



FOR THE TASTE OF NATURAL GOODNESS

1st QUARTER

2020

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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
Mr. Najam Aziz Sethi	Non Executive Director
Mr. Manzar Hassan	Non Executive Director
Ms. Umme Kulsum Imam	Non Executive Director
Mr. Shazad Ghaffar	Non Executive Director
Mr. Pervez Hayat Noon	Non Executive Director
Mr. Aamer Amin	Non Executive Director (NIT Nominee)

Audit Committee

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

Chief Financial Officer

Mr. Nauman Munawar FCA

Company Secretary

Mr. Rashid Butt ACMA

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

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E-Mail: ho@mitchells.com.pk
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Directors' Review

Despite difficult economic situation prevailing in the country, the company managed to maintain its revenues in line with last year. Though the revenues of Rs. 526 million indicate a small growth, yet the encouraging factor was that most of the channels performed well during this period.

The above revenue does not include any sales of specialized products to World Food Program during this period compared to last year. Business opportunity from sales of pulps could not materialize due to scarcity of tomatoes during the season.

Focused approach on ensuring profitability on the products enabled the company to maintain a healthy gross profit compared to same period last year. Appropriate price revisions were carried out to cater to the impact of increase in input costs.

Profit from operations was lesser at Rs. 14.88 million compared to Rs. 18.29 million last year. While overall fixed costs remained in line with the previous year, increase in administrative expenses including charges for professional services incurred for arranging new equity partners for the company negatively affected the results.

The results were also adversely affected by quantum of higher financial charges incurred during the period.

Minimum turnover tax provision has been accounted for in these results.

For and on behalf of
the Board of Directors

Mujeeb Rashid
Managing Director/
Chief Executive Officer

Lahore: January 30, 2020

ڈائریکٹرز رپورٹ

ملک میں جاری مشکل معاشی حالات کے باوجود کمپنی نے پچھلے سال کے مقابلے میں سیل کو برقرار رکھا۔ اگرچہ پچھلے سال کی نسبت 526 ملین روپے کی سیل معمولی نوعیت کا اضافہ ظاہر کرتا ہے، یہ بات حوصلہ افزا ہے بیشتر Channels نے اس دوران اچھی کارکردگی دکھائی۔

مندرجہ بالا عرصے کی سیل میں پچھلے سال کے برعکس World Food Programme کی کوئی سیل شامل نہیں ہے۔ علاوہ ازیں ٹماٹر کی فصل میں غیر معمولی کمی کی وجہ سے Plup کی فروخت کے کاروباری مواقع بروئے کار نہ لاسکے۔

کمپنی کی مصنوعات کو منافع بخش سطح پر قائم رکھنے کی طرف توجہ مرکوز رہنے کی بدولت کمپنی پچھلے سال کے اسی دورانیہ کے مقابلے میں صحت مند منافع حاصل کرنے میں کامیاب رہی۔ اشیاء کی قیمت خرید میں اضافے کے پیش نظر کمپنی نے مصنوعات کی قیمتوں میں مناسب تبدیلیاں کیں۔

14.88 ملین روپے کا Profit from Operations پچھلے سال کی نسبت کم رہا جو کہ اس سہ ماہی میں 18.29 ملین روپے تھا۔ Fixed Costs میں شامل اخراجات عمومی طور پر پچھلے سال کی سطح پر رہے۔ جبکہ New Equity پارٹنرز کے حصول کے لئے ماہرین سے حاصل کردہ خدمات کے اخراجات نمایاں رہے۔ بینکوں کو ادا کردہ مالیاتی اخراجات میں اضافے کی وجہ سے نتائج کافی حد تک متاثر ہوئے۔ ان نتائج میں کم از کم شرح پرنٹس کے اخراجات شامل ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

مجیب رشید

مینجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

30 جنوری 2020

Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	Un-audited December 31 2019 Rupees	Audited September 30 2019 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
20,000,000 (September 30, 2019: 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, 2019: 7,875,000) ordinary shares of Rs. 10 each		78,750,000	78,750,000
Reserves		9,635,878	9,635,878
Unappropriated profit		22,865,607	38,058,691
		111,251,485	126,444,569
NON-CURRENT LIABILITIES			
Deferred liabilities		136,604,447	134,123,077
CURRENT LIABILITIES			
Short term running finances		663,460,260	655,331,857
Creditors, accrued and other liabilities		206,351,075	255,324,377
Loan from Directors- unsecured		150,000,000	150,000,000
Accrued finance cost		20,518,505	20,265,694
Unclaimed dividends		2,004,183	2,004,183
		1,042,334,023	1,082,926,111
CONTINGENCIES AND COMMITMENTS			
		1,290,189,954	1,343,493,757

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

	Note	Un-audited December 31 2019 Rupees	Audited September 30 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	592,236,018	595,452,993
Intangible assets		4,133,178	4,263,957
Biological assets		32,138,667	32,385,667
Long term receivables		6,623,980	6,689,480
		635,131,843	638,792,097
CURRENT ASSETS			
Stores, spares and loose tools		50,907,236	53,481,584
Stock in trade		263,392,362	277,274,045
Trade debts		110,187,704	132,933,635
Advances, deposits, prepayments and other receivables		63,474,518	67,977,887
Income tax recoverable		155,614,578	154,247,173
Cash and bank balances		11,481,712	18,787,336
		655,058,111	704,701,660
		1,290,189,954	1,343,493,757

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Mujeeb Rashid
Chief Executive Officer

Condensed Interim Statement of Profit or Loss

For the Period Ended December 31, 2019 (Un-audited)

	Note	December 31 2019 Rupees	December 31 2018 Rupees
Sales	6	525,857,394	519,255,842
Cost of sales		(408,274,422)	(404,280,450)
Gross profit		117,582,972	114,975,392
Administration expenses		(42,289,297)	(31,180,886)
Distribution and marketing expenses		(61,359,974)	(66,508,838)
Other operating expenses		(50,000)	(330,253)
Other operating income		996,357	1,344,334
Profit from operations		14,880,058	18,299,749
Finance cost		(22,471,151)	(17,807,401)
Loss / profit before tax		(7,591,093)	492,348
Taxation		(7,601,992)	(6,454,319)
Loss after tax		(15,193,084)	(5,961,971)
Loss per share - Basic and diluted		(1.93)	(0.76)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Mujeeb Rashid
Chief Executive Officer

Condensed Interim Statement of Comprehensive Income

For the Period Ended December 31, 2019 (Un-audited)

	December 31 2019 Rupees	December 31 2018 Rupees
Loss for the period	(15,193,084)	(5,961,971)
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	(15,193,084)	(5,961,971)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Mujeeb Rashid
Chief Executive Officer

Condensed Interim Statement of Changes in Equity

For the Period Ended December 31, 2019 (Un-audited)

	Share capital	Share premium	General reserve Rupees	Accumulated profit	Total
Balance as at September 30, 2018	78,750,000	9,335,878	300,000	120,913,520	209,299,398
Loss for the period	-	-	-	(2,489,688)	(2,489,688)
Other Comprehensive income	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	(2,489,688)	(2,489,688)
Balance as at December 31, 2018 - Un-audited	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>118,423,832</u>	<u>206,809,710</u>
Balance as at September 30, 2019	78,750,000	9,335,878	300,000	38,058,691	126,444,569
Loss for the period	-	-	-	(15,193,084)	(15,193,084)
Other Comprehensive income	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	(15,193,084)	(15,193,084)
Balance as at December 31, 2019 - Un-audited	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>22,865,607</u>	<u>111,251,485</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Mujeeb Rashid
Chief Executive Officer

Condensed Interim Statement of Cash Flows

For the Period Ended December 31, 2019 (Un-audited)

	Note	December 31 2019 Rupees	December 31 2018 Rupees
Cash flows from operating activities			
Cash generated from operations	8	29,802,596	62,345,963
Finance cost paid		(22,218,340)	(18,971,263)
Tax paid		(8,969,397)	(19,168,642)
Retirement and other benefits paid		(5,886,992)	(11,964,194)
Net cash (used in) / generated from operating activities		(7,272,133)	12,241,864
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,484,005)	(1,116,845)
Purchase of intangible assets		9,612	(83,256)
Purchase of biological assets		-	230,000
Security deposit paid for purchase of vehicles		65,500	1,658,600
Sale proceeds of livestock		247,000	-
Net cash used in investing activities		(8,161,893)	688,499
Cash flows from financing activities			
Repayment of long term loans		-	(10,666,666)
Net cash used in financing activities		-	(10,666,666)
Net decrease in cash and cash equivalents		(15,434,026)	2,263,697
Cash and cash equivalents at beginning of the period		(636,544,521)	(667,546,853)
Cash and cash equivalents at end of the period		(651,978,547)	(665,283,156)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Mujeeb Rashid
Chief Executive Officer

Notes to and Forming Part of the Condensed Interim Financial Information

For the Quarter Ended December 31, 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 in 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, 2019.

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, 2019 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, 2019.

2.1 Going concern assumption

During the year, the Company incurred a total comprehensive loss of Rs 15.19 million and as per the reporting date, the current liabilities of the Company have exceeded its current

assets by Rs 387.27 million. Due to the losses incurred during recent years, the reserves of the Company have depleted substantially. The dividends have been discontinued for the last four years. The existing working capital lines available to the Company have been substantially utilised 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 obligation 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 including toll manufacturing; and
- cost reductions.

Furthermore, the Company is negotiating with banks for continuance and enhancement of existing working capital lines and is also finalizing a potential investor for injection of fresh equity for resolution of liquidity issues.

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 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 Standards, amendments and interpretations to existing standards not yet effective and not applicable / relevant to the Company

There are certain standards, amendments to the approved standards and interpretations that are mandatory for the Company's accounting periods beginning on or after October 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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. Contingencies and commitments

4.1 Contingencies

There is no significant change in contingencies since the date of preceding published annual financial statements.

4.2 Commitments

The Company has commitments in respect of:

- (i) Letters of credit including capital expenditure are Rs 29.75 million (September 30, 2019: Rs 13.34 million).
- (ii) Agreement with Bank Al Habib relating to vehicles obtained under Ijarah arrangement amounting to Rs 45.49 million (September 30, 2019: Rs 40.79 million).

		Un-audited December 31 2019 Rupees	Audited September 30 2019 Rupees
5. Property, plant and equipment			
Operating fixed assets	- note 5.1	584,934,870	595,452,993
Capital work-in-progress		7,301,148	-
		<u>592,236,018</u>	<u>595,452,993</u>
5.1 Operating fixed assets at net book value			
Opening book value		595,452,993	642,853,800
Add: Additions during the period / year at cost	- note 5.1.1	1,117,613	8,603,314
		<u>596,570,606</u>	<u>651,457,114</u>
Less: Disposals during the period / year at book value	- note 5.1.2	-	(8,438,960)
Depreciation charged during the period / year		(11,700,980)	(47,565,161)
		<u>(11,700,980)</u>	<u>(56,004,121)</u>
Closing book value		<u>584,869,626</u>	<u>595,452,993</u>
5.1.1 Detail of additions during the period / year			
Building on freehold land		-	-
Plant and machinery		946,020	7,289,477
Vehicles		-	664,375
Furniture and fittings		-	-
Electric installations		29,000	508,932
Computer hardware		142,593	140,530
		<u>1,117,613</u>	<u>8,603,314</u>

5.1.2 Detail of disposals during the period / year

	Un-audited December 31 2019 Rupees	Audited September 30 2019 Rupees
Building on freehold land	-	-
Plant and machinery	-	587,956
Vehicles	-	7,027,851
Furniture and fittings	-	235,191
Electric installation	-	568,348
Computer hardware	-	19,614
	-	8,438,960

6. Sales

	Period ended 2019 Un-audited Rupees	December 31 2018 Un-audited Rupees
Gross sales - local	519,704,883	502,701,387
Less: Sales returns	10,884,553	12,489,017
Rebates	59,985,487	55,295,545
Trade promotion and incentives	15,962,462	15,593,610
	86,832,502	83,378,173
Net sales - Local	432,872,381	419,323,215
- Export sales	92,985,013	99,932,627
	525,857,394	519,255,842

7. Transactions with related parties

Relationship with the Company	Nature of transactions	Rupees	Rupees
Post employment benefit plan	Gratuity expense	709,610	709,610
Others	Donation paid	NIL	250,000
	Purchase of goods	857,000	4,021,511
	Rent expense	819,921	NIL
	Payment made on behalf of related party	1,084,544	7,490,558
	Key management personnel	3,170,161	4,025,000

	Period ended December 31	
	2019 Un-audited Rupees	2018 Un-audited Rupees
8. Cash generated from operations		
Profit / (loss) before tax	(7,591,093)	492,348
Adjustment for:		
- Depreciation on property, plant and equipment	11,700,980	10,934,725
- Amortization of intangibles	121,167	189,951
- Provision for gratuity and accumulated leaves	8,368,362	6,868,362
- Exchange gain	671,009	-
- Finance cost	22,471,151	17,807,401
	<u>43,332,668</u>	<u>35,800,439</u>
Profit before working capital changes	35,741,576	36,292,787
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	2,574,348	(4,535,717)
- Decrease in stock-in-trade	77,919,738	37,210,267
- Increase in trade debts	22,074,922	(37,409,737)
- Increase in advances, deposits prepayments and other receivables	(59,534,686)	54,064,087
- (Decrease) / increase in creditors, accrued and other liabilities	(48,973,302)	(23,275,724)
	<u>(5,938,980)</u>	<u>26,053,176</u>
Cash generated from operations	29,802,596	62,345,963
9. Cash in cash equivalents	Rupees	Rupees
Cash and bank balances	11,481,712	20,756,672
Finances under markup arrangements - secured	(663,460,260)	(686,039,828)
	<u>(651,978,547)</u>	<u>(665,283,156)</u>

10. Date of authorisation

These condensed interim financial information were authorised for issue on January 30, 2020 by the board of directors of the company.

11. 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.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Mujeeb Rashid
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.

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



Mitchell'sFruitFarms



Mitchell'sChocolates&Sweets