

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**KSE/N-57****NOTICE****January 05, 2009**

Reproduced hereunder letter received from MIRZA SUGAR MILLS LIMITED for information of members of the Exchange



Mirza Sugar Mills Ltd.

Ref: MSML/262/2009
January 2, 2009

Mr Haroon Askari
General Manager Operations
The Karachi Stock Exchange (Guarantee) Ltd.
Stock Exchange Building
Stock Exchange Road
Karachi

Sub: **SHOW CAUSE NOTICE**
LISTING REGULATION NO. 32(1)(b)

Dear Sir:

Reference your Show Cause Notice No. KSE/Gen-11507 dated December 17, 2008, we would like to submit as under :

Due to political victimization, the company has become a sick unit. The inability of the company to pay dividend was caused by circumstances that were beyond the control of the management and reflected by the financial statements of the company published over these years.

It is indeed the desire of the management to earn profit and declare dividend as soon as it is practically possible.

There has been general crisis through-out the province of Sindh from agricultural point of view because of acute shortage of water and the sugarcane sector was equally affected. Due to shortage of sugarcane that persisted for several years its price increased abnormally which was very disturbing factor for the sugar industry. The increase in sugarcane price resulted in increase of cost of production. Selling price of sugar being not matching with the cost of production, there has generally been gross loss over the past several years.

The situation was further aggravated due to cyclone, flood and earthquake throughout the province of Sindh. Particularly District Badin and adjoining areas, where our mill is situated, were worst affected and declared calamity hit area by the Government. The sugar industry in Sindh are badly affected by all these factors and running at loss year after year. The Company's liabilities and losses swelled year after year due to heavy losses.