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MIRZA

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SUGAR

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MILLS

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LIMITED

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*ACCOUNTS FOR THE  
1ST QUARTER ENDED  
DECEMBER 31, 2009  
(UN-AUDITED)*

## COMPANY PROFILE

### *BOARD OF DIRECTORS:*

DR. (MRS). FEHMIDA MIRZA — Chairperson & Chief Executive  
DR. ZULFIQAR ALI MIRZA  
MS. FARIDA ABBASI  
MR. ARSHAD ABID ABBASI  
MS. FAREHA ABID KAZI  
MIRZA SAULAT RAZA  
MR. IRSHAD HUSSAIN MIRZA

### *AUDIT COMMITTEE:*

MIRZA SAULAT RAZA - Chairman  
MS. FARIDA ABBASI - Member  
MR. IRSHAD HUSSAIN MIRZA - Member

### *CHIEF FINANCIAL OFFICER & COMPANY SECRETARY:*

MR. TARIQ MAHMOOD

### *LEGAL ADVISOR:*

MR. GHULAM QADIR ZARGAR

### *AUDITORS:*

M/S. RAHMAN SARFARAZ  
RAHIM IQBAL RAFIQ  
(CHARTERED ACCOUNTANTS)

### *BANKERS TO THE COMPANY:*

HABIB BANK LIMITED  
MCB BANK LIMITED  
ALLIED BANK LIMITED  
NATIONAL BANK OF PAKISTAN  
NIB BANK LIMITED

### *SHARES REGISTRAR:*

M/S. TECHNOLOGY TRADE (PVT) LIMITED  
DAGIA HOUSE, 241-C,  
BLOCK-2, P.E.C.H.S.,  
OFF. SHAHRAH-E-QUAIDEEN,  
KARACHI. TEL : 021-34391316-7

### *REGISTERED OFFICE:*

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

### *MILLS:*

DEH CHHARO TAPPO, LOWARI SHARIFF  
DISTRICT BADIN, SINDH.

### *E-MAIL ADDRESS:*

pmsml@hotmail.com

### *WEBSITE:*

www.mirzasugar.com

## DIRECTORS' REPORT

### Dear Shareholders:

The Directors are pleased to present the unaudited accounts and brief report of the company for the first quarter ended December 31, 2009.

### General

The mills were fully prepared for the new crushing season of 2009-10. The mills commenced crushing season from November 16, 2009 as per the Government of Sindh directives.

Final surveys of sugarcane showed that in Badin district and adjoining areas cane is short by about 15% to 20% compared to last year. Government of Sindh has announced a minimum support price of Rs.102 per 40 kg of sugarcane during the season under review.

The season 2009-10 has begun under very uncertain conditions with regard to availability of sugarcane and its rising prices. Average sugarcane price has already touched Rs.170 per 40 kg. Up to December 31, 2009, the mill hascrushed 41,700 tons of sugarcane and made 3,228 tons of sugar at average recovery of 8.96%.

We expect to perform well even in difficult conditions provided market price of sugar remains favourable.

### Operating Results

A comparison of operating results for the quarter ended December 31, 2009, is as under :

	December 31, 2009	December 31, 2008
Season started	16-11-2009	15-12-2008
Days worked	46	17
Sugarcane crushing( Tons )	41,700	26,212
( Maunds )	1,042,510	655,312
Sugar recovery (%)	8.961	8.452
Sugar production ( Tons )	3,228	1,775
Molasses recovery (%)	4.460	4.645
Molasses production ( Tons )	1,370	782

Company's operational performance during the quarter under review shows significant improvement compared to corresponding quarter last year in terms of cane-crushed i.e. 41,700 tons (2009) compared to 26,212 tons (2008) and sugar made 3,228 tons (2009) compared to 1,775 tons (2008). Sucrose recovery achieved during quarter under review has improved to 8.96% compared to 8.45% of same quarter last year.

### Financial Results

The Company posted a gross profit of Rs.44,350,238/- during the quarter under report against a gross loss of Rs.9,876,020/- during the corresponding quarter last year. Likewise company posted a net profit after taxation of Rs.31,784,721/- during the quarter under review compared to a net loss of Rs.23,045,427/- during same quarter in previous year.

### Future Prospects

Although it is premature to forecast accurately the prospect of the entire season but considering high price of sugar in world markets due to shortage, price of sugar expected to remain high in local market as well. We expect to perform well during the season 2009-10.

**MIRZA SAULAT RAZA**  
Director

**IRSHAD HUSSAIN MIRZA**  
Director

Karachi,  
January 21, 2010

Note : The Chief Executive presently being out of station, the Directors' Report is signed by two directors.

## BALANCE SHEET

	<b>Note</b>	<b>Unaudited December 31, 2009 Rupees</b>	<b>Audited September 30, 2009 Rupees</b>
		<u>                    </u>	<u>                    </u>
<b>SHARE CAPITAL</b>			
<b>AUTHORIZED CAPITAL</b>			
15,000,000 Ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
14,100,000 Ordinary shares of Rs. 10/-each fully paid in cash		141,000,000	141,000,000
Accumulated loss		(745,372,587)	(777,157,307)
		<u>(604,372,587)</u>	<u>(636,157,307)</u>
<b>NON-CURRENT LIABILITIES</b>			
<b>LONG TERM LOANS</b>		127,111,648	143,773,187
<b>DEFERRED LIABILITY</b>		386,698,201	386,698,201
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities		302,911,105	291,438,725
Trade And Other Payables		209,697,789	108,155,792
Accrued Mark up on loans		18,991,927	18,991,927
Taxation		3,981,103	3,300,000
		535,581,924	421,886,444
<b>CONTINGENCIES AND COMMITMENT</b>		-	-
		<u>445,019,186</u>	<u>316,200,525</u>

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

**NOTE:-** The Chief Executive presently being out of station, these financial statements have been signed by two directors to comply with requirements of section 241 of the Companies Ordinance, 1984.

Karachi: January 21, 2010

                      
**DIRECTOR**

## AS AT DECEMBER 31, 2009

	Note	Unaudited December 31, 2009 Rupees	Audited September 30, 2009 Rupees
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	5	214,522,847	214,422,967
<b>LONG TERM DEPOSITS</b>		1,426,886	1,426,886
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		16,235,860	13,998,988
Stock in trade		166,040,028	65,590,242
Loans and advances		37,261,849	18,188,855
Deposits, prepayments and other receivables		2,331,108	85,000
Cash and bank balances		7,200,608	2,487,587
		229,069,453	100,350,672
		<u>445,019,186</u>	<u>316,200,525</u>

DIRECTOR

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2009**

	December 31, 2009 Rupees	December 31, 2008 Rupees
<b>Sales - net</b>	136,220,580	82,239,080
Cost of sales	6      91,870,342	92,115,100
<b>Gross profit/(loss)</b>	44,350,238	(9,876,020)
<b>Operating expenses</b>		
Administrative and general	10,455,586	9,525,921
Selling and distribution	146,150	95,843
	(10,601,736)	(9,621,763)
<b>Operating profit/(loss)</b>	33,748,502	(19,497,783)
Financial charges	(1,282,678)	(3,547,644)
<b>Profit/(Loss) before taxation</b>	32,465,824	(23,045,427)
<b>Provision for taxation:</b>		
Current	(681,103)	-
<b>Net Profit/(Loss) after taxation</b>	31,784,721	(23,045,427)
<b>Earning/(Loss) per share - basic</b>	2.25	(1.63)

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

                      
DIRECTOR

                      
DIRECTOR

**CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2009**

	December 31, 2009 Rupees	December 31, 2008 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	32,465,824	(23,045,427)
<b>Adjustments for :</b>		
Depreciation	4,833,063	5,401,985
Financial charges	1,282,678	3,547,644
	6,115,741	8,949,629
Operating cash inflows/(outflows) before working capital changes	38,581,565	(14,095,798)
<b>Changes in working capital (Increase)/Decrease in current assets</b>		
Stores, spares and loose tools	(2,236,872)	(4,996,406)
Stock in trade	(100,449,787)	14,909,638
Trade debtors - unsecured	-	1,441,761
Loans and advances	(18,512,994)	(12,515,287)
Prepayments and other receivables	(2,246,108)	1,783
<b>Increase / (Decrease) in current liabilities Trade And Other Payables</b>	101,541,997	33,531,041
	(21,903,764)	32,372,530
Cash generated from operations	16,677,802	18,276,732
Taxes paid	(560,000)	(430,500)
Financial charges paid	(1,282,678)	(106,676)
	(1,842,678)	(537,176)
<b>Net cash generated from operating activities</b>	14,835,123	17,739,556
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(4,932,942)	-
<b>Net cash (used in) investing activities</b>	(4,932,942)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(5,189,160)	(3,251,250)
<b>Net cash (used in) financing activities</b>	(5,189,160)	(3,251,250)
<b>Increase/(Decrease) in cash and cash equivalent</b>	4,713,021	14,488,306
<b>Cash and cash equivalent at beginning of the period</b>	2,487,587	1,336,551
<b>Cash and cash equivalent at end of the period</b>	7,200,608	15,824,857

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

                      
DIRECTOR

                      
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2009**

	<u>Share Capital Rupees</u>	<u>Accumulated Loss Rupees</u>	<u>Total Rupees</u>
<b>Balance as at September 30, 2008</b>	141,000,000	(939,241,732)	(798,241,732)
Loss for the period	-	(23,045,427)	(23,045,427)
<b>Balance as at December 31, 2008</b>	141,000,000	(962,287,159)	(821,287,159)
Profit for the period	-	185,129,851	185,129,851
<b>Balance as at September 30, 2009</b>	141,000,000	(777,157,308)	(636,157,308)
Profit for the period	-	31,784,721	31,784,721
<b>Balance as at December 31, 2009</b>	<u>141,000,000</u>	<u>(745,372,587)</u>	<u>(604,372,587)</u>

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

DIRECTOR

DIRECTOR

## NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

### 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 earned a net profit after taxation for the period amounting to Rs. 31.785 million compared to net loss of Rs. 23.045 million during corresponding period last year.; as on the balance sheet date its accumulated loss stood at Rs. 745.372 million (September 2009: Rs. 777.157 million). Company's current liabilities exceeded current assets by Rs. 306.512 million (September 2009: Rs. 321.536 million) and total liabilities exceeded total assets by Rs. 604.372 million (September 2009: Rs. 636.157 million).

The company has succeeded in keeping the mill operational during the current crushing season through its own resources. The company has also paid Rs. 6.272 million to the financial institutions against their long term loans. The status of remaining long term liabilities is the same as given in the annual audited financial statements for the year ended September 30, 2009.

These financial statements have accordingly been prepared using going concern assumption.

### 2 BASIS OF PREPARATION

These unaudited interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and in compliance with requirement of 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, 2009.

### 4 CONTINGENCIES

Contingencies are the same as have been reported in the financial statements of the company for the year ended September 30, 2009.

	<b>December 31, 2009 Rupees</b>	<b>September 30, 2009 Rupees</b>
<b>5 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Operating Fixed Assets	194,551,285	199,204,347
Work in Progress	19,971,562	15,218,620
	<b>214,522,847</b>	<b>214,422,967</b>

	<b>December 31, 2009 Rupees</b>	<b>December 31, 2008 Rupees</b>
<b>6 COST OF GOODS SOLD</b>		
Sugarcane consumed	165,374,923	54,533,914
Stores and spares consumed	1,211,930	1,875,872
Packing material consumed	970,925	499,175
Salaries and allowances	7,322,198	5,774,904
Repair and maintenance	8,975,546	6,470,456
Fuel and power	2,019,209	1,171,618
Insurance	984,946	934,441
Freight and handling	359,772	457,457
Depreciation	4,625,576	5,139,529
Others	475,103	348,094
	192,320,127	77,205,461
<b>Opening stock</b>		
Finished stock - sugar	65,590,242	44,856,317
	257,910,369	122,061,778
<b>Closing stock</b>		
Finished stock - sugar	131,741,305	29,946,678
Sugar in process	23,338,722	-
Molasses	10,960,000	-
	(166,040,028)	(29,946,678)
	<u>91,870,342</u>	<u>92,115,100</u>

**7 AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on January 21, 2010 by the Board of Directors of the Company.

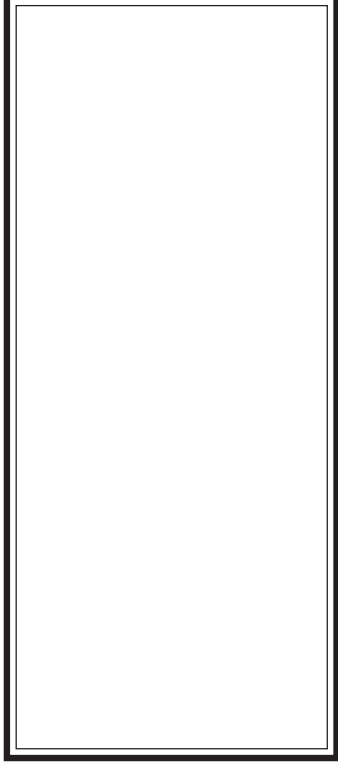
**8 GENERAL**

Figures have been rounded off to the nearest rupee.

DIRECTOR

DIRECTOR

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