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**M I R Z A**

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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, 2010  
(UN-AUDITED)**

# COMPANY PROFILE

## BOARD OF DIRECTORS:

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

Chairperson & Chief Executive

## 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  
NIB BANK LIMITED.  
MCB 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 NO. 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 un-audited accounts along with a brief report on the operational performance of the Company for the first quarter ended December 31, 2010.

## General

The quarter under report concerns about winding-up of mills preparation and giving water-trials and test runs of the mills various stations. Boilers were lighted on October 26, 2010 in order to comply with Government directives to commence the Season 2010-11 in the first week of November 2010 and we did start the mills in the last week of November 2010 but due to non-availability of sugarcane in the zone mills was shut-down. Mills restarted its operation from December 20, 2010 when harvesting of cane started.

Although Government of Sindh had announced a support price of sugarcane at Rs.127 per 40 kg but farmers were not willing to supply cane at this price. Actual price of sugarcane was above Rs.200 per 40 kg right from the beginning of the season.

Sucrose recovery was very low i.e. around 8% plus. Reports reaching from across other zones indicate that recovery is low in other zones as well.

During the quarter under report mills operated for only 36 days and milled 11,986 tons of cane compared to 41,700 tons of cane milled during the same quarter last year showing a marked decline. Likewise, a total quantity of 445 tons of sugar was made compared to 3228 tons of sugar made during the same quarter last year, indicating a substantial decline.

## Operating Results

A comparison of operating results for the quarter ended December 31, 2010, is as under :

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Season started	26-11-2010	16-11-2009
Days worked	36	46
Sugarcane crushing (Tons)	11,986	41,700
(Maunds)	299,655	1,042,510
Sugar recovery (%)	8.530	8.961
Sugar production (Tons)	445	3,228
Molasses recovery (%)	4.628	4.460
Molasses production (Tons)	134	1,370

We hope to perform better in coming quarters, as of late, mills crushing has become regular.

## Financial Results

The Company posted a gross profit of Rs.4.224 million during the quarter under review compared to a gross profit of Rs.44.350 million during the same quarter last year but incurred a net loss of Rs.11.800 million during the quarter under report as against a net profit of Rs.31.784 million during the same quarter last year. The reasons are decreased volume of sales and higher cost of sales.

## Future Prospects

It is premature to forecast prospects of the season at this point of time, but we hope to do better in coming quarters.

**MIRZA SAULAT RAZA**  
Director

**IRSHAD HUSSAIN MIRZA**  
Director

Karachi,  
January 19, 2011

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

# BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2010

		Un-audited December 2010	Audited September 2010
<b>ASSETS</b>		Rupees	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	201,870,131	206,455,303
Long term deposits		1,426,886	1,426,886
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		28,893,201	23,621,522
Stock-in-trade		71,984,463	77,649,506
Trade debts		7,818,396	1,749,262
Prepayments, loan and advances		50,153,032	50,240,744
Cash and bank balances		20,299,276	18,275,800
		179,148,368	171,621,834
<b>TOTAL ASSETS</b>		382,445,385	379,504,023
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
15,000,000 Ordinary Shares of Rs. 10/- each.		150,000,000	150,000,000
<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 losses		(649,762,231)	(637,961,905)
		(508,762,231)	(496,961,905)
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances		58,572,896	64,109,935
Deferred liabilities		386,698,201	386,698,201
<b>CURRENT LIABILITIES</b>			
Current portion of long-term finances		331,354,806	331,354,806
Trade and other payables		77,926,988	58,639,809
Accrued markup on finances		18,991,927	18,991,927
Provision for taxation		17,662,797	16,586,250
		445,936,519	425,572,792
<b>TOTAL EQUITY AND LIABILITIES</b>		382,445,385	379,419,023
<b>CONTINGENCIES AND COMMITMENTS</b>			
		-	-

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

**Note:** As required under section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in absence of Chief Executive of the Company who is for the time being out of station.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2010**

	December 31, 2010	December 31, 2009
Note	Rupees	
Sales - net	107,654,703	136,220,580
Cost of sales	(103,430,289)	(91,870,342)
<b>Gross profit/(loss)</b>	<b>4,224,414</b>	<b>44,350,238</b>
<b>Operating expenses</b>		
Administrative and general	14,034,086	10,455,586
Selling and distribution	66,598	146,150
	<b>(14,100,684)</b>	<b>(10,601,736)</b>
<b>Operating profit/(loss)</b>	<b>(9,876,270)</b>	<b>33,748,502</b>
Financial charges	(847,509)	(1,282,678)
<b>Profit/(Loss) before taxation</b>	<b>(10,723,779)</b>	<b>32,465,823</b>
<b>Provision for taxation:</b>		
Current	(1,076,547)	(681,103)
<b>Net Profit/(Loss) after taxation</b>	<b>(11,800,326)</b>	<b>31,784,720</b>
Earning / (loss) per share - basic	<b>(0.84)</b>	2.25

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2010**

	December 31, 2010	December 31, 2009
	————— Rupees —————	
<b>Profit/(loss) after taxation</b>	(11,800,326)	31,784,720
Other comprehensive income	-	-
<b>Total comprehensive income for the period transferred to equity</b>	<u>(11,800,326)</u>	<u>31,784,720</u>

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

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Financial Officer**

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2010**

	<u>Share Capital Rupees</u>	<u>Accumulated Loss Rupees</u>	<u>Total Rupees</u>
<b>Balance as at September 30, 2009</b>	141,000,000	(777,157,308)	(636,157,308)
Other comprehensive income	-	31,784,720	31,784,720
<b>Balance as at December 31, 2009</b>	<b>141,000,000</b>	<b>(745,372,588)</b>	<b>(604,372,588)</b>
Other comprehensive income	-	107,410,684	107,410,684
<b>Balance as at September 30, 2010</b>	<b>141,000,000</b>	<b>(637,961,904)</b>	<b>(496,961,904)</b>
Other comprehensive income/(loss)	-	(11,800,326)	(11,800,326)
<b>Balance as at December 31, 2010</b>	<b>141,000,000</b>	<b>(649,762,230)</b>	<b>(508,762,230)</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2010**

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Rupees</u>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(10,723,779)	32,465,823
<b>Adjustments for :</b>		
Depreciation	5,131,172	4,833,063
Financial charges	847,509	1,282,678
	5,978,680	6,115,741
<b>Operating cash inflows/(outflows) before working capital changes</b>	(4,745,099)	38,581,564
<b>Changes in working capital (Increase)/Decrease in current assets</b>		
Stores, spares and loose tools	(5,271,679)	(2,236,872)
Stock in trade	5,665,042	(100,449,787)
Trade debtors - unsecured	(6,069,134)	-
Loans and advances	772,312	(18,512,994)
Prepayments and other receivables	-	(2,246,108)
<b>Increase / (Decrease) in current liabilities</b>		
Trade And Other Payables	19,287,179	101,541,997
	14,383,720	(21,903,764)
<b>Cash generated from operations</b>	9,638,621	16,677,800
Taxes paid	(684,600)	(560,000)
Financial charges paid	(847,509)	(1,282,678)
	(1,532,109)	(1,842,678)
<b>Net cash generated from operating activities</b>	8,106,513	14,835,122
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(546,000)	(4,932,942)
<b>Net cash (used in) investing activities</b>	(546,000)	(4,932,942)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(5,537,038)	(5,189,160)
<b>Net cash (used in) financing activities</b>	(5,537,038)	(5,189,160)
<b>Increase/(Decrease) in cash and cash equivalent</b>	2,023,475	4,713,020
<b>Cash and cash equivalent at beginning of the period</b>	18,275,800	2,487,587
<b>Cash and cash equivalent at end of the period</b>	20,299,275	7,200,607

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

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Financial Officer**



# NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2010

## 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's accumulated loss as on balance sheet date amounted to Rs. 649.762 million (September 2010: 637.962 million) and equity is negative by Rs. 508.762 million (September 2010: Rs. 496.962 million), as increased by net loss of Rs. 11.800 million. Its current liabilities exceed current assets by Rs. 266.788 million (September 2010: 253.951 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 its long term loan during the period. The status of remaining long term liabilities is the same as given in the annual audited financial statements for the year ended September 30, 2010.

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, 2010.

## 4 CONTINGENCIES

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

## 5 PROPERTY, PLANT AND EQUIPMENT

### Acquisition - at cost

	Un-audited December 31, 2010 Rupees	Audited September 30, 2010 Rupees
Factory Building	-	22,594,103
Plant & Machinery	-	105,000
Office Equipment	-	180,000
Vehicles	546,000	4,650,000
	546,000	27,529,103

## 6 COST OF GOODS SOLD

	December 31, 2010 Rupees	December 31, 2009 Rupees
Sugarcane consumed	60,097,082	165,374,923
Stores and spares consumed	573,774	1,211,930
Packing material consumed	209,075	970,925
Salaries and allowances	7,989,561	7,322,198
Repair and maintenance	19,537,453	8,975,546
Fuel and power	2,571,182	2,019,209
Insurance	1,091,200	984,946
Freight and handling	594,883	359,772
Depreciation	4,716,309	4,625,576
Others	384,728	475,103
	<b>97,765,246</b>	<b>192,320,127</b>
<b>Opening stock</b>		
Finished stock - Sugar	76,675,587	65,590,242
Sugar in process	973,919	-
Molasses	-	-
	<b>77,649,506</b>	65,590,242
	<b>175,414,752</b>	257,910,369
<b>Closing stock</b>		
Finished stock - Sugar	35,294,429	131,741,305
Sugar in process	35,484,034	23,338,722
Molasses	1,206,000	10,960,000
	<b>(71,984,463)</b>	<b>(166,040,027)</b>
	<b>103,430,289</b>	<b>91,870,342</b>

## 7 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on January 19, 2011 by the Board of Directors of the Company.

## 8 GENERAL

Figures have been rounded off to the nearest rupee.

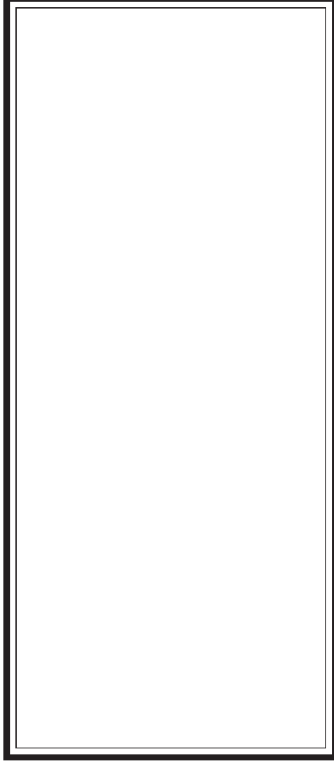
\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

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**MIRZA SUGAR MILLS LIMITED**

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Lakson Square, Sarwar Shaheed Road, Karachi.