

MITCHELL'S®

Quarterly Report 2011
Second Quarter



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COMPANY INFORMATION

Board of Directors	S.M.Mohsin Mehdi Mohsin Mujeeb Rashid Moaz Mohiuddin Syed Faisal Imam Umme Kulsum Imam Jamal Nasim – NIT Nominee	- Advisor - Chairman - Chief Executive Officer & Managing Director
Audit Committee	S. M. Mohsin Syed Faisal Imam Moaz Mohiuddin	- Chairman - Member - Member
Company Secretary/CFO	Atif Fayyaz	
Auditors	A.F. Ferguson & Co. Chartered Accountants	
Legal Advisors	Minto & Mirza 78-Mozang Road, Lahore Phone: (042) 36315469-70 Fax: (042) 36361531	
Bankers	Habib Bank Limited Allied Bank Limited Askari Commercial Bank Limited MCB Bank Limited Barclays Bank plc Faysal Bank Limited National Bank of Pakistan	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K (Commercial) Model Town, Lahore Phone : (042) 35839182, 35887262 Fax:(042) 35869037	
Corporate Office	39-A, D-1, Gulberg III, Lahore Phones: (042) 35872392-96 Fax: (042) 35872398 E-Mail: ho@mitchells.com.pk Web Site:www.mitchells.com.pk	
Factory, Regional Sales Office (Central) & Farms	Renala Khurd, District Okara, Pakistan Phones: (044) 2635907-8, 2622908 Fax: (044) 2621416 E-Mail: rnk@mitchells.com.pk rsoc@mitchells.com.pk	

Regional Sales Office (North)

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Industrial Area, Islamabad
Phones: 051-4438324-26
Fax : (051) 4443827
E-Mail: rson@mitchells.com.pk

Regional Sales Office (South)

Mehran VIP II, Ground Floor,
Plot 18/3 Dr. Dawood Pota Road, Karachi
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DIRECTORS' REVIEW

The directors are pleased to submit reviewed financial statements of the company for the half year ended March 31, 2011.

Your company achieved a healthy growth of volume in most of its product categories except in the price point driven sugar confectionery business despite highly disrupted electricity and natural gas supplies during this 6 months period.

Steep increases in the cost of alternate fuels as well as raw and packing materials adversely affected our costs thereby necessitating periodic selling price adjustments.

The company's net sales recorded a growth of 11% rising from Rs. 665 million to Rs. 736 million. Exports increased by 30% showing a continuous positive trend.

As a result of continuing improvements in our manufacturing efficiencies gross-profit increased by 19 % but after adjusting for increased investment in our marketing efforts operating profit grew by almost 13 %. However, financial charges of Rs. 18 million, as compared to Rs. 21 million during corresponding period last year, resulted in an increase of 29 % in profit before tax, from Rs. 34 million to Rs. 43 million during the period under review.

In the end, the Board of Directors would like to express their gratitude to all employees who have worked hard to achieve our common objectives.

For and on behalf of
the Board of Directors

Mujeeb Rashid
Managing Director &
Chief Executive Officer

Lahore: May 23, 2011

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Mitchell's Fruit Farms Limited as at March 31, 2011, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended March 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended March 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore: May 23, 2011

A. F. Ferguson & Co.
Chartered Accountants

Name of engagement partner: Imran Farooq Mian



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2011 (UN-AUDITED)

	Note	March 31 2011 Rupees	September 30 2010 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 10,000,000 (September 30, 2009: 10,000,000) ordinary shares of Rs 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up capital 5,040,000 (September 30, 2009: 5,040,000) ordinary shares of Rs 10 each		<u>50,400,000</u>	<u>50,400,000</u>
Reserves		<u>9,635,878</u>	<u>9,635,878</u>
Unappropriated profit		<u>254,021,271</u>	<u>246,193,884</u>
		314,057,149	306,229,762
NON-CURRENT LIABILITIES			
Deferred liabilities		83,052,891	75,819,871
CURRENT LIABILITIES			
Short term running finances		288,667,559	166,615,728
Creditors, accrued and other liabilities		83,721,468	103,254,409
Accrued finance cost on short term running finances		4,438,461	4,466,921
		376,827,488	274,337,058
CONTINGENCIES AND COMMITMENTS	5		
		<u>773,937,528</u>	<u>656,386,691</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

Chairman

	Note	March 31 2011 Rupees	September 30 2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	306,864,305	304,256,661
Intangible assets		1,519,018	1,060,580
Long term loans and deposits		418,034	751,753
Biological assets		6,452,933	6,875,933
		<u>315,254,290</u>	<u>312,944,927</u>
CURRENT ASSETS			
Stores, spares and loose tools		12,096,664	12,426,849
Stock in trade		325,049,569	230,917,920
Trade debts		59,354,221	40,716,666
Advances, deposits, prepayments and other receivables		48,188,012	51,252,732
Cash and bank balances		13,994,772	8,127,597
		458,683,238	343,441,764
		<u>773,937,528</u>	<u>656,386,691</u>

Managing Director & Chief Executive Officer



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND HALF YEAR ENDED MARCH 31, 2011 (UN-AUDITED)

	January to March		October to March	
	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees
Sales	406,247,396	344,256,859	736,206,623	665,248,332
Cost of sales	(313,731,617)	(263,646,547)	(568,488,715)	(524,619,299)
Gross profit	92,515,779	80,610,312	167,717,908	140,629,033
Administration expenses	(18,034,991)	(15,913,495)	(31,954,521)	(28,236,480)
Distribution and marketing expenses	(37,693,348)	(32,613,984)	(75,959,301)	(57,662,434)
Other operating expenses	(2,402,049)	(3,025,859)	(3,607,331)	(3,025,859)
Other operating income	3,617,636	2,649,678	5,853,068	3,209,429
Profit from operations	38,003,027	31,706,652	62,049,823	54,913,689
Finance cost	(10,092,318)	(10,139,424)	(18,126,078)	(20,764,306)
Profit before tax	27,910,709	21,567,228	43,923,745	34,149,383
Taxation	(10,674,475)	(11,565,287)	(15,936,358)	(11,565,287)
Profit for the period	17,236,234	10,001,941	27,987,387	22,584,096
Earnings per share - Basic and diluted	3.42	1.98	5.55	4.48

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

Chairman

Managing Director & Chief Executive Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF YEAR ENDED MARCH 31, 2011 (UN-AUDITED)

	January to March		October to March	
	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees
Profit for the half year ended March 31, 2011	17,236,234	10,001,941	27,987,387	22,584,096
Other comprehensive Income for the period	-	-	-	-
Total comprehensive income for the period	17,236,234	10,001,941	27,987,387	22,584,096

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

Chairman

Managing Director & Chief Executive Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED MARCH 31, 2011 (UN-AUDITED)

	Share capital	Share premium	General reserve	Accumulated profit	Rupees Total
Balance as at September 30, 2009	50,400,000	9,335,878	300,000	209,806,010	269,841,888
Final dividend for the year ended September 30, 2009 Rs. 2 per share	-	-	-	(10,080,000)	(10,080,000)
Total Comprehensive Income for the period	-	-	-	22,584,096	22,584,096
Balance as at March 31, 2010	50,400,000	9,335,878	300,000	222,310,106	282,345,984
Total Comprehensive Income for the period	-	-	-	23,883,778	23,883,778
Balance as at September 30, 2010	50,400,000	9,335,878	300,000	246,193,884	306,229,762
Final dividend for the year ended September 30, 2010 Rs. 4 per share	-	-	-	(20,160,000)	(20,160,000)
Total Comprehensive Income for the period	-	-	-	27,987,387	27,987,387
Balance as at March 31, 2011	50,400,000	9,335,878	300,000	254,021,271	314,057,149

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

Chairman

Managing Director & Chief Executive Officer

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED MARCH 31, 2011 (UN-AUDITED)

	Note	October to March	
		2011 Rupees	2010 Rupees
Cash flows from operating activities			
Cash (used in) / from operations	8	(54,885,804)	119,367,158
Finance cost paid		(16,777,450)	(28,455,148)
Tax paid		(6,098,491)	(18,999,918)
Retirement and other benefits paid		(2,765,783)	(2,148,840)
Net cash (used in) / from operating activities		(80,527,528)	69,763,252
Cash flows from investing activities			
Purchase of property, plant and equipment		(18,181,367)	(5,478,740)
Purchase of intangible assets		(591,008)	-
Sale proceeds of property, plant and equipment		1,830,928	925,774
Decrease in long term loans and security deposits		333,719	198,727
Sale proceeds of livestock		1,110,600	959,133
Net cash used in investing activities		(15,497,128)	(3,395,106)
Cash flows from financing activities			
Dividend paid		(20,160,000)	(10,080,000)
Net cash used in financing activities		(20,160,000)	(10,080,000)
Net (decrease) / increase in cash and cash equivalents		(116,184,656)	56,288,146
Cash and cash equivalents at beginning of the period		(158,488,131)	(294,453,882)
Cash and cash equivalents at end of the period	9	(274,672,787)	(238,165,736)

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.



NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED MARCH 31, 2011 (UN-AUDITED)

1. This condensed interim financial information is un-audited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
2. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30,2010.
3. This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and has been reviewed by the auditors as required by the Code of Corporate Governance.
4. Income Tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5. Contingencies and commitments

5.1 Contingencies

- (i) The company has issued guarantees in favour of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs 17.200 million (September 30, 2010: Rs 19.022 million) and United Nations World Food Programme amounting to Rs.3.699 million (September 30,2010:Rs.Nil).

5.2 Commitments

- (i) Letters of credit other than capital expenditure are Rs 23.925 million (September 30, 2010: Rs 91.549 million).

	Note	March 31 2011 Rupees	September 30 2010 Rupees
6. Property, plant and equipment			
Operating fixed assets	6.1	304,153,914	302,924,568
Capital work-in-progress		2,710,391	1,332,093
		306,864,305	304,256,661
6.1 Operating fixed assets			
Opening book value		302,924,568	316,490,986
Add: Additions during the period	6.1.1	16,803,069	17,857,467
		319,727,637	334,348,453
Less: Disposals during the period (at book value)	6.1.2	1,157,082	2,145,457
Depreciation charged during the period		14,416,641	29,278,428
		15,573,723	31,423,885
		304,153,914	302,924,568



	October to March	
	2011 Rupees	2010 Rupees
8. Cash generated from operations		
Profit before tax	43,923,745	34,149,383
Adjustment for:		
- Depreciation on property, plant and equipment	14,416,641	14,333,222
- Amortization on intangibles	132,570	132,573
- (Profit)/loss on disposal of property, plant and equipment	(673,846)	230,060
- Provision for doubtful debts	-	4,128,207
- Provision for doubtful advances	1,000,000	-
- Provision for slow moving stock	500,000	-
- Retirement and other benefits accrued	6,946,445	6,388,248
- Loss/(profit) on sale of live stock	63,411	(347,083)
- Profit on revaluation of live stock	(751,011)	(535,450)
- Exchange (gain)/loss	(196,488)	105,042
- Finance cost	16,748,990	20,764,306
Profit before working capital changes	82,110,457	79,348,508
Effect on cash flow due to working capital changes:		
- Decrease in stores, spares and loose tools	330,185	347,205
- (Increase)/ decrease in stock-in-trade	(94,631,649)	10,105,380
- (Increase)/ decrease in trade debts	(18,441,067)	13,131,021
- (Increase)/ decrease in advances, deposits prepayments and other receivables	(4,720,789)	16,373,565
- (Decrease)/ increase in creditors, accrued and other liabilities	(19,532,941)	61,479
	(136,996,261)	40,018,650
	(54,885,804)	119,367,158
	March 31 2011 Rupees	March 31 2010 Rupees
9. Cash and cash equivalents		
Cash and bank balances	13,994,772	6,718,731
Short term running finances	(288,667,559)	(244,884,467)
	(274,672,787)	(238,165,736)

10. Date of authorisation

These condensed interim financial information were authorised for issue on May 23, 2011 by the board of directors of the company.

11. Corresponding figures

Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Chairman

Managing Director & Chief Executive Officer



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