

## DIRECTORS' REVIEW

The directors are pleased to submit the un-audited financial statements of the company for the first quarter ended December 31, 2007.

The overall sales in the first quarter have shown a decline of 6.08% mainly due to the volatile law and order situation prevailing in Pakistan. Furthermore, sales were adversely affected by early closure of shops to tackle the energy crisis confronting the country. However, our confectionery segment has started recovering and future prospects look encouraging.

The management of your company is conscious of the inflationary pressures being exerted on the business with costs of labour, energy and fuel, plus raw-material rates like cooking oil, experiencing rapid escalation. We are trying to manage these pressures by undertaking better planning and adopting cost optimisation measures with the result that although our sales dropped by 6.08% we have maintained - in fact improved - our gross-profit margins.

In the next quarter we are launching Super Milk Toffee, one of our top brands, in bigger unit size, at a consumer price of Re. 1. Milk Toffee has been our leading revenue-earner and we are hopeful that its revitalised version will revive its fortunes and thus help us to capture a large share of the shelf. Moreover, after the encouraging results, following the fruit drinks launch last year, we are confident that sufficient volumes will be generated from this category during the upcoming summer season.

Based on the aforementioned inputs, and the seasonal nature of our business, we are quite confident that the performance for the remaining months will lead to considerable improvement in both sales and profits.

For and on behalf of  
the Board of Directors

**Mehdi Mohsin**  
Chief Executive Officer

Lahore: January 29, 2008

# BALANCE SHEET

As at December 31, 2007 (Un-audited)

	<b>December 31 2007 Rupees</b>	<b>September 30 2007 Rupees</b>
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital		
10,000,000 (2004 : 10,000,000) ordinary shares of Rs. 10 each	100,000,000	100,000,000
Issued subscribed and paid up capital	50,400,000	50,400,000
Reserves	9,635,878	9,635,878
Unappropriated profit	194,962,189	202,536,828
	254,998,067	262,572,706
<b>NON-CURRENT LIABILITIES</b>		
Long-term Loan Secured	18,421,051	22,105,260
Deferred Liabilities	41,938,679	40,685,326
	60,359,730	62,790,586
<b>CURRENT LIABILITIES</b>		
Current portion of long term loan	14,736,842	14,736,842
Short term running finances	190,763,992	145,860,708
Creditors, accrued and other liabilities	76,296,550	89,142,916
Mark up accrued on short term running finances	3,299,595	3,284,782
	285,096,979	253,025,248
<b>CONTINGENCIES AND COMMITMENTS</b>		
	600,454,776	578,388,540
<b>NON CURRENT ASSETS</b>		
Property, Plant & Equipment	265,747,605	263,400,019
Intangibles Assets	1,967,873	2,071,446
Capital Work in Progress	2,209,109	1,625,514
Long term loans and deposits	332,223	377,223
Biological Assets	5,002,000	5,251,100
	275,258,810	272,725,302
<b>CURRENT ASSETS</b>		
Stores and spares	9,449,902	10,904,510
Stock in trade	231,113,318	185,037,159
Trade debts	34,632,095	45,932,040
Advances, deposits, prepayments and other receivables	38,486,562	37,123,955
Cash and bank balances	11,514,089	26,665,574
	325,195,966	305,663,238
	600,454,776	578,388,540

Chairman

Chief Executive

**PROFIT AND LOSS ACCOUNT**  
For The First Quarter Ended December 31, 2007 (Un-audited)

	<b>2007 Rupees</b>	<b>2006 Rupees</b>
Sales	167,263,873	178,095,870
Cost of Sales	<u>136,436,587</u>	<u>148,520,723</u>
<b>Gross Profit</b>	30,827,286	29,575,147
Selling and distribution expenses	<u>16,806,041</u>	<u>16,440,351</u>
Administrative expenses	<u>6,823,974</u>	<u>6,391,250</u>
	<u>23,630,015</u>	<u>22,831,601</u>
Operating profit	7,197,271	6,743,546
Other income	<u>516,930</u>	<u>356,717</u>
	7,714,201	7,100,263
Financial charges	<u>5,005,482</u>	<u>4,420,886</u>
Other charges	<u>203,358</u>	<u>-</u>
	<u>5,208,840</u>	<u>4,420,886</u>
Profit before taxation	2,505,361	2,679,377
Provision for taxation	-	-
Profit after taxation	<u>2,505,361</u>	<u>2,679,377</u>
Earning per share	<u>0.50</u>	<u>0.53</u>

Chairman

Chief Executive

**CASH FLOW STATEMENT**  
For The First Quarter Ended December 31, 2007 (Un-audited)

	<b>December 31-2007 Rupees</b>	<b>December 31-2006 Rupees</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	2,505,361	2,679,377
Add/(less) : Adjustment for non cash charges and other items		
Depreciation	5,884,103	4,959,854
Amotization	103,573	81,000
Provision for gratuity and leave salary	1,563,757	750,000
Financial charges	5,005,482	4,420,886
Profit before working capital changes	15,062,276	12,891,117
Effect on cash flow due to working capital changes		
(Increase) / decrease in stores and spares	1,454,608	2,015,187
(Increase) / decrease in stock in trade	(46,076,159)	5,565,581
(Increase) / decrease in trade debts	11,299,945	171,319
(Increase) / decrease in advances, deposits excluding income tax	23,707	1,432,868
Increase / (decrease) in creditors, accrued and other liabilities	(22,926,366)	(2,274,383)
	(56,224,265)	6,910,572
Cash generated from operations	(41,161,989)	19,801,689
Financial charges paid	(4,990,669)	(4,729,459)
Payment of Gratuity and leave salary	(310,404)	(1,058,563)
Taxes paid	(1,386,314)	(3,389,389)
<b>Net cash inflow from operating activities</b>	(47,849,376)	10,624,278
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(8,815,284)	(25,570,960)
Proceeds from sale of livestock	249,100	-
(Increase)/ decrease in long-term deposits	45,000	30,000
<b>Net cash outflow from investing activities</b>	(8,521,184)	(25,540,960)
<b>Cash flow from financing activities</b>		
Repayment of long term loan	(3,684,209)	(3,684,207)
	(3,684,209)	(3,684,207)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(60,054,769)	(18,600,889)
<b>Cash and cash equivalents at the beginning of the period</b>	(119,195,134)	(87,598,764)
<b>Cash and cash equivalents at the end of the period</b>	(179,249,903)	(106,199,653)
<b>Cash and cash equivalents at the end of the period</b>		
Cash and bank balances	11,514,089	13,710,244
Short term running finances	(190,763,992)	(119,909,897)
	(179,249,903)	(106,199,653)

Chairman

Chief Executive

**STATEMENT OF CHANGE IN EQUITY**  
For The First Quarter Ended December 31, 2007 (Un-audited)

	<b>Share capital</b>	<b>Share premium</b>	<b>General reserve</b>	<b>Accumulated profit</b>	<b>Rupees Total</b>
Balance as at September 30, 2006	50,400,000	9,335,878	300,000	176,871,206	236,907,084
Net profit for the quarter	-	-	-	2,679,377	2,679,377
Balance as at December 31, 2006	50,400,000	9,335,878	300,000	179,550,583	239,586,461
Final dividend for the year ended September 30, 2006 Rs. 2 per share	-	-	-	-	-
Net Profit for the nine months	-	-	-	22,986,245	22,986,245
Balance as at September 30, 2007	50,400,000	9,335,878	300,000	202,536,828	262,572,706
Net Profit for the quarter	-	-	-	2,505,361	2,505,361
Final dividend for the year ended September 30, 2007 Rs. 2 per share	-	-	-	(10,080,000)	(10,080,000)
Balance as on December 31, 2007	50,400,000	9,335,878	300,000	194,962,189	254,998,067

Chairman

Chief Executive

**SELECTED NOTES TO THE ACCOUNTS**  
For The First Quarter Ended December 31, 2007 (Un-audited)

1. Mitchell's Fruit Farms Limited is a public company incorporated in Pakistan and listed on Lahore and Karachi Stock Exchanges. Its primary objective is to manufacture and sell various Farm and Confectionary products.
2. During the quarter, the impact of seasonal factors on sales remained minimal.
3. These accounts are unaudited and are being submitted to the shareholders, in accordance with the requirements of the Companies Ordinance, 1984.
4. The accounting policies adopted for the preparation of quarterly accounts for the period ended December 31, 2007 are the same which were applied in the preparation of preceding annual published accounts of the company.
5. The interim financial report has been prepared in compliance with International Accounting Standard No. 34, as applicable in Pakistan, in all material respects.
6. Provision in respect of taxation is based on estimated average annual effective income tax rate consistent with the annual assessment of taxes.
7. Provision in respect of Workers' Welfare Fund and Workers' Profit Participation Fund are estimated and these are subject to adjustment in the annual audited financial statements.
8. Previous period's figures have restated, wherever necessary, for the purpose of comparison.

	<b>December 31-2007 Rupees</b>	<b>September 30-2007 Rupees</b>
<b>9. Cash and cash equivalents</b>		
Cash and bank balances	11,514,089	26,665,574
Short term running finances	(190,763,992)	(145,860,708)
	(179,249,903)	(119,195,134)

**10. Contingencies and commitments**

**10.1 Contingencies**

There has been no significant change in contingencies since September 30, 2007

**10.2 Commitments**

Commitment in respect of capital expenditure is Rs. 20.47 Million (2007: Rs. 2.196 Million)

11. The company purchased from associated undertaking goods and services amounting to Rs. 5.170 million.

## COMPANY INFORMATION

<b>Board of Directors</b>	S. M. Mohsin Mehdi Mohsin Syed Babar Ali Sitwat Mohsin Moaz Mohiuddin Syed Faisal Imam Umme Kulsum Imam Firasat Ali Amir Sattar - alternate to Mehdi Mohsin	- Chairman - Chief Executive Officer
<b>Audit Committee</b>	S. M. Mohsin Sitwat Mohsin Syed Faisal Imam	- Chairman - Member - Member
<b>Company Secretary/CFO</b>	Khurram Shahzad	
<b>Auditors</b>	A.F. Ferguson & Company Chartered Accountants	
<b>Legal Advisors</b>	Minto & Mirza 78-Mozang Road, Lahore Phone: (042) 6315469-70 Fax: (042) 6361531	
<b>Bankers</b>	ABN Amro Bank N.V. Citibank N.A. Askari Commercial Bank Limited MCB Bank Limited Allied Bank Limited	
<b>Share Registrar</b>	Corplink (Private) Limited, Wings Arcade, 1-K (Commercial) Model Town, Lahore Phone : (042) 5839182, 5887262, Fax:(042) 5869037	
<b>Corporate Office</b>	39-A, D-1, Gulberg III Lahore Phones: (042) 5872392-96, Fax: (042) 5872398 E-Mail: ho@mitchells.com.pk Website: www.mitchells.com.pk	
<b>Factory &amp; Farms</b>	Renala Khurd, District Okara, Pakistan Phones: (044) 2635907-8, 2622908, Fax: (044) 2621416 E-Mail: rnk@mitchells.com.pk	
<b>Regional Sales Office (North)</b>	Block No.1-A, Sector G-7/4, Street 40, Islamabad Phones: (051) 2891810-12, Fax : (051) 2891813 E-Mail: rson@mitchells.com.pk	
<b>Regional Sales Office (Central)</b>	Syed House, Canal Berg, 13 K.M. Multan Road, Lahore Phones: (042) 5419350, 5423732 & 5425478 E-Mail: rsoc@mitchells.com.pk	
<b>Regional Sales Office (South)</b>	Mehran VIP II, Ground Floor, Plot 18/3 Dr. Dawood Pota Road, Karachi Phones: (021) 5212112, 5212712 & 5219675 Fax: (021) 5673588 E-Mail: rsos@mitchells.com.pk	