MITCHELL'S®

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Quarter 1 RESULTS

JUL-SEP 2022

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shazad Ghaffar .... Chairman
Mr. Najam Aziz Sethi .... Chief Executive Officer
Mr. Syed Mohammad Mehdi Mohsin .... Non - Executive Director
Ms. Umme Kulsum Imam .... Non - Executive Director
Mr. Abdul Hamid Dagia .... Non - Executive Director
Mr. Aamir Amin .... Independent Director
Mr. Syed Manzar Hassan .... Independent Director
Mr. Rizwan Bashir .... Independent Director

AUDIT COMMITTEE

Mr. Rizwan Bashir .... Chairman
Mr. Shazad Ghaffar .... Member
Mr. Aamir Amin .... Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Manzar Hassan .... Chairman
Ms. Umme Kulsum Imam .... Member
Mr. Aamir Amin .... Member

COMPANY SECRETARY

Mehboob Ellahi Khan

CHIEF FINANCIAL OFFICER

Badar M. Khan, FCA

AUDITORS

Crowe Hussain Chaudhury & Company
Chartered Accountants

LEGAL ADVISORS

Crown 1207 LLP
258-A, Upper mall Scheme,
Opposite Gymkhana, Lahore

BANKERS

Habib Bank Limited
Askari Bank Limited
Allied Bank Limited
JS Bank Limited
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

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Phones: (042) 35872392-96,
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E-Mail: ho@mitchells.com.pk
Website: www.mitchells.com.pk

FACTORY & FARMS

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rsoc@mitchells.com.pk

REGIONAL SALES OFFICES

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KARACHI

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DIRECTORS' REPORT

The Directors of the company are pleased to present their report on the condensed interim financial statement of the Company for the first quarter (Q-1) ended September 30, 2022.

Key financial highlights for the subject period are as under:

	September 30 2022	September 30 2021
	Rupees in Million	
Sales revenue	468.98	536.97
Gross profit	99.73	55.75
Net loss before tax	(92.29)	(90.67)
Net loss after tax	(98.07)	(96.04)
Loss per share	(4.29)	(4.20)

After incurring heavy losses during the last financial year, the company is in the rebuilding process. Some salient features of these financial results are as under:

- Sales remain lower than last year due to production & financial challenges.
- Reduction in cost of raw & packing material and salaries with the help of better management of resources
- Increase in fuel & power costs due to increase in tariff rates.
- Reduction in administrative costs with the help of planning & management control.
- Increase in finance costs due to increase in interest rates, unavailability of export refinance & full utilization of financing facilities.

During this period, the sponsors have extended further loans of PKR 40M to help company cash flows. Also, at the same time, company has revised its prices as compared to the last year and is making successful efforts for reduction in its input costs. During the subsequent period, we have achieved improvements in our gross margins that shall generate operating profits. Hence, we are currently aiming towards further improvements in the next quarter with a view to offset Q-1 losses. With the arrival of fresh crop of saag and winter seasonal impact, the sales of the company have grown in the subsequent months with more efficiency and diligence.

We have also planned modernization of plant facilities and upgrading our facilities in a phased manner to ensure the quality and availability of products and to increase shareholder's value.

For and on behalf of
the Board of Directors

Najam Aziz Sethi
Chief Executive Officer

Shazad Ghaffar
Chairman

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی (Q-1) کے لیے کمپنی کے کنڈینسڈ عبوری مالیاتی حسابات پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مذکورہ بال مدت کے لیے اہم مالی جھلکیاں حسب ذیل ہیں:

تفصیل	30 ستمبر 2022 پاکستانی روپے ملین میں	30 ستمبر 2021 پاکستانی روپے ملین میں
سیلز ریونیو	468.98	536.97
مجموعی منافع	99.73	55.75
ٹیکس سے پہلے خالص نقصان	(92.29)	(90.67)
ٹیکس کے بعد خالص نقصان	(98.07)	(96.04)
فی شیئر نقصان	(4.29)	(4.20)

گزشتہ مالی سال کے دوران بھاری نقصان اٹھانے کے بعد، کمپنی دوبارہ تعمیر کے عمل میں ہے۔ ان مالیاتی نتائج کی چند نمایاں خصوصیات حسب ذیل ہیں:

- پیداوار اور مالیاتی مشکلات کی وجہ سے فروخت گزشتہ سال کے مقابلے میں کم ہے۔
- وسائل کے بہتر انتظام کی مدد سے خام اور پیکنگ میٹریل اور تنخواہوں کی لاگت میں کمی لائی گئی ہے۔
- ٹیرف کی شرح میں اضافے کی وجہ سے ایندھن اور بجلی کے اخراجات میں اضافہ ہوا ہے۔
- منصوبہ بندی اور انتظامی کنٹرول کی مدد سے انتظامی اخراجات میں کمی لائی گئی ہے۔
- شرح سود میں اضافے، برآمدی ری فنانس کی عدم دستیابی اور مالیاتی سہولیات کے مکمل استعمال کی وجہ سے مالیاتی اخراجات میں اضافہ ہوا ہے۔

اس مدت کے دوران، اسپانسرز نے کمپنی کے کیش فلو میں مدد کے لیے 40 ملین روپے کے مزید قرضوں کا اجرا کیا ہے۔ نیز، اسی اثناء میں، کمپنی نے گزشتہ سال کے مقابلے اپنی قیمتوں پر نظر ثانی کی ہے اور اپنی ان پٹ لاگت میں کمی کے لیے کامیاب کوششیں کر رہی ہے۔ اس کوارٹر کے بعد کی مدت کے دوران، ہم نے اپنے مجموعی مارجن میں بہتری حاصل کی ہے جو آپریٹنگ منافع پیدا کرے گی۔ اس لیے، ہم فی الحال Q-1 کے نقصانات کو پورا کرنے کے لیے اگلی سہ ماہی میں مزید بہتری کی طرف توجہ مرکوز کئے ہوئے ہیں۔ Saag کی تازہ فصل کی آمد اور موسم سرما کے موسمی اثرات کے ساتھ، کمپنی کی فروخت اگلے مہینوں میں زیادہ کارکردگی اور مستعدی کے ساتھ زیادہ ہوئی ہے۔

ہم نے پلانٹ کی سہولیات کو جدید بنانے اور مصنوعات کے معیار اور دستیابی کو یقینی بنانے اور شیئر ہولڈر کی قدر میں اضافہ کے لیے مرحلہ وار اپنی سہولیات کو بھی اپ گریڈ کرنے کا منصوبہ بنایا ہے۔

منجانب
بورڈ آف ڈائریکٹرز

نجم عزیز سیٹھی
چیف ایگزیکٹو آفیسر

شہزاد غفار
چیئرمین

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

	Note	Un-audited September 30 2022 Rupees	Audited June 30 2022 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital 40,000,000 (June 30, 2022: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital 22,875,000 (June 30, 2022: 22,875,000) ordinary shares of Rs 10 each		228,750,000	228,750,000
Reserves	6	(123,890,402)	(25,813,586)
		104,859,598	202,936,414
NON-CURRENT LIABILITIES			
Deferred liabilities		138,620,600	135,741,601
CURRENT LIABILITIES			
Current portion of long term finance		7,500,000	14,949,499
Current portion of deferred grant		125,297	125,297
Trade and other payables		707,491,215	707,328,886
Finances under mark up arrangements		314,024,464	341,059,804
Loan from shareholders - unsecured		265,000,000	225,000,000
Accrued finance cost		12,752,256	12,848,666
Unclaimed dividend		1,912,754	1,912,754
		1,308,805,986	1,303,224,906
CONTINGENCIES AND COMMITMENTS	7	-	-
		1,552,286,184	1,641,902,921

The annexed notes 1 to 15 form a integral part of this condensed interim financial statements.

Badar M. Khan	Najam Aziz Seethi	Shazad Ghaffar
Chief Financial Officer	Chief Executive Officer	Chairman

	Note	Un-audited September 30 2022 Rupees	Audited June 30 2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	655,712,121	668,093,802
Intangible assets		26,481,601	26,585,558
Biological assets		1,550,000	1,550,000
Long term receivables		1,231,543	1,541,543
		684,975,265	697,770,903
CURRENT ASSETS			
Stores, spares and loose tools		47,681,397	45,561,599
Inventories		383,740,059	430,965,294
Trade debts - unsecured		171,489,797	202,059,716
Advances, depsits, prepayments and other receivables		156,466,813	127,526,438
Income tax receivable		97,692,016	116,394,571
Bank balances		10,240,838	21,624,400
		867,310,920	944,132,018
		1,552,286,184	1,641,902,921

The annexed notes 1 to 15 form a integral part of this condensed interim financial statements.

Badar M. Khan	Najam Aziz Seethi	Shazad Ghaffar
Chief Financial Officer	Chief Executive Officer	Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

		September 30 2022 Rupees	September 30 2021 Rupees
Sales	9	468,989,225	536,974,622
Cost of sales		(369,251,576)	(481,222,108)
Gross profit		99,737,649	55,752,514
Administrative & general expenses:		(44,630,285)	(67,128,120)
Marketing & distribution expenses		(135,990,148)	(79,943,544)
Other operating expenses		(200,261)	-
Other operating income		4,440,427	5,915,367
Loss from operations		(76,642,619)	(85,403,782)
Finance costs		(15,656,402)	(5,271,434)
Loss before tax		(92,299,021)	(90,675,216)
Taxation		(5,777,795)	(5,369,746)
Loss after tax		(98,076,816)	(96,044,962)
Loss per share - Basic and diluted		(4.29)	(4.20)

The annexed notes 1 to 15 form a integral part of this condensed interim financial statements.

Badar M. Khan
Chief Financial Officer

Najam Aziz Seethi
Chief Executive Officer

Shazad Ghaffar
Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	September 30 2022 Rupees	September 30 2021 Rupees
Loss for the period	(98,076,816)	(96,044,962)
Other Comprehensive Income:		
-Items that will not be reclassified to profit or (loss)	-	-
Re-measurement of retirement benefit - net of tax	-	-
-Items that may be reclassified subsequently to profit or (loss)	-	-
Total comprehensive loss for the period	(98,076,816)	(96,044,962)

The annexed notes 1 to 15 form a integral part of this condensed interim financial statements.

Badar M. Khan	Najam Aziz Seethi	Shazad Ghaffar
Chief Financial Officer	Chief Executive Officer	Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Share capital	Share premium	General reserve	Accumulated profit	Total
	----------------------	----------------------	Rupees	----------------------	----------------------
Balance as at July 1, 2021	228,750,000	609,335,878	300,000	(1,967,821)	836,418,057
Total comprehensive income for the period Jul 2021 to Sep 2021					
- Loss for the period from July 1, 2021 to Sep 30, 2021	-	-	-	(621,977,039)	(621,977,039)
- Other comprehensive income for the period from July 1, 2021 to September 30, 2021	-	-	-	(11,504,604)	(11,504,604)
	-	-	-	(633,481,643)	(633,481,643)
Balance as at June 30, 2022	228,750,000	609,335,878	300,000	(635,449,464)	202,936,414
Balance as at July 1, 2022	228,750,000	609,335,878	300,000	(635,449,464)	202,936,414
Total comprehensive income for the period July 1, 2022 to September 30, 2022 to June 30, 2020"					
- Loss for the period from July 1, 2022 to September 30, 2022	-	-	-	(98,076,816)	(98,076,816)
- Other comprehensive income for the period from July 1, 2022 to September 30, 2022	-	-	-	-	-
Balance as at September 30, 2022	228,750,000	609,335,878	300,000	(733,526,280)	104,859,598

Badar M. Khan	Najam Aziz Seethi	Shazad Ghaffar
Chief Financial Officer	Chief Executive Officer	Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	September 30 2022 Rupees	September 30 2021 Rupees
Cash flows from operating activities		
Cash (used in) / generated from operations	(2,790,281)	(179,718,386)
Finance cost paid	(15,752,812)	(5,271,435)
Taxes paid	12,924,760	(6,473,595)
Retirement benefits paid	(510,752)	(3,640,690)
Payment of accumulated compensated absences	-	(1,107,865)
Security deposit - net	310,000	3,600,000
Net cash (used in) / generated from operating activities	(5,819,085)	(192,611,971)
Cash flows from investing activities		
Fixed capital expenditure including CWIP	(7,750,743)	(15,638,621)
Transfer to CWIP	(3,278,394)	484,458
Proceeds from sale of biological assets	-	121,000
Proceeds from sale of property, plant and equipment	-	-
Net cash used in investing activities	(11,029,137)	(15,033,163)
Cash flows from financing activities		
Loan/Advance obtained from shareholders	40,000,000	-
Repayment of long term finances-secured	(7,500,000)	(7,500,000)
Net cash generated from financing activities	32,500,000	(7,500,000)
Net increase/(decrease) in cash and cash equivalents	15,651,778	(215,145,134)
Cash and cash equivalents at the beginning of the period	(319,435,404)	(121,766,295)
Cash and cash equivalents at the end of the period	(303,783,626)	(336,911,429)

The annexed notes 1 to 15 form a integral part of this condensed interim financial statements.

Badar M. Khan	Najam Aziz Seethi	Shazad Ghaffar
Chief Financial Officer	Chief Executive Officer	Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

Mitchell's Fruit Farms Limited ("the Company") is a public limited Company incorporated in Pakistan and the shares of the Company are listed on Pakistan Stock Exchange Limited. It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is situated at House No. 72-FCC, Gulberg IV, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan. The Company also has one Regional Sales office in Islamabad and one in Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

(a) International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

(b) Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

(c) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in current period and are relevant to the Company's operations. Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after October 1, 2020 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in these financial statements.

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 standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

Standards or Interpretation	Effective date (Accounting Periods beginning on or after)
Amendments to IAS 16 'Property, Plant and Equipment', prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	January 01, 2022
Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss making.	January 01, 2022
First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	January 01, 2022
Business Combinations IFRS 3 - Amendments updating a reference to the Conceptual Framework.	January 01, 2022
Amendments to IAS 1 and IFRS 2 Practice Statement 2, 'Disclosure of Accounting Policies' require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material.	January 01, 2023
Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors' clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates whereby change in accounting policies is a prospective change and change in accounting estimates is a retrospective change.	January 01, 2023
Amendment to IAS 12 'Income Taxes' require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	January 01, 2023
Amendments to IAS 1 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and what IAS 1 means when it refers to the 'settlement' of a liability.	January 01, 2024

3. SEASONAL NATURE OF OPERATIONS

The quarterly results of the Company are subject to seasonal fluctuations due to variation in demand of the many products of the company, e.g. Squashes, Syrups & Confectionery.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, ASSUMPTIONS & POLICIES

The significant accounting judgments, estimates, assumptions and accounting policies adopted and applied by the Company for the preparation of these condensed interim financial statements are the same as were adopted and applied in the preparation of the preceding annual audited financial statements for the year ended 30 June 2022.

5. TAXATION

Provision in respect of Taxation is estimated and is subject to final adjustment in the annual audited financial statements.

6. RESERVES

	Note	Un-audited September 30 2022 Rupees	Audited June 30 2022 Rupees
Composition of reserves is as follows:			
Capital Reserve			
Share premium	6.1	609,335,878	609,335,878
Revenue Reserves			
General reserve		300,000	300,000
Unappropriated loss		(733,526,280)	(635,449,464)
		(123,890,402)	(25,813,586)

6.1 This reserve can be utilized by the Company only for the purposes specified in section 81(2) of the Companies Act, 2017.

7. CONTINGENCIES AND COMMITMENTS

7.1 Income Tax

(i) The Deputy Commissioner Inland Revenue ('DCIR') raised demands amounting to Rs. 19.52 million including default surcharge against the Company vide various orders issued relating to Tax Year 2007, 2008, 2011, 2012, and 2016 under section 161 of Income Tax Ordinance 2001 ('ITO 2001') on account of non-withholding of taxes while making certain payments. The Company filed appeals with the Commissioner Inland Revenue (Appeals) (CIR-A), which were partially decided against the Company. Being aggrieved the Company filed appeals before the Appellate Tribunal Inland Revenue ('ATIR') which are pending adjudication.

(ii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated May 28, 2013 in respect of Tax Year 2011, raised a demand of Rs. 27.62 million on account of disallowance of certain expenditures and adjustment of minimum tax of prior years. The Company paid the said demand under protest and preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in Company's favor resulting in a refund of Rs. 18.93 million vide order dated October 23, 2013. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') which was decided against the Company vide order dated March 18, 2020. Being aggrieved, the Company filed an appeal in Honorable Lahore High Court, which is pending adjudication.

(iii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated March 28, 2014 in respect of Tax Year 2013, raised a demand of Rs 39.47 million on account of disallowance of certain expenditures under section 21 (l) and 21 (m) of Income Tax Ordinance 2001. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated July 14, 2014 resulting in reduction of demand to Rs 8.57 million. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') on August 18, 2014 for the remaining grounds relating to proration of expenses in respect of export sales, which has been remanded back for fresh proceedings vide order dated March 31, 2022.

(iv) The Additional Commissioner Inland Revenue ('AdCIR') has disallowed certian expenses on account of certain expenditures relating to tax years 2014. The Company filed appeals before the Commissioner Inland Revenue (Appeals) (CIR-A), which were partially decided against the Company. Being aggrieved the Company filed appeals before the Appellate Tribunal Inland Revenue ('ATIR') which are pending adjudication.

(v) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated June 30, 2022 in respect of tax year 2015, raised a demand of Rs 36.44 million on account of disallowance of certain expenditures under section 20 and section 21 of the Income Tax Ordinance 2001. The Company filed appeal before the Commissioner Inland Revenue (Appeals), which has been decided against the Company vide order dated October 14, 2021. Being aggrieved, the Company filed an appeal before the Honorable Appellate Tribunal, which is pending adjudication.

The Management and taxation expert of the Company believes that there are meritorious grounds to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these financial statements with respect to the above matters.

7.1.2 Sales Tax

Following are the various contingencies relating to Sales Tax matters:

(i) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs. 8.03 million on account of short sales tax withheld as withholding agent, excess input claimed and short output tax declaration vide order dated June 30, 2014. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated September 11, 2015 resulting in reduction of demand by Rs. 4.17 million. Furthermore, the CIR(A) remanded back the case to DCIR with directions to pass fresh order after providing an opportunity to the taxpayer. However, the Tax department has not initiated the remand back proceeding, therefore, Company's management is of the view point that the remand back proceeding has become bared by time thereby the demand of Rs. 1.14 million no more exist. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR'), against the demand of Rs. 3.86 million as confirmed by CIR(A), which is pending adjudication.

(ii) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs. 16.47 million along with a penalty of Rs. 16.37 million on account of input tax claimed on invoices issued by blacklisted vendors, inadmissible input tax claimed and non payment of further tax vide order dated July 30, 2019. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated November 11, 2019 resulting in reduction of demand to Rs. 2.03 million with the penalty being recalculated at the time of the appeal effect and certain matters were remanded back. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR'). The honorable ATIR has remanded back the case to DCIR through order dated May 17, 2022. Furthermore, DCIR initiated the remand back proceedings and issued order on June 30, 2021 creating a demand of Rs. 2.68 million including default surcharge. The Company filed an appeal before Commissioner Inland Revenue (Appeals), which was partially decided in favor of the Company vide order dated October 11, 2021. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') against the remaining amount of Rs. 1.51 million, which was remanded back for fresh proceedings vide order dated May 17, 2022.

(iii) The Additional Commissioner Punjab Revenue Authority ('ADC') passed an order dated May 06, 2021 created a demand of Rs. 38.28 million on issues on account of short deduction of sales tax withheld issues. Being aggrieved, the Company filed an appeal before Commissioner Appeals Punjab Revenue Authority, which is pending for hearing.

The Management and taxation expert of the Company believes that there are meritorious grounds to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these financial statements with respect to the above matters.

7.1.3 Others

(i) Letter of guarantee in favor of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs 17.2 million (June 30, 2022: Rs 17.2 million).

(ii) The Company has issued postdated cheques amounting to Rs 50 million (June 30, 2022: Rs 80.59 million) to Collector of Customs Lahore Dry Port on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO 957 (I) 2021 dated 30 July, 2022, SRO # 492 (I)/2009 dated June 13, 2009 and SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

7.2 Commitments

(i) Letters of credit for purchase of raw and packing materials Rs 84.24 million (June 30, 2021: Rs 32.59 million).

(ii) The Company has entered into operating lease agreements, including Ijara financing agreement with Bank Al Habib Limited in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	Note	Un-audited September 30 2022 Rupees	Audited June 30 2022 Rupees
Not later than one year		1,306,425	2,708,050
Later than one year and not later than five years		310,000	310,000
		1,616,425	3,018,050

8 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited September 30 2022 Rupees	Audited June 30 2022 Rupees
Operating fixed assets	8.1	635,676,627	644,779,914
Capital work-in-progress		20,035,494	23,313,888
		655,712,121	668,093,802

8.1 OPERATING FIXED ASSETS - AT NET BOOK VALUE

	Note	Un-audited September 30 2022 Rupees	Audited June 30 2022 Rupees
Opening book value		644,779,914	627,417,134
Add: Additions during the period / year at cost	8.1.1	4,489,000	73,052,954
		649,268,914	700,470,088
Less: Disposals during the period / year at book value		-	(791,862)
Depreciation charged during the period / year		(13,592,287)	(54,898,312)
Closing book value		635,676,627	644,779,914

8.1.1 DETAIL OF ADDITIONS DURING THE PERIOD / YEAR

	Un-audited September 30 2022 Rupees	Audited June 30 2022 Rupees
Buildings on freehold land	-	1,539,029
Leasehold improvements	-	2,900,287
Plant and machinery	-	57,698,567
Vehicles	-	239,414
Furniture and fittings	-	2,296,873
Electric installations	-	3,931,584
Computer hardware	4,489,000	4,447,200
	4,489,000	73,052,954

9. SALES

	Quarter ended September 30	
	2022 Un-audited Rupees	2021 Un-audited Rupees
-Local	555,585,221	678,778,014
-Export	72,834,198	53,919,571
	628,419,419	732,697,585
Less: Sales Tax	(73,820,012)	(78,963,452)
	554,599,407	653,734,133
Less: Sales Returns, Trade Discounts, Trade Promotions & Incentives	(85,610,182)	(116,759,511)
	468,989,225	536,974,622

10. TRANSACTIONS WITH RELATED PARTIES

			Quarter ended September 30	
Relationship with the Company	Name and Percentage of Shareholding of Related Party	Transactions during the year	2022 Un-audited Rupees	2021 Un-audited Rupees
i. Director	Mr. Mehdi Mohsin (Shareholding: 20.41%)	Purchase of goods	350,000	149,802
		Rent expense	919,840	813,494
		Expenses incurred on their behalf	247,639	648,904
ii. Spouse of Director	Syeda Maimanat Mohsin (Shareholding: 20.42%)	Purchase of goods	-	45,360
		Loan obtained	5,000,000	-
iii. Daughter of Director	Mira Sethi	Loan obtained	35,000,000	-
iv. Related Party	M/s Vanguard Books (Pvt) Ltd (Common Shareholding)	Rent expense	4,658,823	4,235,295
			46,176,302	5,892,855

	Quarter ended September 30	
	2022 Un-audited Rupees	2021 Un-audited Rupees
11. CASH GENERATED FROM OPERATIONS		
(Loss) before tax	(92,299,021)	(90,675,216)
Adjustment for:		
- Depreciation on property, plant and equipment	13,592,286	17,307,138
- Provision for gratuity & accumulated leaves	4,303,382	6,868,362
- Exchange gain	(2,229,485)	(1,171,037)
- Provision for trade promotions and incentives	20,767,830	37,658,225
- Finance cost	15,656,402	5,271,434
(Loss) before working capital changes	(40,208,606)	(24,741,094)
Effect on cash flow due to working capital changes:		
- (Increase)/ Decrease in stores, spares and loose tools	(2,119,798)	(3,315,893)
- (Increase)/Decrease in stock-in-trade	47,225,235	(4,205,034)
- Decrease in trade debts	22,214,233	39,032,598
- (Increase)/Decrease in advances, deposits prepayments and other receivables	(30,063,674)	2,026,365
- (Decrease) / increase in creditors, accrued and other liabilities	162,329	(188,515,328)
	37,418,325	(154,977,292)
Cash utilized in operations	(2,790,281)	(179,718,386)
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,240,838	13,894,984
Finances under markup arrangements - secured	(314,024,464)	(350,806,413)
	(303,783,626)	(336,911,429)

13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. 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 these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The different levels for fair value estimation used by the Company have been explained as follows:

- 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).

14. DATE OF AUTHORIZATION

These condensed interim financial information were authorized for issue on December 29, 2022 by the board of directors of the company.

15. 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.

Badar M. Khan	Najam Aziz Seethi	Shazad Ghaffar
Chief Financial Officer	Chief Executive Officer	Chairman

Quarter 1 RESULTS

JUL-SEP 2022

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