

The logo for Mitchell's, featuring the word "MITCHELL'S" in a white, serif font inside a blue, rounded rectangular box with a gold border.

MITCHELL'S

A large, dark blue circle with a gold double-line border, containing the text "3RD QUARTERLY REPORT 2019" in a white, bold, sans-serif font.

**3RD QUARTERLY
REPORT 2019**

Contents

Company Information	2
Directors' Review	4
Condensed Interim Statement of Financial Position	6
Condensed Interim Statement of Profit or Loss	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Statement of Changes in Equity	10
Condensed Interim Statement of Cash Flows	11
Notes to and Forming Part of the Condensed Interim Financial Information	12

Company Information

Board of Directors

Mr. S.M.Mohsin	Chairman-Non Executive Director
Mr. Mujeeb Rashid	Chief Executive Officer
Syeda Sitwat Mohsin	Non Executive Director
Syed Mohammad Mehdi Mohsin	Executive Director
Mr. Rizwan Bashir	Independent Director
Ms. Umme Kulsum Imam	Non Executive Director
Syed Manzar Hassan	Independent Director
Mr. Shazad Ghaffar	Non Executive Director
Mr. Pervez Hayat Noon	Independent Director
Mr. Aamir Amin	Non Executive Director (NIT Nominee)
Mr. Najam Aziz Sethi	Executive Director

Audit Committee

Mr. Rizwan Bashir	Chairman
Mr. S.M.Mohsin	Member
Mr. Aamir Amin	Member

Chief Financial Officer

Mr. Nauman Munawar

Company Secretary

Mr. Rashid Butt

Auditors

A.F. Ferguson & Company
Chartered Accountants

Legal Advisors

Lashari & Co.
Tariq Rahim Manzil,
7-Turner Road, Lahore
Tel: 042-37324296

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
JS Bank Limited
Meezan Bank 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

Plot # 102, Street # 7,
Sector I-10/3, 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

Directors' Review

The Directors of the company are pleased to present their report on the condensed interim financial statements (unaudited) of the Company for the nine months ended June 30, 2019.

Sales during the period closed at Rs. 1,519 million compared to Rs. 1,461 million during the previous year. Performance has been encouraging despite severe challenges faced by business largely due to the economic reforms introduced by the present government. These steps though vital to put the economy to track have met resistance from the business community. It has adversely affecting our business as well. This is besides the prevailing inflationary wave which has diminished the purchasing power of the end consumer.

Export sales performance was quite encouraging as it closed at Rs.250 million compared to Rs.216 million last year registering a growth of 16%.

The management continued close monitoring of the fixed costs to ensure optimum utilization of available resources. Major reduction was achieved in the distribution and marketing expenses.

While the fixed costs were managed to greater extent, we had to incur higher financial cost due to the increase in lending base rate revised during the quarter on aggregate higher borrowings from the banks. Increased finance cost of Rs. 20.4 million during the period led to reduction in profit before tax which closed at Rs. 3.45 million compared to loss of Rs. 64.4 million same periods last year.

Provision for tax was made in accordance with the applicable rates resulting in loss for the period at Rs. 13.3 million compared to Rs. 78million same period last year.

The management is well aware and conscious about delivering higher quality products without compromising on their quality. Our efforts to explore B2B business are progressing at an encouraging pace despite adverse climatic conditions causing low availability of tomato crop for manufacturing tomato paste this season.

Whilst, the efforts of managing the operations in a profitable manner remain our top priority, we believe that same can only be achieved once we have economic stability in the country.

For and on behalf of
the Board of Directors

Mujeeb Rashid
Chief Executive Officer

Lahore: July 25, 2019

ڈائریکٹرز کی جانب سے جائزہ

کمپنی کے ڈائریکٹرز بھد مسرت 30 جون 2019 کو ختم ہونے والی نو ماہی کے جامع عبوری مالی گوشواروں (غیر آڈٹ شدہ) پر اپنی رپورٹ پیش کرتے ہیں۔

اس عرصے میں ہونے والی نیٹرز پچھلے سال اسی عرصے میں ہونے والی 1,461 ملین روپے کے بالمقابل 1,519 ملین روپے رہی۔ موجودہ حکومت کی معاشی اصلاحات کے نتیجے میں کاروبار کو درپیش شدید مسائل کے باوجود کارکردگی خاصی حوصلہ افزاء رہی ہے۔ اگرچہ یہ اقدامات معیشت کو صحیح راستے پر ڈالنے کے لیے کیے گئے تھے تاہم انہیں کاروباری طبقے کی جانب سے شدید مخالفت کا سامنا کرنا پڑا ہے۔ اس سے ہمارے کاروبار پر بھی کافی برا اثر پڑا ہے۔ علاوہ ازیں مہنگائی کی موجودہ لہر نے صارف کی قوت خرید کو متاثر کیا ہے۔ برآمدی نیٹرز کی کارکردگی کافی حوصلہ افزاء رہی جو کہ پچھلے سال ہونے والی 216 ملین روپے کی نیٹرز کے بالمقابل 16 فیصد کی شرح نمو کے ساتھ اس سال 250 ملین روپے رہی ہے۔

انتظامیہ نے وسائل کے بہترین استعمال کو یقینی بنانے کے لیے فلسفہ کا سٹ کو باریک بینی سے سنبھالا ہے۔ اس سلسلے میں سب سے بڑی تخفیف ڈسٹری بیوشن اور مارکیٹنگ کے اخراجات میں دیکھنے میں آئی ہے۔

اس عرصے میں اگرچہ فلسفہ کا سٹ میں بڑے پیمانے پر بہتری آئی، لیکن ہمیں بیٹکوں سے قرضے کی شرح بڑھنے کی وجہ سے اور مجموعی طور پر زیادہ قرضہ لینے کی وجہ سے سود کی زیادہ ادائیگی کرنا پڑی۔ مالیاتی لاگت میں 20.4 ملین روپے کے اضافے کے باعث پچھلے سال اسی مدت کے 64.4 ملین روپے کے نقصان کے مد مقابل اسی مدت میں قبل از ٹیکس منافع 3.45 ملین روپے رہا۔

قابل اطلاق ٹیکس کی وجہ سے اسی مدت میں پچھلے سال کے 7.8 ملین روپے کے بالمقابل 13.3 ملین روپے کا خسارہ ہوا۔ انتظامیہ معیار پر سمجھوتہ کیے بغیر اعلیٰ معیار کے پراڈکٹس مہیا کرنے میں مکمل طور پر آگاہ ہے۔ غیر متوقع موسمی حالات کے باعث اس سیزن میں ٹماٹو پیسٹ بنانے کے لیے درکار ٹماٹر کی فصل کے حصول میں کمی رہی۔ بی ٹی ٹی کاروبار کے حصول میں حوصلہ افزاء رجحان دیکھنے میں آیا۔ آپریشنز کو منافع بخش طریقے سے بڑھانا ہماری اولین ترجیح ہے تاہم، ہم یقین رکھتے ہیں کہ ایسا صرف تب ممکن ہے جب ایک بار ملک معاشی استحکام حاصل کر لے گا۔

منجانب اور منجانب بورڈ آف ڈائریکٹرز

مجیب رشید

چیف ایگزیکٹو آفیسر

لاہور: 25 جولائی 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2019 (Un-audited)

	Note	Un-audited June 30 2019 Rupees	Audited September 30 2018 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 20,000,000 (September 30, 2018: 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, 2018: 7,875,000) ordinary shares of Rs. 10 each		78,750,000	78,750,000
Reserves		9,635,878	9,635,878
Unappropriated profit		107,638,752	120,913,520
		196,024,630	209,299,398
NON-CURRENT LIABILITIES			
Deferred Taxation		826,152	3,144,530
Deferred liabilities		124,896,185	116,585,222
Long term finance	4	-	-
		125,722,337	119,729,752
CURRENT LIABILITIES			
Current Portion of long term finance	4	-	21,333,333
Short term running finances		659,165,934	680,657,933
Creditors, accrued and other liabilities		126,953,705	298,120,361
Contract Liabilities		3,900,583	-
Loan from Directors- unsecured		150,000,000	150,000,000
Accrued finance cost		17,488,831	12,163,862
Unclaimed dividends		2,004,183	2,004,183
		959,513,237	1,164,279,672
CONTINGENCIES AND COMMITMENTS			
	5		
		1,281,260,204	1,493,308,822

The annexed notes 1 to 13 form a integral part of this condensed interim financial information.

	Note	Un-audited June 30 2019 Rupees	Audited September 30 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	612,320,160	645,288,320
Intangible assets		2,011,173	2,379,947
Biological assets		36,477,667	38,931,667
Long term receivables		7,171,780	9,693,930
		657,980,780	696,293,864
CURRENT ASSETS			
Stores, spares and loose tools		39,355,449	36,064,853
Stock in trade		269,530,047	461,616,862
Trade debts		89,199,429	63,720,363
Advances, deposits, prepayments and other receivables		51,778,717	67,267,269
Income tax recoverable		161,761,547	155,234,531
Cash and bank balances		11,654,235	13,111,080
		623,279,424	797,014,958
		1,281,260,204	1,493,308,822

Mujeeb Rashid
Chief Executive Officer

Nauman Munawar
Chief Financial Officer

Najam Aziz Sethi
Director

Condensed Interim Statement of Profit or Loss

For the Quarter and Nine Month Ended June 30, 2019 (Un-audited)

	Note	April to June		October to June	
		2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Sales	7	477,024,855	523,794,606	1,519,242,426	1,461,362,908
Cost of sales		(364,882,375)	(397,333,968)	(1,151,764,419)	(1,101,483,209)
Gross profit		112,142,480	126,460,638	367,478,007	359,879,700
Administration expenses		(45,988,075)	(35,948,798)	(110,500,172)	(99,553,343)
Distribution and marketing expenses		(69,909,935)	(102,802,051)	(208,770,300)	(303,805,612)
Other operating expenses		1,617,761	(362,699)	(731,109)	(1,055,000)
Other operating income		3,881,137	954,782	11,057,939	14,816,450
Profit / (Loss) from operations		1,743,368	(11,698,128)	58,534,365	(29,717,804)
Finance cost		(18,777,831)	(12,637,942)	(55,077,477)	(34,697,296)
Profit / (Loss) before tax		(17,034,463)	(24,336,070)	3,456,888	(64,415,100)
Taxation		(6,156,804)	(7,664,235)	(16,731,656)	(13,603,632)
(Loss) for the period		(23,191,266)	(32,000,305)	(13,274,768)	(78,018,733)
(Loss) per share					
- Basic and diluted		(2.94)	(4.06)	(1.69)	(9.91)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Mujeeb Rashid
Chief Executive Officer

Nauman Munawar
Chief Financial Officer

Najam Aziz Sethi
Director

Condensed Interim Statement of Comprehensive Income

For the Quarter and Nine Month Ended June 30, 2019 (Un-audited)

	April to June		October to June	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
(Loss) for the period	(23,191,267)	(32,000,305)	(13,274,768)	(78,018,733)
Other Comprehensive Income:				
-Items that will not be reclassified to profit or (loss)	-	-	-	-
-Items that may be reclassified subsequently to profit or (loss)	-	-	-	-
Total comprehensive (loss) for the period	<u>(23,191,267)</u>	<u>(32,000,305)</u>	<u>(13,274,768)</u>	<u>(78,018,733)</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Mujeeb Rashid
Chief Executive Officer

Nauman Munawar
Chief Financial Officer

Najam Aziz Sethi
Director

Condensed Interim Statement of Changes in Equity

For the Quarter and Nine Month Ended June 30, 2019 (Un-audited)

	Share capital	Share premium	General reserve	Appropriated profit	Total
	----- Rupees -----				
Balance as at September 30, 2017	78,750,000	9,335,878	300,000	413,102,822	501,488,700
(Loss) for the period	-	-	-	(78,018,733)	(78,018,733)
Other Comprehensive (loss)	-	-	-	-	-
Total Comprehensive (loss) for the period	-	-	-	(78,018,733)	(78,018,733)
Balance as at June 30, 2018 - un- audited	78,750,000	9,335,878	300,000	335,084,089	423,469,967
Balance as at September 30, 2018 - audited	78,750,000	9,335,878	300,000	120,913,520	209,299,398
Impact of cumulative adjustment as per IFRS 15	-	-	-	-	-
Balance as at October 1, 2018	78,750,000	9,335,878	300,000	120,913,520	209,299,398
(Loss) for the period	-	-	-	(13,274,768)	(13,274,768)
Other Comprehensive (loss)	-	-	-	-	-
Total Comprehensive (loss) for the period	-	-	-	(13,274,768)	(13,274,768)
Balance as at June 30, 2019 - un- audited	78,750,000	9,335,878	300,000	107,638,752	196,024,630

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Mujeeb Rashid
Chief Executive Officer

Nauman Munawar
Chief Financial Officer

Najam Aziz Sethi
Director

Condensed Interim Statement of Cash Flows

For the Quarter and Nine Month Ended June 30, 2019 (Un-audited)

		Nine month ended	
		June 30 2019 Rupees	June 30 2018 Rupees
Note			
Cash flows from operating activities			
	Cash generated from operations	9 132,614,634	45,230
	Finance cost paid	(54,741,339)	(33,814,921)
	Tax paid	(25,577,050)	(9,515,557)
	Payments for accumulated compensated absences	-	-
	Retirement and other benefits paid	(14,171,025)	(14,668,987)
	Net cash generated / (used in) from operating activities	38,125,220	(57,954,235)
Cash flows from investing activities			
	Purchase of property, plant and equipment	(3,051,068)	(25,541,920)
	Purchase of intangible assets	(244,981)	(295,888)
	Purchase of biological assets	-	(13,531,631)
	Security deposit paid for purchase of vehicles	2,522,150	(3,190,400)
	Sale proceeds of property, plant and equipment	3,354,765	8,260,817
	Sale proceeds of livestock	662,400	153,501
	Net cash used in investing activities	3,243,266	(34,145,521)
Cash flows from financing activities			
	Dividend paid	-	-
	Repayment of long term loans	(21,333,333)	(21,333,333)
	Net cash used in financing activities	(21,333,333)	(21,333,333)
	Net decrease in cash and cash equivalents	20,035,153	(113,433,089)
	Cash and cash equivalents at beginning of the period	10 (667,546,853)	(594,982,095)
	Cash and cash equivalents at end of the period	(647,511,700)	(708,415,184)

The annexed notes 1 to 13 form a integral part of this condensed interim financial information.

Mujeeb Rashid
Chief Executive Officer

Nauman Munawar
Chief Financial Officer

Najam Aziz Sethi
Director

Notes to and Forming Part of the Condensed Interim Financial Information

For the Quarter and Nine Month Ended June 30, 2019 (Un-audited)

1. Legal Status and nature of business

Mitchell's Fruit Farms Limited ("the Company") was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is situated at 40-A Zafar Ali Road, Gulberg V, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is un-audited and is being submitted to the members of the Company as required by Section 237 of the Companies Act, 2017 (the "Act").

The condensed interim financial information does not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended September 30, 2018.

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, 2018 except for the adoption of the standard as set out in note 2.2.1. Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended September 30, 2018.

2.1 Going concern assumption

During the period ended June 30, 2019, the current liabilities of the Company have exceeded its current assets by Rs. 336.23 million. Due to the losses incurred during recent years, the reserves of the Company have depleted significantly and the dividends have been discontinued

for the last three years. The existing working capital lines available to the Company have been utilized substantially and the related covenants have also not been complied with. Adverse financial results led to increased short term borrowing, from financial institutions and delay in meeting financial obligations towards trade creditors on a timely basis. These conditions indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as going concern.

The management of the Company has taken following steps to mitigate these issues.

Operational improvement measures comprising of:

- improved pricing and discount structure;
- expanding new business avenues; and
- cost reductions.

Furthermore, the Company is also negotiating with banks for continuance and enhancement of existing working capital lines and has also entered in an agreement with a financial institution to assist the Company on various capital raising options.

The management of the Company is confident that the above actions and steps shall enable the company to resolve its liquidity issues and substantially improve the financial results in the next year, therefore these condensed interim financial statements have been prepared on a going concern basis and consequently, do not include any adjustment relating to the realisation of its assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards and interpretations have been published that are applicable to this condensed interim financial information covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after October 1, 2018 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in this condensed interim financial information, except for the following:

IFRS 15 'Revenue from contracts with customers' was effective for the annual periods beginning on or after July 1, 2018. IFRS 15 'Revenue from contracts with customers' has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts', and several revenue-related Interpretations. The new standard is based on the principle that revenue is recognized when the entity satisfies performance obligation by transferring a promised good or service. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS

15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, there is no cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application.

Had these financial statements been prepared using IAS - 18, IAS - 11 and related interpretations ('previous revenue standards'), the effect on the financial statements would have been as follows:

	2019 Rupees
Increase in creditors, accrued and other liabilities	(3,900,583)
Decrease in contract liabilities	3,900,583
Decrease in trade debts	(3,656,615)
Decrease in creditors, accrued and other liabilities	3,656,615

Contract liabilities are recognized in respect of Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from a customer. As of reporting date, the Company has contract liabilities amounting to Rs 3.9 million.

Refund liabilities have been recognized amounting to Rs 3.65 million under creditors, accrued and other liabilities for sales with right to return. There is no impact for cumulative catch up adjustment for refund liabilities since the provision for sale returns has already been recorded in prior years and adjusted with trade debts. The returns generally pertain to expired or defective products having nil value due to which contract assets have not been recognized.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This interpretation does not have any significant impact on the Company's financial statements.

The Securities and Exchange Commission of Pakistan ('SECP') through SRO 1007(I)/2017 dated October 4, 2017 had notified that IFRS 9, 'Financial Instruments' would be applicable for annual periods beginning on or after July 1, 2018, however, subsequently, SECP through SRO 229(I)/2019 dated February 14, 2019 has notified the deferment of this standard to reporting period/year ending on or after June 30, 2019 (earlier application is permitted).

This standard replaces the guidance in IAS 39, 'Financial Instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The management of the company is of the view that the impact of the standard will not here any. Significant impact on the recognition measurement and classification of financial statement and therefore cumulative impact of initially applying this standard is not material and hence, has not been executed for.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting period beginning on October 1, 2019, and the Company has not early adopted them:

Standards or Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

2.3 Summary of significant events and transactions

The Company's financial position and performance was particularly affected by the following events and transactions during the interim reporting period:

- repaid principal on long term finance aggregating Rs 21.33 million;
- further developed the 'Business to Business' segment for enhancing sales of the Company; and
- transition to the new revenue standard "IFRS 15", the impact of which has been described in note 2.2.1.

3. Income tax expense is recognized based on management's best estimate of the weighted average income tax rate expected for the full financial year.

4. Long term finance - secured

		Un-audited June 30 2019 Rupees	Audited September 30 2018 Rupees
Long term finance	- note 4.1	-	21,333,333
Less: current maturity		-	(21,333,333)
		-	-

- 4.1 The long term finance was obtained from Habib Bank Limited for capital expenditure. Under the arrangement, principal amount of Rs 160 million was repayable in 15 equal quarterly instalments beginning on September 27, 2015. Interest was payable quarterly in arrears at the rate of 3 months KIBOR plus 1 percent per annum. Effective rate of interest ranged from 9.32% to 11.55% (2018: 7.15% to 7.16%) during the period / year.

The loan was secured by first joint pari-passu charge on plant and machinery of the company to the extent of Rs 143 million. The entire amount of the loan has been repaid during the period.

5. Contingencies and commitments

5.1 Contingencies

There is no significant change in contingencies since the date of preceding published annual financial statements, except the following:

- (i) In light of the section 131 (Appeal to the Appellate Tribunal) of the ITO 2001 the Commissioner can object to order of CIR(A) and can file an appeal before Appellate Tribunal Income Tax [ATIT] and CIR should also intimate the taxpayer at the time of filing of appeal before CIR(A).

The company has not received any such intimation of filing of appeal by CIR against the order of CIR(A) dated April, 2019 till to-date. Since the time for filing of appeal by CIR has lapsed and the CIR has not used his right of appeal within available time limit of 60 days, so the contingency as raised by the auditor no more exist and hence resolved.

- (ii) The Company has issued post dated cheques in favour of United Nations World Food Programme amounting to Rs NIL (September 30, 2018: NIL). Letter of guarantee in favour of United Nations World Food Programme on account of performance of contractual obligations amounting to Rs NIL (September 30, 2018: Rs 4.40 million).

5.2 Commitments

The Company has commitments in respect of:

- (i) Letters of credit including capital expenditure are Rs 26.50 million (September 30, 2018: Rs 4.97 million).
- (ii) Agreement with Bank Al Habib relating to vehicles obtained under Ijarah arrangement amounting to Rs 38.20 million (September 30, 2018: Rs 48.25 million).

6. Property, plant and equipment

Operating fixed assets - note 6.1
Capital work-in-progress

Un-audited June 30 2019 Rupees	Audited September 30 2018 Rupees
610,454,160	642,853,800
1,866,000	2,434,520
<u>612,320,160</u>	<u>645,288,320</u>

6.1 Operating fixed assets at net book value

Opening book value
Add: Additions during the period/year at cost - note 6.1.1

642,853,800	647,616,278
3,669,496	48,570,470
<u>646,523,296</u>	<u>696,186,748</u>

Less: Disposals during the period / year at book value - note 6.1.2
Depreciation charged during the period / year

(4,977,788)	(5,408,907)
(33,552,095)	(47,924,041)
<u>(38,529,883)</u>	<u>(53,332,948)</u>

Closing book value

<u>607,993,413</u>	<u>642,853,800</u>
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	Un-audited June 30 2019 Rupees	Audited September 30 2018 Rupees
6.1.1 Detail of additions during the period / year		
Building on freehold land	-	15,479,030
Plant and machinery	2,544,649	28,133,978
Vehicles	664,375	810,820
Furniture and fittings	-	301,606
Electric installations	334,942	2,350,004
Computer hardware	125,530	1,495,032
	3,669,496	48,570,470
6.1.2 Detail of disposals during the period / year		
Plant and machinery	265,000	-
Vehicles	2,867,950	5,210,834
Furniture and fittings	385,963	-
Electric installation	1,148,465	164,002
Computer hardware	310,410	34,071
	4,977,788	5,408,907

	Quarter ended June 30		Nine month ended June 30	
	2019 Un-audited Rupees	2018 Un-audited Rupees	2019 Un-audited Rupees	2018 Un-audited Rupees
7. Sales				
Gross sales - local	535,801,161	575,836,749	1,550,954,082	1,510,410,161
Less: Sales returns	(39,416,117)	(5,435,875)	(67,579,659)	(13,668,175)
Rebates	(58,092,593)	(52,269,280)	(163,250,534)	(142,736,345)
Trade promotion and incentives	(20,154,190)	(43,474,634)	(50,431,167)	(108,669,006)
	(117,662,901)	(101,179,789)	(281,261,361)	(265,073,526)
Net sales - Local	418,138,260	474,656,959	1,269,692,721	1,245,336,635
- Export sales	58,886,595	47,683,254	249,549,705	216,026,273
	477,024,855	522,340,213	1,519,242,426	1,461,362,908

		Quarter ended June 30		Nine month ended June 30	
		2019	2018	2019	2018
		Un-audited	Un-audited	Un-audited	Un-audited
		Rupees	Rupees	Rupees	Rupees
8.	Transactions with related parties				
Relationship with the Company	Nature of transactions				
Post employment benefit plan	Gratuity expense	2,550,000	2,810,434	14,487,547	13,525,223
Others	Donation paid	-	-	250,000	500,000
	Purchase of goods	162,164	6,697,436	7,800,562	11,542,129
	Rent expense	793,009	-	2,283,777	1,540,499
	Payment made on behalf of related party	384,429	1,103,217	1,537,940	1,256,140
	Key management personnel	3,897,717	12,685,786	11,693,150	27,952,128
		<u>7,787,319</u>	<u>23,296,873</u>	<u>38,052,976</u>	<u>56,316,119</u>

		Nine month ended June 30	
		2019	2018
		Un-audited	Un-audited
		Rupees	Rupees
9.	Cash generated from operations		
	Profit / (loss) before tax	3,456,888	(64,415,100)
	Adjustment for:		
	- Depreciation on property, plant and equipment	33,552,095	37,673,419
	- Amortization of intangibles	613,755	694,913
	- Unwinding of deferred income	(265,955)	(295,504)
	- Profit/(loss) on disposal of property, plant and equipment	(887,632)	183,626
	- Material write off	-	2,362,766
	- Provision for sales return	3,656,615	-
	- Provision for gratuity and accumulated leaves	22,747,943	19,603,768
	- Loss/(gain) on revaluation and disposal of live stock	1,791,600	(5,730,299)
	- Provision for slow moving stock	3,031,853	-
	- Exchange gain	(3,051,251)	(5,286,287)
	- Finance cost	55,077,477	34,697,296
		<u>116,266,501</u>	<u>83,903,698</u>
	Profit before working capital changes	119,723,389	19,488,598
	Effect on cash flow due to working capital changes:		
	- Increase in stores, spares and loose tools	(4,277,673)	(3,259,703)
	- Decrease in stock-in-trade	179,210,094	74,810,891
	- Increase in trade debts	(18,527,232)	(166,885,286)
	- (Decrease) / increase in advances, deposits prepayments and other receivables	13,960,541	(32,555,741)
	- (Decrease) / increase in creditors, accrued and other liabilities	(157,474,484)	108,446,472
		<u>12,891,246</u>	<u>(19,443,367)</u>
	Cash generated from operations	<u>132,614,634</u>	<u>45,231</u>

	Un-audited June 30 2019 Rupees	Un-audited June 30 2018 Rupees
10. Cash and cash equivalents		
Cash and bank balances	11,654,235	2,538,392
Finances under markup arrangements - secured	(659,165,934)	(710,953,576)
	<u>(647,511,700)</u>	<u>(708,415,184)</u>

11. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's non financial asset that are measured at fair value at June 30, 2019:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Assets				
Recurring fair value measurements of biological assets				
Livestock	-	36,477,667	-	36,477,667
	<u>-</u>	<u>36,477,667</u>	<u>-</u>	<u>36,477,667</u>

The following table presents the Company's non financial asset that are measured at fair value at September 30, 2018:

	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Assets				
Recurring fair value measurements of biological assets				
Livestock	-	38,931,667	-	38,931,667
	-	38,931,667	-	38,931,667

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 2 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on March 31, 2019. Level 2 fair value of biological assets has been determined using a replacement cost approach, whereby, current cost of similar livestock in the international market has been adjusted for transportation costs to arrive at fair value.

12. Date of authorisation

These condensed interim financial information were authorised for issue on July 25, 2019 by the board of directors of the company.

13. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Mujeeb Rashid
Chief Executive Officer

Nauman Munawar
Chief Financial Officer

Najam Aziz Sethi
Director

Notes

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Notes








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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

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

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