

**MITCHELL'S®**



Ist Quarter  
**2018**

# Contents

Company Information	2
Directors' Review	4
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	12
Notes to and Forming Part of the Financial Information	13

# Company Information

## Board of Directors

S.M.Mohsin	Chairman- Non Executive Director
Muhammad Zahir	Chief Executive Officer
Sitwat Mohsin	Non Executive Director
Mehdi Mohsin	Executive Director
Rizwan Bashir	Non Executive Director
Moaz Mohiuddin	Independent - Non Executive Director
Umme Kulsum Imam	Non Executive Director
Syeda Maimanat Mohsin	Non Executive Director
Shazad Ghaffar	Non Executive Director
Pervez Hayat Noon	Non Executive Director
Jamal Nasim	Non Executive Director (NIT Nominee)

## Audit Committee

Pervez Hayat Noon	Chairman
S.M.Mohsin	Member
Jamal Nasim	Member

## Company Secretary/CFO

Nauman Munawar

## Auditors

A.F. Ferguson & Company  
Chartered Accountants

## Legal Advisors

Minto & Mirza  
78-Mozang Road, Lahore  
Phone: (042) 36315469-70  
Fax: (042) 36361531

## Bankers

Habib Bank Limited  
Askari Bank Limited  
Allied Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
MCB Bank Limited  
National Bank of Pakistan  
Bank Al Habib Limited

## Share Registrar

Corplink (Private) Limited,  
Wings Arcade, 1-K (Commercial)  
Model Town, Lahore  
Phone : (042) 35839182, 35887262,  
Fax: (042) 35869037

## Corporate Office

40-A, Zafar Ali Road, Gulberg V, Lahore  
Phones: (042) 35872392-96,  
Fax: (042) 35872398  
E-Mail: ho@mitchells.com.pk  
Website: www.mitchells.com.pk

## FACTORY & 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

### Lahore

40-A, Zafar Ali Road, Gulberg V, Lahore  
Phones: (042) 35872392-96  
Fax: (042) 35872398  
E-Mail: rsoc@mitchells.com.pk

### Islamabad

Office # 43, 3rd Floor, Rose-1 Plaza, I-8  
Markaz- Islamabad  
Phones: (051) 4443824-6  
Fax: (051) 4443827  
E-Mail: rson@mitchells.com.pk

### Karachi

Mehran VIP II, Ground Floor, Plot 18/3 Dr.  
Dawood Pota Road- Karachi  
Phones: (021) 35212112, 35212712  
& 35219675  
Fax: (021) 35673588  
E-Mail: rsos@mitchells.com.pk

### Gujranwala

Office # 4, 1st Floor Usman Plaza Citi  
Housing Scheme Phase 2, Main G.T. Road-  
Gujranwala

### Faisalabad

Malik Plaza, College Road, Behind Hockey  
Stadium, Madina Town- Faisalabad

### Peshawar

House # 2C/1 Main Abdara Road University  
Town- Peshawar

### Multan

71/A1 Gulgasht Colony - Multan

### Sukkar

Bungalow # 181 Sukkur Co-Operative  
Housing Society - Sukkur

### Hyderabad

Banglow # 5-A, Block -E, Latifabad  
# 6- Hyderabad

# Directors' Review

Revenues for the first quarter of the year indicated marginal improvement over previous year with net sales of Rs.465 million. The company planned launch of new packaging options for pouches of sauces during this quarter hence held back its supplies in order to liquidate stocks at the distribution channel. New variants were launched successfully towards the end of the quarter. Export sales grew at a steady pace compared to same period last year.

Gross profit of Rs. 117 million compared to Rs. 99 million was contributed mainly due to rationalization of discounts offered to the distributors and improved inventory management. Raw materials and other cost of production remained consistent compared with last period.

Profit from operations stood at Rs. 24 million compared to Rs. 23 million for the corresponding period last year. Financial impact was recorded in this quarter compared to last year on account of new regional structures that were established in the first half of previous year to increase penetration across the country. We are optimistic that with the induction of improved resources we will be able to generate significant improvement in the latter part of the year.

Profit before tax for the quarter closed at Rs. 9.0 million after taking into account the provision for taxation under the law.

For and on behalf of  
the Board of Directors

**Muhammad Zahir**  
Chief Executive Officer

Lahore: January 30, 2018

## ڈائریکٹرز کی جانب سے جائزہ

گزشتہ سال کے بالمقابل 465 ملین روپے کی نیٹ سیلز کے ساتھ پہلی سہ ماہی کے ریونیوز میں کچھ مثبت نتائج سامنے آئے ہیں۔ کمپنی نے سائز کے پاؤجز کی نئی پیکنگ کی لانچ کے لیے اپنی موجودہ پروڈکٹ کی ترسیل کو روک لیا تاکہ ڈسٹری بیوشن چینلز کے سٹاک کا خاتمہ ممکن ہو۔ نئی و آریٹ اس سہ ماہی کے آخر میں کامیابی سے لانچ کئے گئے۔

ایکسپورٹ سیلز میں اضافہ گزشتہ سال کے اسی دورانیہ کے مقابل ایک مہینہ رو فرقا میں ہوا۔

ڈسٹری بیوٹرز کو ڈسکاؤنٹس کی مد میں چھوٹ میں اصلاحات اور مثبت انویسٹری مینجمنٹ کی بدولت کل منافع 99 ملین کے مقابل 117 ملین مہیا ہوا۔ پچھلی دفعہ کے مقابل خام مال اور پروڈکشن کی دیگر لاگت یکساں رہی۔

گزشتہ سال کے اسی عرصے کے دوران آنے والے 23 ملین روپے کے بالمقابل آپریشنز سے آنے والا نفع 24 ملین روپے رہا۔ گزشتہ سال کے مقابلے اس سہ ماہی میں ریجنل سٹرکچرز کے باعث مثبت مالیاتی اثرات رونما ہوئے، جنہیں پچھلے سال کی پہلی ششماہی میں پورے ملک میں رسائی بڑھانے کے لئے قائم کیا گیا تھا، ہم پر امید ہیں کہ موثر ذرائع کی نامزدگی کے باعث سال کے آخری حصے میں بہتر نتائج سامنے آئیں گے۔

اس سہ ماہی میں ٹیکس کی کٹوتی کے بعد قانون کے تحت نفع 9.0 ملین روپے رہا۔

بحکم بورڈ آف ڈائریکٹرز

محمد ظاہر

چیف ایگزیکٹو آفیسر

لاہور: 30 جنوری 2018

# Condensed Interim Balance Sheet

As at December 31, 2017 (Un-audited)

	Note	December 31 2017 Rupees	September 30 2017 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital 20,000,000 (September 30, 2016: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital 7,875,000 (September 30, 2016: 7,875,000) ordinary shares of Rs. 10 each		78,750,000	78,750,000
Reserves		9,635,878	9,635,878
Unappropriated profit		422,279,572	413,102,822
		510,665,450	501,488,700
<b>NON-CURRENT LIABILITIES</b>			
Deferred Taxation		46,541,433	46,541,433
Deferred liabilities		115,196,918	114,902,440
Long term finance		-	-
		161,738,351	161,443,873
<b>CURRENT LIABILITIES</b>			
Current Portion of long term finance		62,616,286	64,000,000
Short term running finances		622,277,921	610,222,175
Creditors, accrued and other liabilities		165,976,662	217,607,324
Accrued finance cost on short term running finances		9,929,110	9,811,764
		860,799,979	901,641,263
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	1,533,203,779	1,564,573,836

	Note	December 31 2017 Rupees	September 30 2017 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		664,525,345	674,669,376
Intangible assets		2,654,682	2,923,309
Biological assets		18,781,500	18,783,000
Long term receivables		7,502,130	7,037,830
		693,463,657	703,413,515
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		25,681,137	27,458,358
Stock in trade		331,084,119	413,163,837
Trade debts		262,175,938	207,631,982
Advances, deposits, prepayments and other receivables		52,394,689	39,452,605
Income tax recoverable		156,525,750	158,213,459
Cash and bank balances		11,878,491	15,240,080
		839,740,123	861,160,321
		1,533,203,780	1,564,573,836

**S. M. Mohsin**  
Chairman

**Nauman Munawar**  
Chief Financial Officer

**Muhammad Zahir**  
Chief Executive Officer



# Condensed Interim Profit and Loss Account

For the Quarter Ended December 31, 2017 (Un-audited)

	December 31 2017 Rupees	December 31 2016 Rupees
Sales	465,535,791	458,533,292
Cost of sales	(348,074,923)	(359,089,865)
	117,460,868	99,443,427
<b>Gross profit</b>		
Administration expenses	(28,747,304)	(26,807,373)
Distribution and marketing expenses	(64,617,583)	(51,345,344)
Other operating expenses	(1,256,357)	(367,051)
Other operating income	1,393,967	1,706,618
<b>Profit from operations</b>	24,233,590	22,630,277
Finance cost	(11,123,948)	(10,824,747)
<b>Profit before tax</b>	13,109,642	11,805,530
Taxation	(3,932,893)	(3,541,659)
<b>Profit for the period</b>	9,176,750	8,263,871
Earnings per share - Basic and diluted	1.17	1.05

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Muhammad Zahir  
Chief Executive Officer

# Condensed Interim Statement of Comprehensive Income

For the Quarter Ended December 31, 2017 (Un-audited)

	December 31 2017 Rupees	December 31 2016 Rupees
Profit / [loss] for the year	9,176,750	8,263,871
Other Comprehensive Income for the period	-	-
<b>Total comprehensive Income / Loss for the period</b>	<b>9,176,750</b>	<b>8,263,871</b>

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Muhammad Zahir  
Chief Executive Officer

# Condensed Interim Cash Flow Statement

For the Quarter Ended December 31, 2017 (Un-audited)

	December 31 2017 Rupees	December 31 2016 Rupees
<b>Cash flows from operating activities</b>		
Profit before tax	13,109,642	11,805,530
Adjustment for:		
- Depreciation on property, plant and equipment	14,500,246	16,447,605
- Amortization on intangibles	257,690	349,593
- Profit on disposal of property, plant and equipment	(119,997)	-
- Material write off	77,346	-
- Retirement and other benefits accrued	5,771,523	6,287,564
- Exchange (Gain)/loss	197,087	38,766
- Finance cost	11,123,948	10,824,747
	<b>44,917,485</b>	<b>45,753,805</b>
<b>Profit before working capital changes</b>		
Effect on cash flow due to working capital changes:		
- Decrease/(Increase) in stores, spares and loose tools	1,777,221	3,457,853
- Decrease/(Increase) in stock-in-trade	82,002,372	31,425,548
- Decrease/(Increase) in trade debts	(54,741,043)	(33,384,597)
- (Increase)in advances, deposits prepayments and other receivables	(12,942,084)	(12,944,146)
- (Increase)in Income Tax Recoverable	(51,630,662)	(4,894,792)
- Increase/(Decrease) in creditors, accrued and other liabilities	(35,534,195)	(16,340,134)
	<b>9,383,290</b>	<b>29,413,671</b>
<b>Cash generated from operations</b>		
Finance cost paid	(11,006,602)	(13,275,056)
Tax paid	(2,245,184)	(7,394,029)
Retirement and other benefits paid	(5,477,045)	(4,070,022)
	<b>(9,345,541)</b>	<b>4,674,564</b>
<b>Net cash (used in) / generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,206,512)	(14,426,903)
Cash paid for CWIP	(5,616,613)	-
Purchase of intangible assets	10,937	(116,531)
Purchase of biological assets	1,500	1,948,000
Increase in Long Term Deposits	(464,300)	-
Sale proceeds of property, plant and equipment	2,586,907	-
Sale proceeds of livestock	-	-
	<b>(4,688,081)</b>	<b>(12,595,434)</b>
<b>Net cash used in investing activities</b>		

	December 31 2017 Rupees	December 31 2016 Rupees
Cash flows from financing activities		
Dividend paid	-	-
Repayment of long term loans	(1,383,714)	(10,666,665)
Net cash used in financing activities	(1,383,714)	(10,666,665)
Net decrease in cash and cash equivalents	(15,417,335)	(18,587,535)
Cash and cash equivalents at beginning of the period	(594,982,095)	(466,415,277)
Cash and cash equivalents at end of the period	<u>(610,399,430)</u>	<u>(485,002,812)</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Muhammad Zahir  
Chief Executive Officer

# Condensed Interim Statement of Changes in Equity

For the Quarter Ended December 31, 2017 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Total
	----- Rupees -----				
Balance as at September 30, 2015	78,750,000	9,335,878	300,000	484,201,186	572,587,064
Final dividend for the year ended September 30, 2015 Rs. 2.5 per share	-	-	-	(19,687,500)	(19,687,500)
Total Comprehensive Income for the period	-	-	-	(11,978,059)	(11,978,059)
Balance as at September 30, 2016	78,750,000	9,335,878	300,000	452,535,627	540,921,505
Transactions with owners recognized directly in equity					
Total Comprehensive Income for the period	-	-	-	(39,432,805)	(39,432,805)
Balance as at December 31, 2017	78,750,000	9,335,878	300,000	413,102,822	501,488,700
Total Comprehensive Income for the Quarter	-	-	-	9,176,750	9,176,750
Balance as at December 31, 2017	78,750,000	9,335,878	300,000	422,279,572	510,665,450

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Muhammad Zahir  
Chief Executive Officer

# Selected Notes to the Condensed Interim Financial Information

For the Quarter Ended December 31, 2017 (Un-audited)

1. Mitchell's Fruit Farms Limited is a public company incorporated in Pakistan and listed on Pakistan Stock Exchanges. Its primary objective is to manufacture and sell various Farm and Confectionery products.
2. These accounts are unaudited and are being submitted to the shareholders, in accordance with the requirements of the Company Ordinance 1984.
3. The accounting policies adopted for the preparation of quarterly accounts for the period ended September 30, 2017 are the same which were applied in the preparation of preceding annual published accounts of the company.
4. The interim financial report has been prepared in compliance with International Accounting Standard No.34, as applicable in Pakistan, in all material respects.
5. Provision in respect of taxation is based on estimated average annual effective income tax rate consistent with the annual assessment of taxes.
6. 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.

	December 31 2017 Rupees	December 31 2016 Rupees
7. <b>Cash and cash equivalents</b>		
Cash & cash bank balances	11,878,491	3,051,252
Short term running finances	(622,277,921)	(488,054,063)
	(610,399,430)	(485,002,811)

## 8. Contingencies and commitments

### 8.1 Contingencies

There has been no significant change in contingencies since September 30, 2017.

### 8.2 Commitments

Commitment in respect of capital expenditure is Rs. Nil (2017: Rs. Nil).

9. Transaction with related parties amounting to Rs.4.55 Million during the period ended December 31, 2017.

10. Previous period's figures have been restated, wherever necessary, for the purpose of comparison.

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Muhammad Zahir  
Chief Executive Officer









## INCORPORATED IN 1933

Citrus Fruit Growers and Makers of Premium Quality Squashes,  
Syrups, Fruit Drinks & Nectars, Jam, Jellies, Marmalade,  
Tomato Ketchup, Sauces, Pickles, Vinegars, Canned Foods,  
Pastes & Pulps, Sugar Confectioneries, Chocolates  
and Sugar-free Products.

Factory & Farms:

Mitchell's Fruit Farms Ltd.

Renala Khurd, District Okara, Pakistan. P: (+92) (44) 2622908, 2635907-8

F: (+92)(44) 2621416 | E: [rnk@mitchells.com.pk](mailto:rnk@mitchells.com.pk)

Head Office:

40-A, Zafar Ali Road, Gulberg V, Lahore, Pakistan. P: (+92) (42) 35872393-96,

F: (+92) (42) 35872398 | E: [ho@mitchells.com.pk](mailto:ho@mitchells.com.pk)

 Mitchell's Fruit Farms

 Mitchell's Chocolates & Sweets

[www.mitchells.com.pk](http://www.mitchells.com.pk)