



M I R Z A

S U G A R

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L I M I T E D

**CONDENSED INTERIM FINANCIAL
INFORMATION FOR
THE HALF YEAR ENDED
MARCH 31, 2011
(REVIEWED)**

DIRECTORS' REPORT

Dear Shareholders :

Directors are pleased to present half yearly accounts of the company duly reviewed by the company auditors along with brief resume of company's activities during the period ended March 31, 2011.

General

In order to comply with the Government's instructions, the boilers were lighted on October 29, 2010 and season commenced on November 26, 2010. But due to non-availability of cane, actual crushing could start only from December 20, 2010. The mill closed its crushing on March 28, 2011. Although the duration of the season was of 123 days but actual crushing days were only 98 days.

Government of Sindh raised the sugarcane support price from Rs.102 per 40 kg (Season 2009-10) to Rs.127 per 40 kg for the Season 2010-11. Overall sugarcane availability in Sindh province was better than previous year but availability of cane in the zone of MSML was marginally better than last year, compelling the mills to look at out-zone areas to meet its cane-requirements. Sucrose recovery, across the board, was lower in entire Sindh compared to last year. There was no justification to raise the support price of sugarcane by the Sindh Government.

MSML crushed 244,767 tons of sugarcane during the season under review compared to 208,921 tons of cane crushing during previous season showing an increase of 17.16%. Likewise, MSML produced 24,095 tons of sugar during the season compared to 21,055 tons of sugar produced last year, indicating an increase of 14.44%. Sucrose recovery achieved was 9.85% during the season under review compared to 10.07% sucrose recovery achieved during the previous season. On overall basis, company's performance was highly satisfactory.

The Company continued to campaign for promoting high yielding and quick maturing varieties amongst the growers in its zone. The programme for improvement of environmental standards was continued during the period under review.

Operating Results

The operating results upto March 31, 2011 and for full season are given below for purpose of comparison:

<u>Particulars</u>	<u>Season 2010-2011</u> <u>Full Season &</u> <u>March 31, 2011</u>	<u>Season 2009-2010</u> <u>Full Season &</u> <u>March 31, 2010</u>
Season started	26-11-2010	16-11-2009
Season closed	28-03-2011	06-03-2010
Days worked	123	111
Sugarcane crushing (Tons)	244,767	208,921
“ “ (Maunds)	6,119,180	5,223,025
Sugar recovery (%)	9.850	10.075
Sugar production (Tons)	24,095	21,055
Molasses recovery (%)	4.854	4.719
Molasses production (Tons)	11,876	9,861

Operation results show fairly satisfactory performance of the company during the period under review.

Financial Results

Accounts duly reviewed by auditors show a gross profit of Rs.119.57 million during the period under consideration compared to a gross profit of Rs.223.16 million during the corresponding period last year. Net profit after tax of Rs. 65.87 million was recorded during the period under report compared to a net profit of Rs.172.21 million during the same period last year. Decline in profitability is attributable to increase in cane-cost and decline in sucrose recovery.

Auditors' Review Report

Auditors' Observation about Going Concern

As a matter of emphasis, the auditors have given a paragraph about going concern assumption used by the Company in preparation of its financial statements that it is dependent on the ultimate outcome of the matters disclosed in Note 1.2 to the financial statements.

In this respect, the management has made a fair assessment and accordingly prepared the financial statements by using going concern assumption. On the one hand the company has earned significant profit in the period under review as well as consecutively for the last two years. On the other hand, the company is regularly making payments of remaining long term loan in installments as per agreement reached with banks. Pending the outcome of court proceedings, negotiations for settlement with NIB and ICP are in progress and the company expects to start meeting its obligations as soon as agreement is reached with them.

It is also an encouraging factor that the company has managed to crush more sugarcane and produced about 3,040 tons more sugar during the just concluded Season 2010-11 in comparison to previous season. The accumulated loss is continuously decreasing and there has been improvement in negative equity and current liabilities of the company.

Future Prospects

According to initial cane survey reports, there is an increase of 11.54% in cane-acreage in the zone area compared to last year. Due to MSML's cane-varietal improvement programme, acreage under improved varieties also show improvement. Let us hope that weather remains favourable, we expect a good cane-harvest during Season 2011-12.

MIRZA SAULAT RAZA

Director

IRSHAD HUSSAIN MIRZA

Director

May 23, 2011

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

AUDITORS' REPORT TO MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Mirza Sugar Mill Limited ("the Company") as at March 31, 2011** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of the interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on the interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2011.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at March 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our conclusion, we draw attention to note 1.2 to the interim financial information which indicates that the accumulated loss of the Company amounted to Rs.577.95 million as at March 31, 2011 (September 30, 2010: Rs. 637.961 million). The equity of the Company is negative by Rs. 436.95 million (September 30, 2010: Rs. 496.961 million). The Company's current liabilities exceeds its current assets by Rs. 218.81 million (September 30, 2010:Rs. 254.03 million). These conditions along with other matters as set forth in note 1.2, indicate existence of material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

Dated: May 23, 2011

Karachi.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Rafiq Dosani

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2011**

	Notes	Unaudited March 31, 2011	Audited September 30, 2010
		Rupees	
ASSETS			
NON - CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT	5	203,812,434	206,455,303
LONG TERM DEPOSITS		1,426,886	1,426,886
CURRENT ASSETS			
Stores, spares and loose tools		24,733,147	23,621,522
Stock in trade		458,640,062	77,649,506
Trade debts		-	1,749,262
Prepayments, loan and advances		32,339,230	50,240,744
Cash and bank balances		10,153,489	18,275,800
		<u>525,865,928</u>	<u>171,536,834</u>
		<u>731,105,248</u>	<u>379,419,023</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED CAPITAL			
15,000,000 Ordinary shares of Rs. 10/- each		<u>150,000,000</u>	150,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
14,100,000 (September 2010:14,100,000) Ordinary shares of Rs. 10/-each fully paid in cash		141,000,000	141,000,000
Accumulated loss		(577,950,967)	(637,961,903)
		<u>(436,950,967)</u>	<u>(496,961,903)</u>
NON-CURRENT LIABILITIES			
LONG TERM FINANCES		36,673,166	64,109,934
DEFERRED LIABILITIES		386,698,201	386,698,201
CURRENT LIABILITIES			
Current portion of long term finances		348,570,028	331,354,806
Trade and other payables		349,456,131	58,639,808
Accrued mark up on finances		18,991,931	18,991,927
Provision for taxation		27,666,758	16,586,250
		<u>744,684,848</u>	<u>425,572,791</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>731,105,248</u>	<u>379,419,023</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Director

Director

The Chief Executive Officer presently being out of station, therefore, these condensed interim financial information have been signed by two directors to comply with the requirements of section 241 of the Companies Ordinance, 1984.

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED) FOR THE QUARTER AND HALF YEAR
ENDED MARCH 31, 2011**

Notes	Quarter ended		Half year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Rupees			
Sales - net	1,000,396,106	897,470,457	1,108,050,809	1,033,691,037
Cost of sales	7 885,048,216	718,659,483	988,478,506	810,529,826
Gross profit	115,347,890	178,810,974	119,572,303	223,161,211
Operating expenses				
Administrative expenses	17,061,300	13,237,915	31,095,386	23,958,875
Distribution costs	1,055,103	705,338	1,121,701	851,488
	(18,116,403)	(13,943,253)	(32,217,087)	(24,810,363)
Operating profit	97,231,487	164,867,721	87,355,216	198,350,848
Finance costs	(3,853,277)	(6,565,959)	(4,700,786)	(7,848,637)
Other (charges) / income	(5,703,156)	(13,128,062)	(5,703,156)	(13,128,062)
	(9,556,433)	(19,694,021)	(10,403,942)	(20,976,699)
Net profit before taxation	87,675,054	145,173,700	76,951,274	177,374,149
Taxation - current	(10,003,961)	(4,487,352)	(11,080,508)	(5,168,455)
Net profit after taxation	77,671,093	140,686,348	65,870,766	172,205,694
Earnings per share - basic & diluted	5.51	9.98	4.67	12.21

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Director

Director

The Chief Executive Officer presently being out of station, therefore, these condensed interim financial information have been signed by two directors to comply with the requirements of section 241 of the Companies Ordinance, 1984.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED) FOR THE QUARTER AND HALF YEAR
ENDED MARCH 31, 2011**

	Quarter Ended		Half Year Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Rupees			
Profit after taxation	77,671,093	140,686,348	65,870,766	172,205,694
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period transferred to equity	<u>77,671,093</u>	<u>140,686,348</u>	<u>65,870,766</u>	<u>172,205,694</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Director

Director

The Chief Executive Officer presently being out of station, therefore, these condensed interim financial information have been signed by two directors to comply with the requirements of section 241 of the Companies Ordinance, 1984.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND HALF YEAR
ENDED MARCH 31, 2011**

	Share Capital	Accumulated Loss Rupees	Total
Balance as at October 01, 2009	141,000,000	(777,157,308)	(636,157,308)
Comprehensive income for half year	-	172,205,694	172,205,694
Balance as at March 31, 2010 (Unaudited)	141,000,000	(604,951,614)	(463,951,614)
Balance as at April 01, 2010	141,000,000	(604,951,614)	(463,951,614)
Comprehensive loss for half year	-	(33,010,289)	(33,010,289)
Balance as at September 30, 2010 (Audited)	141,000,000	(637,961,903)	(496,961,903)
Balance as at October 01, 2010	141,000,000	(637,961,903)	(496,961,903)
Comprehensive income for half year	-	65,870,766	65,870,766
Cash dividend (Rs.1 per share) paid to minority shareholders	-	(5,859,830)	(5,859,830)
Balance as at March 31, 2011 (Unaudited)	141,000,000	(577,950,967)	(436,950,967)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Director

Director

The Chief Executive Officer presently being out of station, therefore, these condensed interim financial information have been signed by two directors to comply with the requirements of section 241 of the Companies Ordinance, 1984.

**CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED) FOR THE HALF YEAR
ENDED MARCH 31, 2011**

	October 1, 2010 to March 31, 2011	October 1, 2009 to March 31, 2010
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	76,951,274	177,374,149
Adjustments for:		
Depreciation	10,445,369	9,739,125
Finance cost	4,700,786	7,848,637
	15,146,155	17,587,762
Operating profit before working capital changes	92,097,429	194,961,911
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(1,111,625)	(5,858,610)
Stock in trade	(380,990,556)	(266,583,612)
Trade debtors - unsecured	1,749,262	-
Loans and advances	21,516,693	(876,849)
Deposits and other receivables	-	(2,897,178)
Increase in current liabilities		
Trade and other payables	290,816,324	110,941,756
	(68,019,902)	(165,274,493)
Cash generated from operations	24,077,527	29,687,419
Taxes paid	(3,615,179)	(3,704,810)
Finance cost paid	(4,700,782)	(2,352,569)
	(8,315,961)	(6,057,379)
Net cash generated from operating activities	15,761,565	23,630,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment	(7,802,500)	(8,606,341)
Net cash used in investing activities	(7,802,500)	(8,606,341)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	(10,221,546)	(12,544,934)
Dividend payment	(5,859,830)	-
Net cash used in financing activities	(16,081,376)	(12,544,934)
Net (decrease)/increase in cash and cash equivalents during the period	(8,122,311)	2,478,765
Cash and cash equivalents at beginning of the period	18,275,800	2,487,587
Cash and cash equivalents at end of the period	10,153,489	4,966,352

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Director

Director

The Chief Executive Officer presently being out of station, therefore, these condensed interim financial information have been signed by two directors to comply with the requirements of section 241 of the Companies Ordinance, 1984.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED MARCH 31, 2011

1 THE COMPANY AND ITS OPERATIONS

- 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 accumulated loss of the Company is Rs. 577.95 million (September 2010: Rs. 637.96 million) as decreased by net profit for the half year ending on March 31, 2011 amounted to Rs. 65.87 million. Its equity is negative by Rs.436.95 million (September 30, 2010: Rs. 496.96 million). Its current liabilities exceeds current assets by Rs. 218.81 million (September 2010: Rs. 254.03 million) mainly due to overdue financial obligations of NIB Bank Limited amounting to Rs. 288.17 million which is sought to be settled through proceeding in High Court of Sindh which is pending with status same as disclosed in annual financial statements for the year ended september 30, 2010.

These conditions indicate existence of material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company earned significant profit in the current period and in past two years ended September 30, 2009 and September 30, 2010. With the exception of NIB Bank Limited (NIB) and Investment Corporation of Pakistan (ICP), it is regularly making payments of remaining long term loan in installment as per agreement reached with them. Pending the outcome of Court proceedings, negotiation for a settlement with NIB and ICP are continuing and it expect to start meeting its obligations as soon as agreement is reached with them as well.

In view of the above, these interim financial information have been prepared on going concern basis.

1.3 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane during the period beginning from November to March next year, the Company's production facilities operated at full capacity during the period covered under this interim financial information. Therefore, costs of production and stock levels are expected to decline in the upcoming half year compared to the period covered under this interim financial information.

2 STATEMENT OF COMPLIANCE

- 2.1 The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements section 245 of the Companies Ordinance 1984. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Companies annual Financial Statements for the year ended September 30, 2010. The figures for the half year ended March 31, 2011 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.
- 2.2 This condensed interim financial information comprises of the condensed interim balance sheet as at March 31, 2011 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and the condensed interim cash flow statement for the half year then ended which have been subjected to a review but not audited. This condensed interim financial information also includes the condensed interim profit and loss account for the quarter ended March 31, 2011 which is not subject to a review.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial information, as at September 30, 2010 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2010 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement for the half year ended March 31, 2010 have been extracted from the condensed interim financial information for the half year ended March 31, 2010 which were subjected to a review but not audited. The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2010 included in this condensed interim financial report was not subject to a review.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended September 30, 2010.

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are made in the following standards:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 - Operating Segments
IAS 1 - Presentation of Financial Statements
IAS 7 - Statement of Cash Flows
IAS 17 - Leases
IAS 36 - Impairment of Assets
IAS 39 - Financial Instruments: Recognition and measurement

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial information of the Company.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended September 30, 2010.

5 PROPERTY, PLANT & EQUIPMENT

	March 31, 2011		March 31, 2010	
	Addition	Disposal	Addition	Disposal
	Rupees			
Operating Assets				
Office equipment	-	-	180,000	-
Plant and machinery	7,192,000	-	-	-
Vehicles	610,500	-	1,460,000	-
Capital work in progress	-	-	6,966,341	-
	7,802,500	-	8,606,341	-

6 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

Contingencies are the same as have been reported in the annual audited financial statements of the company for the year ended September 30, 2010.

COMMITMENTS

Commitment for sale of white refined sugar (2,949 Metric Tones) against delivery orders

179,093,000	-
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7 COST OF SALES

	Quarter ended		Half year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Rupees			
Raw material consumed (including procurement and development expenses)	1,220,896,336	841,520,113	1,280,993,418	1,006,895,036
Stores and spares consumed	7,245,572	4,283,659	7,819,346	5,495,589
Packing material consumed	8,659,255	5,697,132	8,868,330	6,668,057
Salaries and allowances	18,077,549	14,268,032	26,067,110	21,590,230
Repair and maintenance	5,183,534	8,877,429	24,720,987	17,852,975
Fuel and power	1,833,745	1,903,159	4,404,927	3,922,368
Insurance	1,091,200	959,093	2,182,400	1,944,039
Freight and handling	3,015,753	2,229,481	3,610,636	2,589,253
Depreciation	4,896,109	4,625,576	9,612,418	9,251,152
Others	804,762	429,636	1,189,490	904,739
	1,271,703,815	884,793,310	1,369,469,062	1,077,113,438
Opening stock				
Finished stock	35,294,429	131,741,305	76,675,587	65,590,242
Sugar in process	35,484,034	23,338,722	973,919	-
Molasses	1,206,000	10,960,000	-	-
	71,984,463	166,040,027	77,649,506	65,590,242
	1,343,688,278	1,050,833,337	1,447,118,568	1,142,703,680
Closing stock				
Finished stock	427,099,862	331,199,935	427,099,862	331,199,935
Sugar in process	1,859,250	973,919	1,859,250	973,919
Molasses	29,680,950	-	29,680,950	-
	(458,640,062)	(332,173,854)	(458,640,062)	(332,173,854)
	885,048,216	718,659,483	988,478,506	810,529,826

8 PROFIT FOR THE HALF YEAR

The Company achieved sales of 17,405 metric tonnes during this half year compared to sale of 16,614 metric tonnes achieved in the same period last year. However, during this half year, the increase in surgance purchase prices, on average, was higher than the comparative increase in the selling price of white refined sugar. The sugarcane recovery rate on average for the period also decreased to 9.85 percentage compared to 10.08 percentage observed in the same period last year. These factors contributed mainly to the decline in the profitability during this half year compared to same period last year.

9 RELATED PARTY TRANSACTIONS

	Half year ended	
	March 31, 2011	March 31, 2010
	Rupees	
Significant transactions with the related parties during the half year ended are as follows:		
Contribution to Workers' profit participation fund	4,132,721	9,524,335
Contribution to Provident fund trust	710,705	629,540
Chief executive and directors' remuneration	1,796,925	1,245,650
	March 31,	September
Balances with related parties at the end of the period are as follows:	2011	30, 2010
	Rupees	
Payable to Workers' profit participation fund	12,965,190	8,189,133
Payable to Provident fund trust	13,233	8,942
Loan From Related Party	16,788,482	16,788,482

10 AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized by the Board of Directors of the Company for issue on May 23, 2011.

11 GENERAL

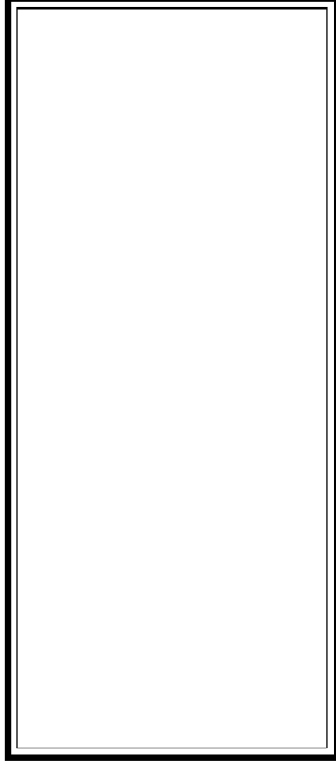
Figures have been rounded off to the nearest rupee.

Director

Director

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