



M I R Z A
SUGAR
MILLS
LIMITED

**ACCOUNTS FOR THE
1ST QUARTER ENDED
DECEMBER 31, 2011
(UN-AUDITED)**

DIRECTORS' REPORT

Dear Shareholders:

The Directors are pleased to present the un-audited accounts and a brief review of Company's activities during the first quarter ending December 31, 2011.

General

During the first quarter, mills maintenance and preparatory work were given final touches followed by fine-tuning of the various stations during test trial and runs.

The boilers were lighted on December 09, 2011 and mills started its crushing operations from December 23, 2011.

Price of sugar in local as well in foreign markets, shows a declining trend. As already indicated in our annual report, support price of sugarcane fixed by the Sindh Government at Rs.154/- per maund does not commensurate with the going market price of sugar in the market.

During this quarter upto December 31, mill has operated just for 9 days. Mills have so far crushed 8,000 tons of sugarcane and has produced 142.5 tons of sugar with sucrose recovery of about 8% (approx).

Operating Results

A comparison of operating results for the quarter ended December 31, 2011, is as under :

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Season started	23-12-2011	26-11-2012
Days worked	09	36
Sugarcane crushing (Tons)	8,089	11,986
(Maunds)	202,225	299,655
Sugar recovery (%)	7.940	8.530
Sugar production (Tons)	142.5	445
Molasses recovery (%)	5.269	4.628
Molasses production (Tons)	20	134

Financial Results

The Company posted a gross loss of Rs.72.54 million compared to a gross profit of Rs. 4.22 million during the same quarter last year and incurred a net loss of Rs.90.02 million during the quarter under report compared to a net loss of Rs.11.80 million during the corresponding quarter last year. The reasons for present losses are due to low volume of sale and higher cost of sales.

Future Prospects

It will be premature to forecast prospects now. Things will become clear as season will progress further.

MIRZA SAULAT RAZA
Director

IRSHAD HUSSAIN MIRZA
Director

Karachi,
January 19, 2012

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, 2011**

ASSETS	Notes	Un-audited December 2011	Audited September 2011
		Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment	5	190,491,330	194,570,041
CURRENT ASSETS			
Stores, spares and loose tools		35,753,760	28,486,958
Stock-in-trade		48,901,267	140,826,612
Trade debts		10,981,180	36,010,130
Prepayments, loan and advances		52,071,409	64,309,370
Cash and bank balances		16,679,870	14,195,373
		<u>164,387,486</u>	<u>283,828,443</u>
TOTAL ASSETS		<u>354,878,816</u>	<u>478,398,484</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
15,000,000 Ordinary Shares of Rs. 10/- each.		<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid up Capital			
14,100,000 Ordinary Shares of Rs. 10/- each fully paid in cash		<u>141,000,000</u>	<u>141,000,000</u>
Accumulated losses		<u>(709,225,784)</u>	<u>(619,208,871)</u>
		<u>(568,225,784)</u>	<u>(478,208,871)</u>
NON-CURRENT LIABILITIES			
Long-term finances		16,788,482	16,788,482
Deferred liabilities		386,698,201	386,698,201
CURRENT LIABILITIES			
Current portion of long-term finances		353,756,999	359,692,308
Trade and other payables		114,752,354	143,128,406
Accrued markup on finances		18,991,927	18,991,927
Provision for taxation		32,116,636	31,308,029
		<u>519,617,916</u>	<u>553,120,671</u>
TOTAL EQUITY AND LIABILITIES		<u>354,878,816</u>	<u>478,398,484</u>
CONTINGENCIES AND COMMITMENTS			
		-	-

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, 2011**

	Note	December 31, 2011	December 31, 2010
		Rupees	
Sales - net		80,860,695	107,654,703
Cost of sales	6	(153,399,430)	(103,430,289)
Gross profit/(loss)		(72,538,735)	4,224,414
 Operating expenses			
Administrative and general		16,215,091	14,034,086
Selling and distribution		27,059	66,598
		(16,242,150)	(14,100,684)
Operating profit/(loss)		(88,780,885)	(9,876,270)
 Financial charges			
		(421,625)	(847,509)
Other Income / (Charges)		(5,796)	-
		(427,421)	(847,509)
Profit/(Loss) before taxation		(89,208,306)	(10,723,779)
Provision for taxation:			
Current		(808,607)	(1,076,547)
Net Profit/(Loss) after taxation		(90,016,913)	(11,800,326)
 Earning/(Loss) per share - basic			
		(6.38)	(0.84)

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, 2011**

	December 31, 2011	December 31, 2010
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(89,208,306)	(10,723,779)
Adjustments for :		
Depreciation	4,981,639	5,131,172
(Gain)/Loss on sale of fixed assets	5,796	-
Financial charges	421,625	847,509
	<u>5,409,060</u>	<u>5,978,681</u>
Operating cash inflows/(outflows) before working capital changes	(83,799,246)	(4,745,098)
Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(7,266,802)	(5,271,679)
Stock in trade	91,925,345	5,665,042
Trade debtors - unsecured	25,028,950	(6,069,134)
Loans and advances	12,308,364	772,312
Increase / (Decrease) in current liabilities		
Trade and other payables	(28,376,052)	19,287,179
	<u>93,619,805</u>	<u>14,383,720</u>
Cash generated from operations	9,820,559	9,638,622
Taxes paid	(70,403)	(684,600)
Financial charges paid	(421,625)	(847,509)
	<u>(492,028)</u>	<u>(1,532,109)</u>
Net cash generated from operating activities	9,328,531	8,106,513
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of vehicles	18,000	-
Fixed capital expenditure	(926,725)	(546,000)
Net cash (used in) investing activities	(908,725)	(546,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(5,935,309)	(5,537,038)
Net cash (used in) financing activities	(5,935,309)	(5,537,038)
Increase/(Decrease) in cash and cash equivalent	2,484,497	2,023,475
Cash and cash equivalent at beginning of the period	14,195,373	18,275,800
Cash and cash equivalent at end of the period	<u>16,679,870</u>	<u>20,299,275</u>

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, 2011**

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. 709.226 million (September 2011: 619.209 million) and equity is negative by Rs. 568.226 million (September 2011: Rs. 478.209 million), has increased by net loss of Rs. 90.017 million. Its current liabilities exceeds current assets by Rs. 355.231 million (September 2011: 269.293 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, 2011.

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, 2011.

4 CONTINGENCIES

Contingencies are the same as have been reported in the financial statements of the company for the year ended September 30, 2011.

	Un-audited December 31, 2011	Audited September 30 2011
	Rupees	
5 PROPERTY, PLANT AND EQUIPMENT		
5.1 Acquisition - at cost		
Plant & Machinery	926,724	7,752,000
Vehicles	-	7,810,500
	926,724	15,562,500
5.2 Disposal- at cost		
Vehicles	(132,000)	-
	(132,000)	-

	December 31, 2011	December 31, 2010
	Rupees	
6 COST OF GOODS SOLD		
Sugarcane consumed	31,770,059	60,097,082
Stores and spares consumed	544,672	573,774
Packing material consumed	101,256	209,075
Salaries and allowances	8,756,052	7,989,561
Repair and maintenance	11,352,466	19,537,453
Fuel and power	2,180,312	2,571,182
Insurance	1,257,058	1,091,200
Freight and handling	901,491	594,883
Depreciation	4,282,218	4,716,309
Others	328,501	384,728
	61,474,085	97,765,246
Opening stock		
Finished stock - Sugar	138,967,362	76,675,587
Sugar in process	1,859,250	-
Molasses	-	973,919
	140,826,612	77,649,506
	202,300,697	175,414,752
Closing stock		
Finished stock - Sugar	48,901,267	35,294,429
Sugar in process	-	1,206,000
Molasses	-	35,484,034
	(48,901,267)	(71,984,463)
	153,399,430	103,430,289

7 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on January 19, 2012 by the Board of Directors of the Company.

8 GENERAL

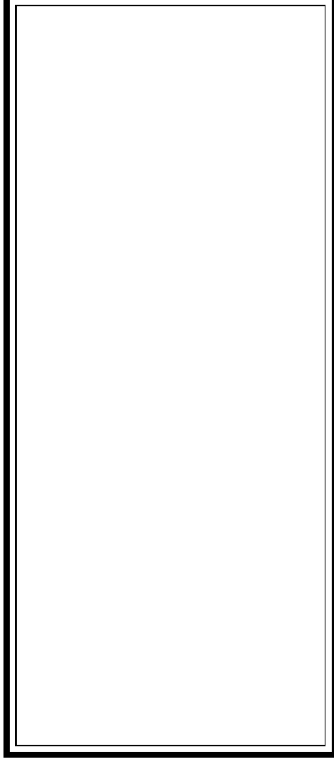
Figures have been rounded off to the nearest rupee.

Director

Director

Chief Financial Officer

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.