

The logo for Mitchell's, featuring the brand name in a white, serif font inside a blue, rounded rectangular box with a yellow border.

MITCHELL'S

GROW WELL
LIVE WELL

3RD QUARTER 2018



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Company Information

Board of Directors

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

Audit Committee

Rizwan Bashir	Chairman
S.M.Mohsin	Member
Shazad Ghaffar	Member
Aamir Amin	Member

Chief Financial Officer

Nauman Munawar

Company Secretary

Rashid Butt

Auditors

A.F. Ferguson & Company
Chartered Accountants

Legal Advisors

Lashari & Co.
Tariq Rahim Manzil
7-Turner Road, Lahore
Cell: 0331-4795350

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
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Islamabad

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Sector I-10/3, Islamabad
Phones: (051) 4443824-6
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E-Mail: rson@mitchells.com.pk

Karachi

Mehran VIP II, Ground Floor, Plot 18/3
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Phones: (021) 35212112, 35212712
& 35219675
Fax: (021) 35673588

E-Mail: rsos@mitchells.com.pk

Gujranwala

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

Faisalabad

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

Peshawar

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

Multan

71/A1 Gulgasht Colony, Multan

Sukkur

Bungalow # 181 Sukkur Co-Operative
Housing Society - Sukkur

Hyderabad

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

Directors' Review

The Directors of Mitchell's Fruit Farms Limited are pleased to present the condensed interim financial information of the Company for the period ended June 30, 2018.

Financial Performance

The Company registered a marginal growth of 1.78% on Net Sales at the end of third quarter June 30, 2018. Total Net Sales stood at Rs.1,461 million against Rs.1,436 million in the corresponding period of 2017. The reason for marginal growth was primarily due to rationalization of inventories build up at distributor level generated on the basis of the primary sales under old distribution model. The secondary sales remained higher which indicated the confidence of consumers in our products.

Export sales performed adversely during this period registering a negative growth of 10.64% over corresponding period. The decline was recorded due to reduction in sales to the Middle East post exodus of Pakistani expatriates in the wake of changes in employment terms and new taxes. Total export sales stood at Rs.216 million against Rs.242 million in the corresponding period last year.

The gross profit increased by 4.46% from Rs.345 million to Rs.360 million. The impact in improved gross profit was mainly due to efficient inventory management leading to lower sales returns during the period.

Loss before tax during the period stood at Rs.64.4 million against Rs.10.92 million profit in the corresponding period. The Company restructured sale function by induction of additional field force in order to broaden the retail distribution and penetration across the country. This resulted in higher distribution cost during the period.

Some initiatives which matured included enhancement of B2B business, where the company succeeded in commencing sales of nutritional products to World Food Programme and mango pulp to different local corporate entities at the end of the third quarter. Sales of Customised products have also been successfully initiated during the quarter. These initiatives will enable our business to become robust and also help in utilising our idle capacities.

The management of the company is optimistic that the above actions shall enable the company in significantly improving outcome in operational and liquidity issues which should hopefully also have a positive impact on the performance towards the end of the financial year.

For and on behalf of
the Board of Directors

Muhammad Zahir
Chief Executive Officer

Lahore: July 30, 2018

ڈائریکٹرز کی جانب سے جائزہ

چلرفوٹ فارملہیڈ کے ڈائریکٹرز کمیٹی کی 30 جون 2018ء کے اختتام پر عبوری مالیاتی معلومات فراہم کرتے ہیں۔

مالی کارکردگی

30 جون 2018ء کی تیسری سہ ماہی کے اختتام پر نیٹ سیل میں کمپنی کی ترقی کی مجموعی شرح 1.78 فیصد رجسٹرڈ کی گئی۔ کل نیٹ سیل گزشتہ سال 2017ء کے اسی دورانیہ میں مبلغ 1,436 ملین روپے رہی جبکہ اس سال یہ 1,461 ملین روپے ہے۔ اس کارکردگی کی بنیادی وجہ ڈسٹری بیوٹرز کی سطح پر ڈسٹری بیوٹرز میں مثبت نظام سازی جیسے اقدامات ہیں۔ ثانوی سطح پر سیلز میں اضافہ اس امر کی عکاسی کرتا ہے کہ صارفین ہماری مصنوعات پر اعتبار کرتے ہیں۔

اس عرصہ کے دوران ایکسپورٹ سیلز پچھلے سال کے برعکس 10.64 فیصد کم رہی ہے۔ اس کی کمی کی بڑی وجہ مشرق وسطیٰ میں مقیم پاکستانی تارکین کی ملازمت میں کمی اور نئے ٹیکسز کے اطلاق کے سبب ظاہر ہوئی ہے۔ گزشتہ سال اسی عرصہ میں سیلز 242 ملین روپے تھی جبکہ اس سال یہ مبلغ 216 ملین روپے رہی ہے۔

پچھلے سال کی با نسبت مجموعی منافع 4.46 فیصد رہا جو کہ مبلغ 345 ملین روپے سے مبلغ 360 ملین روپے تک بڑھا ہے۔ اس عرصہ کے دوران مجموعی منافع میں اضافہ موثر انونٹری مینجمنٹ کے باعث ممکن ہوا ہے۔

اس مدت کے دوران نقصان قبل از ٹیکس مبلغ 64.4 ملین روپے تک رہا جبکہ پچھلے سال قبل از ٹیکس منافع مبلغ 1.92 ملین روپے رہا تھا۔ ملک بھر میں ریٹیل ڈسٹری بیوٹرز میں بڑھوتری کی خاطر کمپنی نے فیلڈ فورس میں اضافہ کیا اور سیل کی بحالی کو ممکن بنا یا ہے۔ اس کے نتیجے میں اس دورانیہ کے اندر ہائر ڈسٹری بیوٹرز لاگت دیکھنے میں آئی ہے۔

تیسری سہ ماہی کے اختتام پر کچھ اقدامات اٹھائے گئے جس میں بی ٹی ٹی برنس میں اضافہ شامل ہے اور جس کے تحت کمپنی ورلڈ فوڈ پروگرام کو غذائی مصنوعات کی فروخت میں کامیابی ہوئی علاوہ ازیں مقامی اداروں کو بینکویپ کی فروخت میں بھی کامیاب ہوئی۔ اس سہ ماہی کی مدت کے دوران اپنی مرضی کی مصنوعات کی فروخت کامیابی سے جاری رہی ہے۔ یہ اقدامات مستقبل میں ہمارے لئے فائدہ مند ثابت ہوئے۔

کمپنی کی انتظامیہ مکمل طور پر امید ہے کہ مذکورہ بالا اقدامات کمپنی کو درپیش عمل درآمدگی اور دیگر مسائل کے نتائج کو بہتر بنانے میں مددگار ثابت ہوں گے جس کے مثبت اثرات اس مالی سال کے اختتام پر واضح ہوں گے۔

بکلم بورڈ آف ڈائریکٹرز

محمد طاہر

چیف ایگزیکٹو آفیسر

لاہور: 30 جولائی 2018

Condensed Interim Balance Sheet

As at June 30, 2018 (Un-audited)

	Note	June 30 2018 Un-audited Rupees	September 30 2017 Audited Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 20,000,000 (September 30, 2017: 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, 2017: 7,875,000) ordinary shares of Rs. 10 each		78,750,000	78,750,000
Reserves		9,635,878	9,635,878
Unappropriated profit		335,084,089	413,102,822
		423,469,967	501,488,700
NON-CURRENT LIABILITIES			
Deferred Taxation		41,038,030	46,541,433
Deferred liabilities		119,541,717	114,902,440
Long term finance		-	-
		160,579,747	161,443,873
CURRENT LIABILITIES			
Current Portion of long term finance		42,666,667	64,000,000
Short term running finances		710,953,576	610,222,175
Creditors, accrued and other liabilities		326,053,796	217,607,324
Accrued finance cost on short term running finances		10,694,139	9,811,764
		1,090,368,177	901,641,263
CONTINGENCIES AND COMMITMENTS			
	7	1,674,417,891	1,564,573,836

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

	Note	June 30 2018 Un-audited Rupees	September 30 2017 Audited Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		654,093,434	674,669,376
Intangible assets		2,524,283	2,923,309
Biological assets		37,891,429	18,783,000
Long term receivables		10,228,230	7,037,830
		704,737,376	703,413,515
CURRENT ASSETS			
Stores, spares and loose tools		30,718,061	27,458,358
Stock in trade		335,990,181	413,163,837
Trade debts		379,803,555	207,631,982
Advances, deposits, prepayments and other receivables		72,008,346	39,452,605
Income tax recoverable		148,621,980	158,213,459
Cash and bank balances		2,538,392	15,240,080
		969,680,515	861,160,321
		1,674,417,891	1,564,573,836

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Condensed Interim Profit and Loss Account

For the Quarter and Nine Months Ended June 30, 2018 (Un-audited)

	April to June		October to June	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Sales	523,794,606	519,906,935	1,461,362,908	1,435,846,897
Cost of sales	(397,333,968)	(399,154,991)	(1,101,483,209)	(1,091,334,934)
Gross profit	126,460,639	120,751,944	359,879,700	344,511,963
Administration expenses	(35,948,798)	(28,898,442)	(99,553,343)	(85,835,365)
Distribution and marketing expenses	(102,802,051)	(83,897,203)	(303,805,612)	(222,353,643)
Other operating expenses	(362,699)	(22,524)	(1,055,000)	(1,650,773)
Other operating income	954,782	1,311,954	14,816,450	6,534,819
(Loss) / profit from operations	(11,698,126)	9,245,729	(29,717,804)	41,207,000
Finance cost	(12,637,942)	(10,249,698)	(34,697,296)	(30,279,653)
(Loss) / profit before tax	(24,336,068)	(1,003,969)	(64,415,100)	10,927,347
Taxation	(7,664,235)	(977,146)	(13,603,632)	(6,037,359)
(Loss) / profit after tax	(32,000,304)	(1,981,115)	(78,018,733)	4,889,988
(Loss) / earning per share				
- Basic and diluted	(4.06)	(0.25)	(9.91)	0.62

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

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Condensed Interim Statement of Comprehensive Income

For the Quarter and Nine Months Ended June 30, 2018 (Un-audited)

	April to Junes		October to June	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
(Loss) / Profit for the period	(32,000,304)	(1,981,116)	(78,018,733)	4,889,988
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) / income for the period	<u>(32,000,304)</u>	<u>(1,981,116)</u>	<u>(78,018,733)</u>	<u>4,889,988</u>

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

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Condensed Interim Statement of Changes in Equity

For the Quarter and Nine Months Ended June 30, 2018 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Total
	----- Rupees -----				
Balance as at September 30, 2016	78,750,000	9,335,878	300,000	452,535,627	540,921,505
Final dividend for the year ended September 30, 2016 Rs. Nil per share	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	4,889,988	4,889,988
Balance as at June 30, 2017	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>457,425,615</u>	<u>545,811,493</u>
Transactions with owners recognized directly in equity	-	-	-	-	-
Total Comprehensive loss for the period	-	-	-	(44,322,793)	(44,322,793)
Balance as at September 30, 2017	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>413,102,822</u>	<u>501,488,700</u>
Total Comprehensive loss for the Quarter	-	-	-	(78,018,733)	(78,018,733)
Balance as at June 30, 2018	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>335,084,089</u>	<u>423,469,967</u>

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

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Condensed Interim Cash Flow Statement

For the Quarter and Nine Months Ended June 30, 2018 (Un-audited)

	June 30 2018 Rupees	June 30 2017 Rupees
Cash flows from operating activities	45,229	2,203,141
Finance cost paid	(33,814,921)	(32,688,897)
Tax paid	(9,515,557)	(14,374,152)
Retirement and other benefits paid	(14,668,987)	(15,728,093)
Net cash used in operating activities	(57,954,235)	(60,588,001)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,909,617)	(40,867,356)
Cash paid for CWIP	(19,632,303)	-
Purchase of intangible assets	(295,887)	(1,352,291)
Purchase of biological assets	(13,531,631)	(12,602,000)
Security deposit paid for purchase of vehicles	(3,190,400)	(3,394,550)
Sale proceeds of property, plant and equipment	8,260,817	2,929,114
Sale proceeds of livestock	153,501	3,350,000
Net cash used in investing activities	(34,145,520)	(51,937,083)
Cash flows from financing activities		
Dividend paid	-	(153,153)
Repayment of long term loans	(21,333,333)	(21,333,332)
Net cash used in financing activities	(21,333,333)	(21,486,485)
Net decrease in cash and cash equivalents	(113,433,089)	(134,011,569)
Cash and cash equivalents at beginning of the period	(594,982,095)	(466,415,277)
Cash and cash equivalents at end of the period	(708,415,184)	(600,426,846)

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

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Notes to and the Condensed Interim Financial Information

For the Quarter and Nine Months Ended June 30, 2018 (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

The condensed interim financial information is un-audited and has 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; 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.

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, 2017.

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, 2017. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended September 30, 2017.

2.1 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:

2.1.1 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 2017 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.

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

Certain standards, amendments to the approved accounting standards and interpretations are mandatory for the annual periods beginning on or after April 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations and are as follows;

Standards or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 9, 'Financial instruments'	July 1, 2018
IFRS 15, 'Revenue from contracts with customers'	July 1, 2018
IFRS 2 (Amendments), 'Shared-based payments' on classification and measurement	January 1, 2018
IAS 40 (Amendment), 'Investment property' relating to transfers of investment property	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

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.

	Note	June 30 2018 Un-audited Rupees	September 30 2017 Audited Rupees
4. Long term finance - secured			
Long term finance	4.1	42,666,667	64,000,000
Less: current maturity		(42,666,667)	(64,000,000)
		-	-

- 4.1 The long term finance was obtained from Habib Bank Limited for capital expenditure. Under the arrangement, principal amount of Rs 160 million is repayable in 15 equal quarterly instalments beginning on September 27, 2015. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 1 percent per annum. Effective rate of interest ranged from 7.15% to 7.16% (2017: 6.93% to 7.68%) during the period / year.

	June 30 2018 Rupees	September 30 2017 Rupees
5. Cash generated from operations		
Cash flow from operating activities		
Profit before tax	(64,415,100)	10,927,347
Adjustment for:		
- Depreciation on property, plant and equipment	37,673,419	45,871,399
- Amortization on intangibles	694,913	665,280
- Unwinding of deferred income	(295,504)	(1,057,978)
- Profit on disposal of property, plant and equipment	183,626	124,809
- Material write off	2,362,766	528,408
- Retirement and other benefits accrued	19,603,768	14,512,403
- Profit on revaluation of live stock	(5,730,299)	(314,750)
- Exchange (Gain)/loss	(5,286,287)	166,919
- Finance cost	34,697,296	30,279,653
Profit before working capital changes	19,488,597	101,703,490
Effect on cash flow due to working capital changes:		
- (Increase) in stores, spares and loose tools	(3,259,703)	(2,942,197)
- Decrease/(Increase) in stock-in-trade	74,810,891	(25,732,769)
- (Increase) in trade debts	(166,885,286)	(74,668,625)
- (Increase) in advances, deposits prepayments and other receivables	(32,555,741)	(56,864,529)
- Increase in creditors, accrued and other liabilities	108,446,472	60,707,771
	(19,443,368)	(99,500,349)
Cash generated from operations	45,229	2,203,141
6. Cash and cash equivalents		
Cash & cash bank balances	2,538,392	15,240,080
Short term running finance	(710,953,576)	(610,222,175)
	(708,415,184)	(594,982,095)

7. Contingencies and commitments

There has been no significant change in contingencies since March 31, 2018.

7.1 Contingencies

7.2 There has been no significant change in contingencies since March 31, 2018.

7.3 Commitments

The Company has commitments in respect of:

- (i) Letters of credit including capital expenditure are Rs 58.71 million (September 30, 2017: Rs 11.69 million).
- (ii) Agreement with Bank Al Habib relating to vehicles obtained under Ijarah arrangement amounting to Rs 85 million (September 30, 2017: Rs 54.12 million).

8. Transactions with related parties


Relationship with the Company	Nature of transactions	June 30 2017 Rupees	June 30 2016 Rupees
Post employment benefit plan	Gratuity expense	865,645	865,645
Others	Donation paid	500,000	750,000
	Purchase of goods	11,542,129	8,891,023
	Rent expense	1,540,499	2,076,867
	Payment made on behalf of related party	1,256,140	2,246,852
	Key management personnel	27,952,128	20,942,342

- 9. This interim financial information was authorized for issue by the Board of Directors on 30 July 2018.
- 10. Previous period's figures have been restated, wherever necessary, for the purpose of comparison.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer





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,
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 Mitchell'sFruitFarms

 Mitchell'sChocolates&Sweets

www.mitchells.com.pk