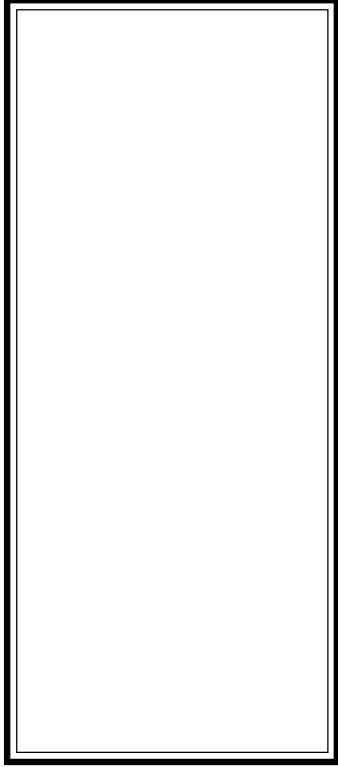


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M I R Z A

SUGAR

MILLS

LIMITED

**ACCOUNTS FOR THE
1ST QUARTER ENDED
DECEMBER 31, 2008
(UN-AUDITED)**

BALANCE SHEET

	Unaudited December 31, 2008	Audited September 30, 2008	
Note	<u>Rupees</u>	<u>Rupees</u>	
SHARE CAPITAL			
Authorised Capital			
15,000,000 ordinary shares of Rs. 10/- each	150,000,000	150,000,000	
Issued, subscribed and paid-up capital			
14,100,000 Ordinary shares of Rs. 10/- each fully paid in cash	141,000,000	141,000,000	
Accumulated loss	(960,617,359)	(937,571,932)	
	(819,617,359)	(796,571,932)	
NON-CURRENT LIABILITIES			
LONG TERM LOANS	243,693,514	261,996,796	
DEFERRED INCOME	90,814,000	90,814,000	
CURRENT LIABILITIES			
Current portion of long term liabilities	539,033,427	520,540,427	
Trade and other payables	236,379,971	202,848,930	
Accrued markup on loans	18,991,927	18,991,927	
Taxation	10,183,279	10,183,279	
	804,588,604	752,564,563	
CONTINGENCIES AND COMMITMENT			
	-	-	
	<u>319,478,759</u>	<u>308,803,427</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.

DIRECTOR

Karachi: January 23, 2009

NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED DECEMBER 31, 2008

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 incurred a net loss after taxation for the period amounting to Rs. 23.045 million (December 2007: Rs. 45.462 million); as on the balance sheet date its accumulated loss stood at Rs. 960.617 million (September 2008: Rs. 937.571 million) and negative equity amounting to Rs. 819.617 million (September 2008: Rs. 796.571 million). Company's current liabilities exceeded current assets by Rs. 702.254 million (September 2008: Rs. 666.300 million) and total liabilities exceeded total assets by Rs. 819.617 million (September 2008: Rs. 796.570 million).

The company, however, has succeeded in keeping the mill operational, despite the liquidity restraints, during the current crushing season through its own resources. The status of long term liabilities is the same as given in note 1.2, 6 & 10 to the annual audited financial statements for the year ended September 30, 2008.

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

- 1.3 Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and costs incurred/ accrued upto the reporting date have been accounted for. Accordingly, the costs incurred/accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

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, 2008.

4. CONTINGENCIES

Contingencies are the same as have been reported in the financial statements of the company for the year ended September 30, 2008.

	December 31, 2008	December 31, 2007
	Rupees	Rupees
5. PROPERTY, PLANT & EQUIPMENT		
Operating Fixed Assets		
Acquisitions		
Plant and machinery	-	1,126,450
Office equipment	-	-
Furniture and fixture	-	29,750
Vehicle	-	1,360,000
	<u>-</u>	<u>2,516,200</u>

+
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE QUARTER ENDED DECEMBER 31, 2008**

	Share Capital Rupees	Accumulated Profit/(Loss) Rupees	Total Rupees
Balance as at Sept. 30, 2007	141,000,000	(970,967,942)	(829,967,942)
Loss for the period	-	(45,462,192)	(45,462,192)
Balance as at December 31, 2007	141,000,000	(1,016,430,134)	(875,430,134)
Profit for the period	-	78,858,202	78,858,202
Balance as at Sept. 30, 2008	141,000,000	(937,571,932)	(796,571,932)
Loss for the period	-	(23,045,427)	(23,045,427)
Balance as at December 31, 2008	<u>141,000,000</u>	<u>(960,617,359)</u>	<u>(819,617,359)</u>

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

DIRECTOR

DIRECTOR

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AS AT DECEMBER 31, 2008

	Note	Unaudited December 31, 2008 Rupees	Audited September 30, 2008 Rupees
PROPERTY, PLANT & EQUIPMENT	5	215,717,562	221,119,546
LONG TERM DEPOSITS		1,426,886	1,426,886
CURRENT ASSETS			
Stores, spares and loose tools		17,091,151	12,094,745
Stock in trade		29,946,678	44,856,317
Trade debtors-unsecured		149,816	1,591,577
Loans and advances		39,013,706	26,067,919
Deposits, prepayments and other receivables		308,103	309,886
Cash and bank balances		15,824,857	1,336,551
		<u>102,334,311</u>	<u>86,256,995</u>
		<u>319,478,759</u>	<u>308,803,427</u>

DIRECTOR

DIRECTORS' REPORT

Dear Shareholders:

Your directors are pleased to present the un-audited report of the Company for the quarter ended December 31, 2008.

General

The quarter under review began under confirmed estimate of severe shortfall of sugarcane availability i.e. to the extent of decline of about 50% in Badin district. Boiler was lighted on November 10, 2008 but due to non-harvesting of cane, crushing commenced from middle of December 2008. During these few weeks crushing and cane supply position remained weak. Due to shortage of cane, price war seems imminent.

Government has announced a support price of Rs.81/40kg of cane but farmers seem unwilling even to harvest cane at this high price. They are expecting that price-war may take the cane price to Rs.100/40 kg which means that only cane cost per kg of sugar produced will constitute Rs.28/- to which if processing cost and other expenses are added ex-factory price of sugar will be Rs.38/- per kg.

Operating Results

A comparison of operating results for the quarter ended December 31, 2008, is as under :

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
Season started	15-12-2008	19-11-2007
Days worked	17	43
Sugarcane crushing	(Tons) 26,212	74,731
	(Mounds) 655,312	1,868,280
Sugar recovery	(%) 8.452	8.146
Sugar production	(Tons) 1,775	5,664
Molasses recovery	(%) 4.645	5.042
Molasses production	(Tons) 782	3,380

Due to acute short supply of sugarcane right from the beginning of the season, your company's operational performance, in terms of cane-crushing and sugar production, show marked decline over the corresponding quarter last year.

Financial Results

The Company posted a gross loss of Rs.9,876,020/- during the quarter under report against a gross loss of Rs.32,565,679/- during the corresponding quarter last year. Likewise company posted a net loss after taxation of Rs.23,045,427/- during the quarter under review compared to a net loss of Rs. 45,462,192/- during same quarter in previous year.

Future Prospects

Although it is early to forecast season's prospects but all indications are suggesting that sugar production will be quite lower due to shortage of cane and it may affect company's performance.

	<u>December 31, 2008</u> <u>Rupees</u>	<u>December 31, 2007</u> <u>Rupees</u>
6. COST OF GOODS SOLD		
Raw material consumed (including procurement and development expenses)	54,533,914	127,458,409
Stores and spares consumed	1,875,872	1,894,381
Packing material consumed	499,175	1,520,373
Salaries and allowances	5,774,904	5,995,685
Repair and maintenance	6,470,456	7,469,344
Fuel and power	1,171,618	1,626,697
Insurance	934,441	1,071,654
Freight and handling	457,457	287,859
Depreciation	5,139,529	5,663,822
Others	348,094	571,775
	77,205,461	153,559,999
Opening Stock		
Finished stock	44,856,317	-
Sugar in process	-	1,245,931
Molasses	-	5,961,782
	44,856,317	7,207,713
	122,061,778	160,767,712
Closing Stock		
Finished stock	29,946,678	12,918,696
Sugar in process	-	10,149,758
Molasses	-	1,439,184
	(29,946,678)	(24,507,638)
	92,115,100	136,260,074

7. AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on January 23, 2009 by the Board of Directors of the Company.

8. GENERAL

Figures have been rounded off to the nearest rupee.

DIRECTOR

DIRECTOR

MIRZA SAULAT RAZA

Director

IRSHAD HUSSAIN MIRZA

Director

Karachi, January 23, 2009

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

**PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	December 31, 2008	December 31, 2007
	----- Rupees -----	----- Rupees -----
Sales - net	82,239,080	103,694,395
Cost of goods sold	<u>92,115,100</u>	<u>136,260,074</u>
Gross loss	(9,876,020)	(32,565,679)
Operating Expenses		
Administrative and general	<u>9,525,921</u>	<u>7,613,062</u>
Selling and distribution	<u>95,843</u>	<u>167,859</u>
	<u>(9,621,763)</u>	<u>(7,780,922)</u>
Operating loss	(19,497,783)	(40,346,601)
Financial charges	<u>3,547,644</u>	<u>4,595,591</u>
Other Income	<u>-</u>	<u>-</u>
	<u>(3,547,644)</u>	<u>(4,595,591)</u>
Loss before taxation	(23,045,427)	(44,942,192)
Provision for taxation - current	<u>-</u>	<u>(520,000)</u>
Loss after taxation	(23,045,427)	(45,462,192)
Accumulated loss brought forward	<u>(937,571,932)</u>	<u>(970,967,942)</u>
Accumulated loss carried forward	<u>(960,617,359)</u>	<u>(1,016,430,134)</u>
Loss per share - basic	<u>(1.63)</u>	<u>(3.22)</u>

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

DIRECTOR

DIRECTOR

**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	December 31, 2008 Rupees	December 31, 2007 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(23,045,427)	(44,942,192)
Adjustment for:		
Depreciation	<u>5,401,985</u>	<u>5,912,671</u>
Financial charges	<u>3,547,644</u>	<u>4,595,591</u>
	<u>8,949,628</u>	<u>10,508,262</u>
Operating (loss) before working capital changes	(14,095,798)	(34,433,930)
CHANGES IN WORKING CAPITAL (Increase) / Decrease in current assets		
Stores, spares and loose tools	<u>(4,996,406)</u>	<u>(4,325,564)</u>
Stock in trade	<u>14,909,638</u>	<u>(17,299,926)</u>
Trade debtors - unsecured	<u>1,441,761</u>	<u>(7,256,051)</u>
Loans & advances	<u>(12,515,287)</u>	<u>(10,443,369)</u>
Prepayments and other receivables	<u>1,783</u>	<u>49,767</u>
Increase / (Decrease) in Current Liabilities		
Trade and other payables	<u>33,531,041</u>	<u>81,423,920</u>
	<u>32,372,529</u>	<u>42,148,777</u>
Cash (used)/generated in operations	18,276,731	7,714,847
Taxes paid	<u>(430,500)</u>	<u>(739,339)</u>
Financial charges paid	<u>(106,676)</u>	<u>(155,243)</u>
	<u>(537,176)</u>	<u>(894,582)</u>
Net cash (used)/generated from operating activities	17,739,555	6,820,265
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	<u>-</u>	<u>(2,515,900)</u>
Net cash generated / (used) in investing activities	<u>-</u>	<u>(2,515,900)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	<u>(3,251,250)</u>	<u>(375,000)</u>
Net cash generated / (used) in financing activities	<u>(3,251,250)</u>	<u>(375,000)</u>
Increase/(decrease) in cash & bank balances	14,488,305	3,929,365
Cash & bank balances at the beginning of the period	1,336,551	1,671,196
Cash & bank balances at the end of the period	<u>15,824,857</u>	<u>5,600,561</u>

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

DIRECTOR

DIRECTOR

COMPANY PROFILE

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

MIRZA SAULAT RAZA - Chairman
 MIR GHULAMULLAH TALPUR - 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
 PICIC COMMERCIAL BANK LTD.

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 : 021-4391316-7

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

ABSTRACT OF VARIATION IN THE REMUNERATION/TERMS OF THE CHIEF EXECUTIVE AND WHOLE TIME DIRECTORS (Section 218 of the Companies Ordinance, 1984)

Following are the approved limit of remunerations at a maximum for the Chief Executive and the below mentioned Executive (whole time) Directors (including all allowances, benefits/perquisites, utilities etc.) alongwith transport and its maintenance for their official and personal use:

	Entitlement as on <u>March 10, 2003</u> (Rs. (per annum))	Entitlement as on <u>May 29, 2007</u> Rs. (per annum)
Dr. (Mrs.) Fehmida Mirza Chairperson & Chief Executive	1,800,000	2,000,000
Mir Ghulamullah Talpur Director	600,000	780,000
Monthly remunerations paid to Chief Executive and Executive Directors :		
	With effect from <u>March 2008</u> Rupees	With effect from <u>December 2008</u> Rupees
Dr. (Mrs.) Fehmida Mirza Chairperson & Chief Executive	120,900	128,650
Mir Ghulamullah Talpur Director	20,250	22,500