



M I R Z A

SUGAR

MILLS

LIMITED

**ACCOUNTS FOR THE
3RD QUARTER ENDED
JUNE 30, 2010
(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
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 of the Company for the period ended June 30, 2010 along with a brief review of company's affairs.

As already recorded in half yearly report that Season 2009-10 ended on March 06, 2010 and thereafter labour went on first spell of vacation, there was no operational activity during the quarter under review. Repairs and maintenance work, however, continued at site as usual. Major repair and manufacturing works have been awarded to vendors to do the needful.

Market price of sugar stabilized around Rs.58 to Rs.60 per kg by the close of quarter under review. During this period TCP materialized various tenders for import of sugar at prices varying from \$ 488 to \$ 598 per ton C&F Karachi.

With Ramazan approaching fast, there is general tendency of rising prices of all consumer goods and sugar is no exemption. Market price of sugar is expected to rise further.

Operating Results

The operating results for the Season 2009-10 are given below :

<u>Particulars</u>	<u>Season 2009-2010</u>	<u>Season 2008-2009</u>
Season started	16 - 11 - 2009	15 - 12 - 2008
Season closed	06 - 03 - 2010	13 - 03 - 2009
Days worked	111	89
Sugarcane crushing (Tons)	208,921	176,738
“ “ (Maunds)	5,223,025	4,418,450
Sugar recovery (%)	10.075	10.18
Sugar production (Tons)	21,055	18,000
Molasses recovery (%)	4.719	4.638
Molasses production (Tons)	9,861	8,198

Financial Results

The Company booked a net profit of Rs.169.83 million at the close of the quarter under report compared to a net profit of Rs.195.25 million during the corresponding period last year.

The un-audited financial statements for the quarter ended June 30, 2010 are appended herewith.

Prospects of Season 2010-11

Initial cane surveys results show rise in sugarcane acreage in Sindh by about 15% to 20% compared to last season but reportedly there is severe shortage of irrigation water which may become damaging if water availability position does not improve in coming months.

MIRZA SAULAT RAZA
Director

IRSHAD HUSSAIN MIRZA
Director

July 20, 2010

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

**BALANCE SHEET (UN-AUDITED)
AS AT JUNE 30, 2010**

ASSETS	Notes	Unaudited June 30, 2010	Audited September 30, 2009
		Rupees	Rupees
NON - CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT	5	208,755,628	214,422,967
LONG TERM DEPOSITS		1,426,886	1,426,886
CURRENT ASSETS			
Stores, spares and loose tools		21,523,922	13,998,988
Stock in trade		187,561,756	65,590,242
Loans and Advances		33,789,407	18,188,855
Deposits and other receivable		33,992,334	85,000
Cash and bank balances		12,233,962	2,487,587
		<u>289,101,381</u>	<u>100,350,672</u>
		<u>499,283,896</u>	<u>316,200,525</u>
SHARE CAPITAL			
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 (September 2009:14,100,000) Ordinary shares of Rs. 10/-each fully paid in cash		141,000,000	141,000,000
Accumulated losses		(607,328,568)	(777,157,307)
		<u>(466,328,568)</u>	<u>(636,157,307)</u>
NON-CURRENT LIABILITIES			
LONG TERM LOANS		107,010,860	143,773,187
DEFERRED LIABILITES		386,698,201	386,698,201
CURRENT LIABILITIES			
Current portion of long term finances		315,978,019	291,438,725
Trade and other payables		127,617,196	108,155,792
Accrued mark up		18,991,927	18,991,927
Taxation - net		9,316,260	3,300,000
		<u>471,903,402</u>	<u>421,886,444</u>
CONTINGENCIES AND COMMITMENTS			
		-	-
		<u>499,283,896</u>	<u>316,200,525</u>

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

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

Director

Director

Chief Financial Officer

**PROFIT AND LOSS ACCOUNT
(UN-AUDITED) FOR THE QUARTER
ENDED JUNE 30, 2010**

Notes	Quarter ended		Nine Month ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	Rupees			
Sales - net	169,560,917	138,322,432	1,203,251,954	587,339,517
Cost of sales	6 161,028,912	125,314,577	971,558,738	480,890,622
Gross profit	8,532,005	13,007,855	231,693,216	106,448,895
Operating expenses				
Administrative expenses	9,277,846	7,891,125	33,236,721	37,225,020
Distribution costs	70,609	72,020	922,097	792,234
	(9,348,455)	(7,963,145)	(34,158,818)	(38,017,254)
Operating profit / (loss)	(816,450)	5,044,710	197,534,398	68,431,641
Finance costs	(1,167,756)	(87,846)	(9,016,393)	(1,167,624)
Other (charges) / income	455,057	751	(12,673,005)	127,986,205
	(712,699)	(87,095)	(21,689,398)	126,818,581
Net profit / (loss) before taxation	(1,529,149)	4,957,615	175,845,000	195,250,222
Taxation - current	(847,805)	-	(6,016,260)	-
Net profit / (loss) after taxation	(2,376,954)	4,957,615	169,828,740	195,250,222
Earnings per share - basic & diluted	(0.17)	0.35	12.04	13.85

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 JUNE 30, 2010**

	For the Quarter ended		For Nine Month ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	Rupees			
Profit/(Loss) for the period	(2,376,954)	4,957,615	169,828,740	195,250,222
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period transferred to equity	(2,376,954)	4,957,615	169,828,740	195,250,222

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 JUNE 30, 2010**

	June 30, 2010 Rupees	June 30, 2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	175,845,000	195,250,222
Adjustments for :		
Depreciation	14,645,188	16,174,368
Deferred income recognised	-	(90,814,000)
Reversal of long term loan liability	-	(30,510,183)
Provision for stores and spares	-	2,460,453
Loans and advances written off	-	6,165,720
Reversal of unclaimed liability	-	(6,550,318)
Gain on sale of fixed assets	-	(107,631)
Financial charges	9,016,393	1,167,624
	<u>23,661,581</u>	<u>(102,013,967)</u>
Operating cash inflows/(outflows) before working capital changes	199,506,581	93,236,255
Changes in working capital (Increase)/Decrease in current assets		
Stores, spares and loose tools	(7,524,934)	(3,447,455)
Stock in trade	(121,971,515)	(67,916,017)
Trade debtors - unsecured	-	(14,033,069)
Loans and advances	(11,895,742)	(10,584,522)
Prepayments and other receivables	(33,907,334)	(716,222)
Increase / (Decrease) in current liabilities		
Trade And Other Payables	19,461,404	29,589,494
	<u>(155,838,121)</u>	<u>(67,107,791)</u>
Cash generated from operations	43,668,460	26,128,464
Taxes paid	(3,704,810)	(1,314,636)
Financial charges paid	(6,954,038)	(1,167,624)
	<u>(10,658,848)</u>	<u>(2,482,260)</u>
Net cash generated from operating activities	33,009,612	23,646,204
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(8,977,848)	(5,974,714)
Proceeds from disposal of fixed assets	-	423,500
Net cash (used in) investing activities	(8,977,848)	(5,551,214)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(14,285,389)	(18,592,750)
Net cash (used in) financing activities	(14,285,389)	(18,592,750)
Increase/(Decrease) in cash and cash equivalent (A+B+C)	9,746,375	(497,760)
Cash and cash equivalent at beginning of the period	2,487,587	1,336,551
Cash and cash equivalent at end of the period	<u>12,233,962</u>	<u>838,791</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 JUNE 30, 2010**

	<u>Share Capital Rupees</u>	<u>Accumulated Loss Rupees</u>	<u>Total Rupees</u>
Balance as at September 30, 2008	141,000,000	(939,241,732)	(798,241,732)
Comprehensive income for the period	-	195,250,222	195,250,222
Balance as at June 30, 2009 (Unaudited)	<u>141,000,000</u>	<u>(743,991,510)</u>	<u>(602,991,510)</u>
Balance as at July 01, 2009	141,000,000	(743,991,510)	(602,991,510)
Comprehensive loss for the period	-	(33,165,798)	(33,165,798)
Balance as at September 30, 2009 (Audited)	<u>141,000,000</u>	<u>(777,157,308)</u>	<u>(636,157,308)</u>
Balance as at October 01, 2009	141,000,000	(777,157,308)	(636,157,308)
Comprehensive income for the period	-	169,828,740	169,828,740
Balance as at June 30, 2010 (Unaudited)	<u>141,000,000</u>	<u>(607,328,568)</u>	<u>(466,328,568)</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 JUNE 30,2010**

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 earned a net profit after taxation for the period amounting to Rs. 169.829 million compared to Rs. 195.250 million during corresponding period last year.; as on the balance sheet date its accumulated loss stood at Rs. 607.329 million (September 2009: Rs. 777.157 million). Company's current liabilities exceeded current assets by Rs. 182.802 million (September 2009: Rs. 321.536 million) and total liabilities exceeded total assets by Rs. 466.329 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. 14.285 million to the financial institutions against its long term loan. 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.

5 PROPERTY, PLANT & EQUIPMENT

Operating Fixed Assets

Acquisitions

Vehicle

June 30, 2010	June 30, 2009
Rupees	Rupees
1,640,000	-
1,640,000	-

	Quarter ended		Nine Month ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	Rupees	Rupees	Rupees	Rupees
6 COST OF GOODS SOLD				
Raw material consumed (including procurement and development expenses)	128,950	15,250	1,007,023,986	473,258,909
Stores and spares consumed	7,977	-	5,503,566	5,271,040
Packing material consumed	-	-	6,668,057	4,539,336
Salaries and allowances	6,713,542	4,775,358	28,303,772	22,530,680
Repair and maintenance	1,957,674	501,355	19,810,649	17,013,976
Fuel and power	1,713,449	583,416	5,635,817	3,742,537
Insurance	969,629	919,965	2,913,668	2,764,153
Freight and handling	276,995	280,609	2,866,248	2,781,537
Depreciation	4,625,576	5,139,529	13,876,728	15,418,587
Others	23,022	149,899	927,761	1,485,883
	16,416,815	12,365,381	1,093,530,252	548,806,638
Opening stock				
Finished stock	331,199,935	225,721,529	65,590,242	44,856,317
Sugar in process	973,919	-	-	-
Molasses	-	-	-	-
	332,173,854	225,721,529	65,590,242	44,856,317
	348,590,669	238,086,910	1,159,120,494	593,662,955
Closing stock				
Finished stock	186,587,837	112,772,333	186,587,837	112,772,333
Sugar in process	973,919	-	973,919	-
Molasses	-	-	-	-
	(187,561,756)	(112,772,333)	(187,561,756)	(112,772,333)
	161,028,913	125,314,577	971,558,738	480,890,622

7 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on July 20, 2010 by the Board of Directors of the Company.

8 GENERAL

Figures have been rounded off to the nearest rupee.

Director

Director

Chief Financial Officer