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Company Information

Board of Directors

S. M. Mohsin	Chairman, Non Executive Director
Mujeeb Rashid	Chief Executive Officer
Sitwat Mohsin	Non Executive Director
Mehdi Mohsin	Executive Director
Moaz Mohiuddin	Independent, Non Executive Director
Syed Faisal Imam	Non Executive Director
Umme Kulsum Imam	Non Executive Director
Jamal Nasim	Non Executive Director (NIT Nominee)

Audit Committee

Moaz Mohiuddin	Chairman
S. M. Mohsin	Member
Syed Faisal Imam	Member

Company Secretary/CFO

Atif Fayyaz

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
Standard Chartered Bank (Pakistan) Limited
MCB 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

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, 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)

Plot No. 111, Street No. 10, I - 9/2,
Industrial Area, Islamabad
Phones: 051-4443824-6
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
Phones: (021) 35212112, 35212712
& 35219675
Fax: (021) 35673588
E-Mail: rsos@mitchells.com.pk

Directors' Review

For the half year under review the company's sales performance has been strongly influenced by its bold decision to cease selling to the high volume low price point market segment that does not deliver sufficient operating margin for absorbing the ongoing inflationary pressures.

With focused efforts the company was able to substantially increase sales in other product categories thus making up for most of the volumes lost in the abandoned low price category. Despite elimination of this high volume selling product, overall sales decreased by a mere 2%. Realignment of business strategy with the help of reinforced Marketing and Distribution endeavors helped in increasing Gross Profit to Rs. 286 million from Rs. 271 million in the corresponding period last year.

During this period the company was also able to successfully complete construction of its Fruit Pulping Line based on the latest technology that will enable us to make Fruit Pulps of high concentration and quality for own consumption as well as for the local market and exports. To fulfill the needs of this high capacity pulping line the company has also invested in a new Boiler for cost efficient Steam generation.

Although Gross Profit earned was higher this year when compared to corresponding period last year, increase of fixed costs due to enhanced marketing efforts and new investments in plant and equipment resulted in reducing profit after tax from Rs. 66 million to Rs. 60 million and earnings per share from Rs. 8.38 to Rs. 7.58.

We hope our new investments will pay rich dividends in the form of energy efficiency and productivity during coming years.

For and on behalf of
the Board of Directors

Mujeeb Rashid
Chief Executive Officer

Lahore: May 28, 2014

Condensed Interim Balance Sheet

As at March 31, 2014 (Un-audited)

	Note	March 31 2014 Rupees Un-audited	September 30 2013 Rupees Audited and Restated
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 20,000,000 (September 30, 2013: 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, 2013: 6,300,000) ordinary shares of Rs 10 each		78,750,000	63,000,000
Reserves		9,635,878	9,635,878
Unappropriated profit		443,940,246	447,261,832
		532,326,124	519,897,710
NON-CURRENT LIABILITIES			
Deferred liabilities		130,225,878	118,442,883
Long term loan	5	160,000,000	-
		290,225,878	118,442,883
CURRENT LIABILITIES			
Short term running finances		266,202,977	97,102,844
Creditors, accrued and other liabilities		164,651,007	188,394,095
Accrued finance cost on short term running finances		6,311,781	1,485,143
		437,165,765	286,982,082
CONTINGENCIES AND COMMITMENTS			
	6	1,259,717,767	925,322,675

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

	Note	March 31 2014 Rupees Un-audited	September 30 2013 Rupees Audited and Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	633,549,614	393,166,181
Intangible assets		1,993,771	1,077,596
Biological assets		7,797,000	9,573,000
Long term Receivables		1,974,780	750,000
		645,315,165	404,566,777
CURRENT ASSETS			
Stores, spares and loose tools		26,411,296	15,026,848
Stock in trade		380,900,603	327,371,490
Trade debts		89,135,956	56,548,807
Advances, deposits, prepayments and other receivables		74,212,504	84,008,075
Cash and bank balances		43,742,243	37,800,678
		614,402,602	520,755,898
		1,259,717,767	925,322,675

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Condensed Interim Profit and Loss Account

For the Quarter and Half Year Ended March 31, 2014 (Un-audited)

	January to March		October to March	
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
Sales	537,360,533	538,960,908	999,573,898	1,022,576,925
Cost of sales	(376,236,170)	(386,788,999)	(713,111,830)	(751,182,168)
Gross profit	161,124,363	152,171,909	286,462,068	271,394,757
Administration expenses	(24,425,657)	(21,845,701)	(46,794,539)	(40,158,312)
Distribution and marketing expenses	(72,165,689)	(55,384,616)	(132,041,905)	(111,107,955)
Other operating expenses	(5,299,961)	(5,598,412)	(8,056,610)	(8,476,266)
Other operating income	3,967,377	4,004,218	5,959,811	6,047,614
Profit from operations	63,200,433	73,347,398	105,528,825	117,699,838
Finance cost	(8,399,176)	(3,607,686)	(14,103,523)	(9,725,782)
Profit before tax	54,801,257	69,739,712	91,425,302	107,974,056
Taxation	(21,125,915)	(28,572,090)	(31,746,888)	(41,954,110)
Profit for the period	33,675,342	41,167,622	59,678,414	66,019,946
Earnings per share - Basic and diluted	4.28	5.23	7.58	8.38

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

S. M. Mohsin

Chairman

Mujeeb Rashid

Chief Executive Officer

Condensed Interim Statement of Comprehensive Income

For the Quarter and Half Year Ended March 31, 2014 (Un-audited)

	January to March		October to March	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Profit for the period	33,675,342	41,167,622	59,678,414	66,019,946
Remeasurement of defined benefit plans -Net of tax for the period	-	-	-	-
Total comprehensive income for the period	<u>33,675,342</u>	<u>41,167,622</u>	<u>59,678,414</u>	<u>66,019,946</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Condensed Interim Cash Flow Statement

For the Quarter and Half Year Ended March 31, 2014 (Un-audited)

		October to March	
	Note	2014 Rupees	2013 Rupees
Cash flow from operating activities			
Cash from operations	9	11,471,755	158,339,048
Finance cost paid		(9,276,885)	(8,262,439)
Tax paid		(19,072,137)	(56,419,299)
Retirement and other benefits paid		(2,604,181)	(3,028,540)
Net cash (used in) / from operating activities		(19,481,448)	90,628,770
Cash flows from investing activities			
Purchase of property, plant and equipment		(261,919,375)	(32,372,155)
Purchase of intangible assets		(1,023,935)	(58,000)
Sale proceeds of property, plant and equipment		4,633,491	2,674,222
Sale proceeds of livestock		1,882,700	1,484,200
Net cash used in investing activities		(256,427,119)	(28,271,733)
Cash flows from financing activities			
Dividend paid		(47,250,000)	(37,285,286)
Long term loan		160,000,000	-
Net cash from / (used in) financing activities		112,750,000	(37,285,286)
Net (decrease) / increase in cash and cash equivalents		(163,158,568)	25,071,751
Cash and cash equivalents at beginning of the period		(59,302,166)	(128,632,913)
Cash and cash equivalents at end of the period		(222,460,734)	(103,561,162)

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Condensed Interim Statement of Changes in Equity

For the Quarter and Half Year Ended March 31, 2014 (Un-audited)

	Share capital	Share premium	General reserve Rupees	Accumulated profit	Total
Balance as at September 30, 2012	50,400,000	9,335,878	300,000	372,529,248	432,565,126
Effect of retrospective change in accounting policy -net of tax (Note 2.1)	-	-	-	(3,382,270)	(3,382,270)
Balance as at September 30, 2012 - restated	50,400,000	9,335,878	300,000	369,146,978	429,182,856
Transfer to reserve for issue of bonus shares	-	-	12,600,000	(12,600,000)	-
Issuance of bonus shares	12,600,000	-	(12,600,000)	-	-
Remeasurement of defined benefit plan -net of tax	-	-	-	(1,912,571)	(1,912,571)
Final dividend for the year ended September 30, 2012 Rs. 7.5 per share	-	-	-	(37,800,000)	(37,800,000)
Total Comprehensive Income for the period	-	-	-	66,019,946	66,019,946
Balance as at March 31, 2013 - Restated	63,000,000	9,335,878	300,000	382,854,353	455,490,231
Remeasurement of Defined Benefit Plan - net of tax	-	-	-	(1,912,571)	(1,912,571)
Total Comprehensive Income for the period	-	-	-	66,320,050	66,320,050
Balance as at September 30, 2013-Restated	63,000,000	9,335,878	300,000	447,261,832	519,897,710
Transfer to reserve for issue of bonus shares	-	-	15,750,000	(15,750,000)	-
Issuance of bonus shares	15,750,000	-	(15,750,000)	-	-
Final dividend for the year ended September 30, 2013 Rs. 7.5 per share	-	-	-	(47,250,000)	(47,250,000)
Total Comprehensive Income for the period	-	-	-	59,678,414	59,678,414
Balance as at March 31, 2014	78,750,000	9,335,878	300,000	443,940,246	532,326,124

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

S. M. Mohsin

Chairman

Mujeeb Rashid

Chief Executive Officer

Selected Notes to the Condensed Interim Financial Information

For the Quarter and Half Year Ended March 31, 2014 (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, 2013 except as described below:

2.1 Standards, amendments to published standards and interpretations effective in current year

During the current year, the Company has changed its accounting policy in respect of post retirement defined benefits plans. The new policy is in accordance with the requirements of IAS 19 revised, 'Employee Benefits'. According to new policy, on remeasurments, actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments, the return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset), are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income (OCI) in the periods in which they occur.

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This has increased the income statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on total comprehensive income as the increased charge in profit or loss is offset by the credit in other comprehensive income.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the current and prior period financial statements have been summarised below:

Effect on balance sheet

	September 30 2013 Rupees	September 30 2012 Rupees
Decrease in Deferred liabilities	(3,825,142)	(3,382,270)

Impact on Statement of Changes in Equity

Cumulative effect from prior years- Net of tax	(3,825,142)	(3,382,270)
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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.

		March 31 2014 Rupees	September 30 2013 Rupees
5. Long term finance			
Long term finance	5.1	160,000,000	-

- 5.1** The long term finance has been obtained from HBL Bank, for capital expenditure and working capital requirements. Under the arrangement, principal amount of PKR 160 million is repayable in 15 equal quarterly installments beginning on August 31, 2015. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 1 percent per annum.

The loan is secured by First Joint Pari-Passu charge on Plant & Machinery of the company having value of Rs. 414 million.

6. Contingencies and commitments

6.1 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 17.20 million (September 30, 2013: Rs 17.20 million)

6.2 Commitments

Letters of credit including capital expenditure are Rs 149 million (2013: Rs. 35 million).

	Note	March 31 2014 Rupees	September 30 2013 Rupees
7. Property, plant and equipment			
Operating fixed assets	7.1	393,883,540	386,610,321
Capital work-in-progress		239,666,074	6,555,860
		<u>633,549,614</u>	<u>393,166,181</u>
7.1 Operating fixed assets			
Opening book value		386,610,321	351,429,726
Add: Additions during the period(at cost)	7.1.1	28,809,161	74,922,575
		415,419,482	426,352,301
Less: Disposals during the period (at book value)	7.1.2	(2,404,787)	(2,472,584)
Depreciation charged during the period		(19,131,155)	(37,269,396)
		<u>(21,535,942)</u>	<u>(39,741,980)</u>
		<u>393,883,540</u>	<u>386,610,321</u>

Note	March 31 2014 Rupees	September 30 2013 Rupees
7.1.1 Detail of additions during the period		
Building on freehold land	2,719,702	41,433,710
Building on lease hold land	5,436,959	2,917,518
Plant and machinery	15,795,713	17,127,068
Vehicles	2,923,480	5,967,770
Furniture, fixture and office equipment	989,270	748,983
Electric Installations	698,460	6,209,257
Computer hardware	245,577	518,269
	28,809,161	74,922,575

7.1.2 Detail of disposals during the period

Land	-	906,734
Vehicles	2,381,910	1,506,446
Electric installation	22,040	57,904
Computer hardware	-	1,500
Building free hold land	837	-
	2,404,787	2,472,584

October to March

		2014 Rupees	2013 Rupees
8. Transactions with related parties			
Relationship with the Company	Nature of transactions		
Associated undertakings	Purchase of goods	6,885,304	4,103,136
	Donations	500,000	500,000
		March 31 2014 Rupees	September 30 2013 Rupees
Period end balances			
Receivable from related parties		-	136,748
Payable to related parties		7,991	-

	October to March	
	2014 Rupees	2013 Rupees
9. Cash generated from operations		
Profit before tax	91,425,302	107,974,056
Adjustment for:		
- Depreciation on property, plant and equipment	19,131,155	17,371,664
- Amortization on intangibles	107,760	131,437
- Profit on disposal of property, plant and equipment	(2,228,704)	(1,285,476)
- Retirement and other benefits accrued	11,543,050	9,844,551
- Profit on revaluation of live stock	(106,700)	(769,033)
- Exchange loss	753,233	(622,102)
- Finance cost	14,103,523	9,725,782
Profit before working capital changes	134,728,619	142,370,879
Effect on cash flow due to working capital changes:		
- (Increase) in stores, spares and loose tools	(11,384,448)	(4,303,195)
- Decrease/(Increase) in stock-in-trade	(53,529,113)	31,393,086
- (Increase) in Long term receivable	(1,224,780)	-
- Decrease/(Increase) in trade debts	(33,340,382)	4,197,419
- (Increase)in advances, deposits prepayments and other receivables	(35,053)	(16,271,450)
- (Decrease)/Increase in creditors, accrued and other liabilities	(23,743,088)	952,309
	(123,256,864)	15,968,169
	11,471,755	158,339,048
10. Cash and cash equivalents		
Cash and bank balances	43,742,243	30,245,846
Short term running finances	(266,202,977)	(133,807,008)
	(222,460,734)	(103,561,162)
	March 31 2014 Rupees	March 31 2013 Rupees

11. Date of authorisation

These condensed interim financial information were authorised for issue on May 28, 2014 by the board of directors of the company.

12. Corresponding figures

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

S. M. Mohsin

Chairman

Mujeeb Rashid

Chief Executive Officer



