9 to the annual audited financial statements for the year ended September 30, 2007.

In the event of favourable judgement by Supreme Court of Pakistan on Quality Premium and consequent reversal of liability, the accumulated loss and negative equity shall stand reduced by Rs. 100.871 million with reversal of provision as given in note 8.1 of annual audited financial statements for the year ended September 30, 2007.

The management asserts that in view of the settlement with banks as mentioned in note 1.2, 4 & note 9 to the annual audited financial statements, sponsors' continuous support and new arrangements to obtain working capital, the company shall be able to continue its operations on going concern basis.

- 1.3 Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and costs incurred/ accrued upto the reporting date have been accounted for. Accordingly the costs incurred/accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

2. BASIS OF PREPARATION

These unaudited interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, as applicable in Pakistan. The accounts are unaudited and are being circulated to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these accounts are the same as those applied in preparing the annual audited accounts for the year ended September 30, 2007.

4. CONTINGENCIES

Contingencies are the same as have been reported in the financial statements of the company for the year ended September 30, 2007.

FOR THE QUARTER ENDED DECEMBER 31, 2007

AS AT DECEMBER 31, 2007

	December 31, 2007 Rupees	December 31, 2006 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(44,942,192)	(27,188,588)
Adjustment for:		
Depreciation	5,912,671	6,415,196
Financial charges	4,595,591	5,506,189
	10,508,262	11,921,385
Operating loss before working capital changes	(34,433,930)	(15,267,203)
CHANGES IN WORKING CAPITAL (Increase) / Decrease in current assets		
Stores, spares and loose tools	(4,325,564)	(3,711,366)
Stock in trade	(17,299,926)	(14,646,054)
Trade debtors - unsecured	(7,256,051)	-
Loans & advances	(10,443,369)	8,397,030
Prepayments and other receivables	49,767	-
Increase / (Decrease) in Current Liabilities		
Trade and other payables	81,423,920	26,239,733
	42,148,777	16,279,343
Cash (used)/generated in operations	7,714,847	1,012,140
Taxes paid	(739,339)	(437,500)
Financial charges paid	(155,243)	(10,498)
	(894,582)	(447,998)
Net cash (used)/generated from operating activities-carried forward	6,820,264	564,142
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,515,900)	(50,100)
Net cash generated / (used) in investing activities	(2,515,900)	(50,100)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(375,000)	(750,000)
Net cash generated / (used) in financing activities	(375,000)	(750,000)
Increase/(decrease) in cash & bank balances	3,929,364	(235,958)
Cash & bank balances at the beginning of the period	1,671,196	1,288,620
Cash & bank balances at the end of the period	5,600,560	1,052,662

	Note	Unaudited December 31, 2007 Rupees	Audited September 30, 2007 Rupees
PROPERTY, PLANT & EQUIPMENT	5	235,951,757	239,348,527
LONG TERM DEPOSITS		1,426,886	1,426,886
CURRENT ASSETS			
Stores, spares and loose tools		13,876,792	9,551,228
Stock in trade		24,507,638	7,207,713
Trade debtors-unsecured		15,455,096	8,199,045
Loans and advances		35,423,665	24,240,956
Deposits, prepayments and other receivables		224,886	274,653
Cash and bank balances		5,600,560	1,671,196
		95,088,637	51,144,791
		332,467,280	291,920,204

DIRECTOR

2007
Rupees

2006
Rupees

5. PROPERTY, PLANT & EQUIPMENT

Operating Fixed Assets Acquisitions

Plant and machinery	1,126,150	-
Office equipment	-	36,500
Furniture and fixture	29,750	13,600
Vehicle	1,360,000	-
	<u>2,515,900</u>	<u>50,100</u>

6. COST OF GOODS SOLD

Raw material consumed (including procurement and development expenses)

Raw material consumed (including procurement and development expenses)	127,458,409	36,064,410
Stores and spares consumed	1,894,381	457,472
Packing material consumed	1,520,373	342,444
Salaries and allowances	5,995,685	4,733,003
Repair and maintenance	7,469,344	4,244,641
Fuel and power	1,626,697	1,557,600
Insurance	1,071,654	1,034,368
Freight and handling	287,859	162,283
Depreciation	5,663,822	6,209,376
Others	571,775	543,999
	<u>153,559,999</u>	<u>55,349,596</u>

Opening Stock

Finished stock	-	417,239
Sugar in process	1,245,931	1,203,329
Molasses	5,961,782	-
	<u>7,207,713</u>	<u>1,620,568</u>
	160,767,712	56,970,164

Closing Stock

Finished stock	12,918,696	4,863,246
Sugar in process	10,149,758	8,967,550
Molasses	1,439,184	2,435,825
	<u>(24,507,638)</u>	<u>(16,266,621)</u>
	<u>136,260,074</u>	<u>40,703,543</u>

7. AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on January 22, 2008 by the Board of Directors of the Company.

8. GENERAL

Figures have been rounded off to the nearest rupee.

Dear Shareholders:

Your directors are pleased to present the un-audited report of the company for the quarter ended December 31, 2007.

General

The quarter under review was eventful in the sense that both Eids were solemnized during the quarter and at the same time the Province of Sindh and the country received serious jolts due to tragic assassination of the political icon of the country.

Mills preparation and maintenance works were severely impaired but your company managed to ready the mills before the close of October. Sindh Government stepped up its pressure to prematurely start the season on October 1, 2007. Your mills including all others started crushing from 19th, November, 2007. Cane Commissioner, Sindh issued legal notices for not commencing the season from October 1, 2007.

Several meetings of PSMA members were held with officials of Sindh Government regarding lowering the official price of cane from Rs. 67/- per 40 kg to Rs. 60/- per 40 kg in view of falling market price of sugar, and withdrawal of notices to Sugar Mills, but redressal measures were not taken.

Supply of cane was relatively satisfactory from the beginning of the season but quality of cane in Badin area remained poor. Till the close of quarter, recovery achieved was only 8%+.

Operating Results

A comparison of operating results for the quarter ended December 31, 2007, is as under :

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
Season started	19-11-2007	20-11-2006
Days worked	43	42
Sugarcane crushing (Tons)	74,731	20,975
(Mounds)	1,868,280	524,379
Sugar recovery (%)	8.146	7.762
Sugar production (Tons)	5,664	1,273
Molasses recovery (%)	5.042	5.081
Molasses production (Tons)	3,380	676

It may be noted that due to better availability of cane, operational performance, in terms of cane crushing and sugar production, showed marked improvement compared to those of corresponding quarter last year. But the most worrying factor was the falling market price of sugar which came down to Rs. 22/- per kg. This may seriously affect the financial results.

Financial Results

The Company posted a gross loss of Rs. 32,565,679/- (2006: Rs. 15,779,476) during the quarter under report. The company restored to borrowing funds from private sources in order to keep the operations in place. The company is facing severe financial crunch. It is hoped that with improved operational performance in the remaining quarters, the position may improve.

Future Prospects

Al though it is too early to forecast the future trend but depressed market price of sugar and molasses may adversely affect the over all performance of the company.

**PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2007**

	Note	December 31, 2007	December 31, 2006
		----- Rupees -----	----- Rupees -----
Sales - net		103,694,395	24,924,067
Cost of goods sold	6	<u>136,260,074</u>	<u>40,703,543</u>
Gross loss		(32,565,679)	(15,779,476)
Operating Expenses			
Administrative & general		7,613,062	5,890,968
Selling & distribution		167,859	13,575
		<u>(7,780,922)</u>	<u>(5,904,543)</u>
Operating loss		(40,346,601)	(21,684,019)
Financial charges		(4,595,591)	(5,506,189)
Other Income		-	1,620
		<u>(4,595,591)</u>	<u>(5,504,569)</u>
Loss before taxation		(44,942,192)	(27,188,588)
Provision for taxation			
- current		<u>(520,000)</u>	<u>(150,000)</u>
Loss after taxation		(45,462,192)	(27,338,588)
Accumulated loss brought forward		<u>(970,967,942)</u>	<u>(923,722,777)</u>
Accumulated loss carried forward		<u>(1,016,430,134)</u>	<u>(951,061,365)</u>
Loss per share - basic		<u>(3.22)</u>	<u>(1.94)</u>

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

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2007**

	Share Capital Rupees	Accumulated Profit/(Loss) Rupees	Total Rupees
Balance as at Sept. 30, 2006	141,000,000	(923,722,777)	(782,722,777)
Loss for the period	-	(27,338,588)	(27,338,588)
Balance as at December 31, 2006	141,000,000	(951,061,365)	(810,061,365)
Loss for the period	-	(19,906,577)	(19,906,577)
Balance as at Sept. 30, 2007	141,000,000	(970,967,942)	(829,967,942)
Loss for the period	-	(45,462,192)	(45,462,192)
Balance as at December 31, 2007	141,000,000	(1,016,430,134)	(875,430,134)

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

CHIEF EXECUTIVE

DIRECTOR

COMPANY PROFILE

BOARD OF DIRECTORS:

DR. (MRS). FEHMIDA MIRZA
MIR GHULAMULLAH TALPUR
MR. ARSHAD ABID ABBASI
MS. FAREHA ABID KAZI
MIR FURQAN ALI TALPUR
MIRZA SAULAT RAZA
MR. IRSHAD HUSSAIN MIRZA

Chairperson & Chief Executive

AUDIT COMMITTEE:

MIRZA SAULAT RAZA - Chairman
MIR GHULAMULLAH TALPUR - Member
MR. IRSHAD HUSSAIN MIRZA - Member

COMPANY SECRETARY:

MR. TARIQ MAHMOOD

CHIEF FINANCIAL OFFICER:

SYED BAQAR HASNAIN KAZMI

AUDITORS:

M/S. KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ & CO.
(CHARTERED ACCOUNTANTS)

FINANCIAL CONSULTANT:

MR. DAWOODI MORKAS

BANKERS TO THE COMPANY:

HABIB BANK LIMITED
MCB BANK LIMITED
ALLIED BANK LIMITED
NATIONAL BANK OF PAKISTAN
PICIC COMMERCIAL BANK LTD.

LEGAL ADVISOR:

MR. GHULAM QADIR ZARGAR

REGISTERED OFFICE:

10TH FLOOR, PORTION 'B'
LAKSON SQUARE, BUILDING NO. 1,
SARWAR SHAHEED ROAD,
KARACHI.

MILLS:

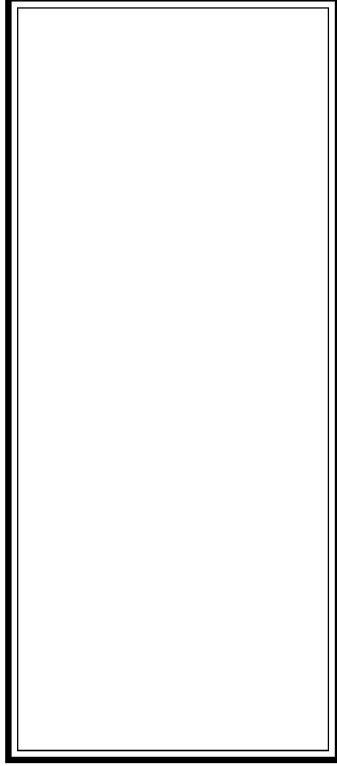
DEH CHHARO TAPPO, LOWARI SHARIF
DISTRICT BADIN
SINDH.

E-MAIL ADDRESS:

pmsml@hotmail.pk

WEBSITE:

BOOK POST
Printed Matter



If undelivered, please return to :

MIRZA SUGAR MILLS LIMITED

10th Floor, Portion 'B', Building No. 1,
Lakson Square, Sarwar Shaheed Road, Karachi.



MIRZA
SUGAR
MILLS
LIMITED

ACCOUNTS FOR THE
1ST QUARTER ENDED
DECEMBER 31, 2007
(UN-AUDITED)