

MITCHELL'S®

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Half Yearly Report

CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED
31 DECEMBER 2021



MITCHELL'S TABLE

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Company Information

BOARD OF DIRECTORS

Mr. Najam Aziz Sethi.....	Chairman
Ms. Naila Bhatti	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. Shazad Ghaffar	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
Ms. Naila Bhatti	Member

CHIEF FINANCIAL OFFICER

Badar M. Khan, FCA

COMPANY SECRETARY

Mehboob Ellahi Khan

AUDITORS

A.F. Ferguson & Company
Chartered Accountants

LEGAL ADVISORS

Cornelius, Lane & Muffi
Nawa-e-Waqt House,
4 Shahrah-e-Fatima Jinnah, Lahore 54000
Phone: 042 36360868

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

72-FCC Gulberg IV, 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

REGIONAL SALES OFFICES

Islamabad

Office # 43, 3rd Floor,
Rose-1 Plaza, I-8 Markaz- Islamabad
Phones: (051) 4443824-6
Fax: (051) 4443827
E-Mail: rson@mitchells.com.pk

Karachi

Office # 411, 4th Floor, The Forum,
Khayaban-e-Jami, Block 9 Clifton,
Karachi.
Phones: 0307-1058969
E-Mail: rsos@mitchells.com.pk

Directors' Report

The Directors of the company are pleased to present their report on the condensed half yearly interim financial statement of the Company for the period ended December 31, 2021. After last year's change of financial year end to June from September, this is the first time that half yearly results are prepared for the period ended 31 December otherwise our half yearly period used to close at 31st March.

Key financial highlights for the subject period are as under:

	December 31 2021 (Audited)	December 31 2020 (Un-audited)
	Rupees in Million	
Sales Revenue	1,269	1,185
Gross Profit	259	269
Net Profit/(Loss) before tax	(115)	13
Net (Loss) after tax	(131)	(2)
(Loss) Per Share	(5.71)	(0.23)

Due to economic conditions, the current financial year has been very tough for the company and the company has incurred losses due to the following factors:

- Prices of major inputs of raw & packing materials have registered unprecedented increases.
- Other input costs like labour cost, power and freight have also increased many folds.
- Unavailability of Export Refinance.
- Shortage of supplies due to global supply chain issues.

The Board of Directors is aware of its responsibility with respect to internal controls. We accordingly have established an efficient system of internal financial controls for ensuring effectiveness and efficient conduct of operations, safeguarding company assets, compliance with applicable laws and regulations and reliable financial reporting.

In order to streamline operations and focus upon core business, the company has discontinued dairy operations and have sold all livestock. Also, in order to meet working capital requirements, the company is under negotiation with various banks for fresh financing facilities with the help of additional security. During the period, one of the sponsors have also extended a fresh loan of PKR 50Million to the company.

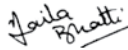
Going forward, the company foresees growth in sales due to seasonal factors and Ramzan buying. The company has also entered in the business of Masala/Recipe Mix (a growing market) both local and for export market. The company has also refocused upon the confectionary market by launching new brands of candies & chocolates. We intend to continue developing this segment of our business since it holds great potential for growth. Likewise, we are focusing upon promoting exports by opening previously untapped markets. Last year's initiative of implementation of SAP ERP is scheduled to complete during the year which shall greatly help in strategic decision making based upon detailed and accurate data.

Due to the nature of our operations, there is no negative impact upon the environment. Over the past decades, company has developed massive plantation upon its factory land that provides a healthy working atmosphere to its staff. Additionally, we are also exploring the possibility of utilizing solar energy to meet our factory requirements. Capacity enhancement and upgradation of our plant facilities is ongoing.

With regard to activities undertaken by the company for corporate social responsibility, the company undertook projects with Shaukat Khanum Hospital for fighting and creating awareness in bone cancer, collaborated with Akhuwat's Clothing Bank for a clothing charity drive, we also paired with Strive to Inspire by helping less fortunate families with our products in Ramzan.

During the period, the composition of Board remained unchanged as reported in last Annual Report 2021.

For and on behalf of
the Board of Directors



Naila Bhatti

Chief Executive Officer/MD



Najam Aziz Seethi

Chairman

Lahore: February 25, 2022

ڈائریکٹرز رپورٹ

ڈائریکٹران، نصف سال جو کہ 31 دسمبر 2021 کو ختم ہوا، اس دورانیے کے لیے اپنی رپورٹ پیش کرتے ہیں جو کہ اس مدت کے لیے تیار شدہ مختصر مالیاتی حسابات پر مشتمل ہے۔ پچھلے سال مالیاتی سال کی تبدیلی (جو کہ ستمبر سے جون پر منتقل کی گئی) کے بعد پہلا موقع ہے کہ نصف سال کے حسابات 31 دسمبر کی تاریخ کو تیار کیے گئے ہیں، ورنہ اس سے پیشتر یہ 31 مارچ کو تیار کیے جاتے تھے۔

کمپنی کا مختصر مالیاتی جائزہ زیر نظر ہے:

(روپے ملین میں)

31 دسمبر 2020	31 دسمبر 2021	
1,185	1,269	کمپنی مصنوعات کی فروخت
269	259	کل منافع
13	(115)	نگلیں سے پہلے کا (خسارہ)/ منافع
(2)	(131)	نگلیں کے بعد کا خسارہ
(0.23)	(5.71)	فی شیئر خسارہ

معاشی حالات کی وجہ سے موجودہ مالیاتی سال کمپنی کے لیے مشکل جا رہا ہے اور کمپنی نے اس عرصے میں مندرجہ ذیل وجوہات کی بناء پر نقصان برداشت کیا ہے:

- ☆ خام مال اور پیکیجنگ میٹریل کی قیمتوں میں بے تحاشہ اضافہ
- ☆ دوسری کاروباری الاگوٹوں (جیسے کہ لیبر، بجلی اور کرایوں) میں اضافہ
- ☆ ایکسپورٹ ری فائنانس کا نہ ملنا
- ☆ خام مال کی فراہمی میں تاخیر کا ہونا جبکہ بین الاقوامی قلت کا نتیجہ تھا۔

بورڈ آف ڈائریکٹرز کو اندرونی کنٹرول کو برقرار رکھنے کے لیے اپنی ذمہ داری کا شدت سے احساس ہے۔ اسی وجہ سے ہم نے اندرونی کنٹرول اور مالیاتی کنٹرول کے ایسے نظام وضع کیے ہیں جن کی بدولت کاروبار چھتے اور مستعد طریقے سے ہو سکے، اپنے اخراجات کی حفاظت ممکن ہو سکے، تمام مرچہ و ائمن پر عمل ممکن ہو سکے اور قابل بھروسہ مالیاتی حسابات بن سکیں۔

اپنے اصل کاروبار پر توجہ مرکوز رکھنے کی خاطر کمپنی نے ڈیری کا کاروبار ختم کر دیا ہے اور اس سلسلے میں تمام مویشی فروخت کر دیئے ہیں۔ مزید برآں، کاروبار میں مزید سرمایہ کاری کرنے کے لیے کمپنی مختلف مالیاتی اداروں کے ساتھ مذاکرات میں مصروف ہے جس کے لیے مزید سیکورٹی فراہم کی جائے گی۔ اس نصف سال کے دوران کمپنی کے ایک سپانسر نے 50 ملین روپے کا ایک نیا قرضہ بھی فراہم کیا ہے۔

آگے بڑھتے ہوئے، کمپنی یہ امید کرتی ہے کہ موسمیاتی تغیرات اور رمضان کی آمد کے ساتھ ہماری مصنوعات کی فروخت میں اضافہ ہوگا۔ کمپنی مصالحوں کی ملکی اور بین الاقوامی منڈی میں بھی قدم رکھ رہی ہے۔ اس کے علاوہ کمپنی نے کنفییکٹری کی مصنوعات کی فروخت پر اپنی توجہ مرکوز کی ہے اور اس سلسلے میں

کئی نئی مصنوعات اور چاکلیٹ کا بھی آغاز کیا گیا ہے۔ ہمارا ارادہ ہے کہ اس شعبے کو اور مستحکم کیا جائے کیونکہ اس میں بڑھنے کی صلاحیت موجود ہے۔ اسی طرح ہم اپنی توجہ برآمدات کو بڑھانے پر بھی مرکوز کر رہے ہیں اور اس سلسلے میں نئی منڈیوں کو کھولنے کی کوشش میں بھی مصروف ہیں۔ پچھلے سال ہم نے SAP کے ERP سسٹم کو نافذ کرنے کا جو آغاز کیا تھا، امید ہے کہ اس سال یہ پورا ہو جائے گا جس سے ہم کو مدد ملے گی کہ ہم درست اور باریک بین ڈیٹا کی بنیاد پر اپنی حکمت عملی ترتیب دے سکیں اور درست فیصلہ سازی کر سکیں۔

ہمارے کاروبار کی نوعیت ایسی نہیں کہ اس کی وجہ سے ماحولیات پر کوئی برا اثر پڑے۔ کچھلی کئی دھانیوں کے دوران کمپنی نے اپنے پلانٹ کی زمین پر بہت زیادہ شجر کاری کی ہے جس کی وجہ سے ماحول پر اس کا بہت مثبت اثر پڑا ہے اور اس کی وجہ سے ہمارے اسٹاف کو ایک بہت زیادہ صحت مندانہ ماحول میسر آتا ہے۔ اس کے علاوہ ہم شیشی توانائی کی مدد سے اپنی بجلی پیدا کرنے کی کاوش میں بھی کوشاں ہیں۔ ہمارے پلانٹ کی پیداواری استعداد بڑھانے اور اس میں جدت لانے کا عمل بھی جاری ہے۔

کارپورٹ سوشل ذمہ داری کے تحت کمپنی نے شوکت خانم ہسپتال کے ساتھ کینسر کے مرض کے لیے آگاہی کی مہم میں حصہ لیا اور اس کے علاوہ اخوت فاؤنڈیشن کے ساتھ کپڑے اکٹھے کرنے کی مہم میں بھی حصہ لیا تاکہ نادار اور مستحق لوگوں کی مدد رمضان کے ماہ مقدس میں اپنی مصنوعات کی مدد سے بھی کی جا سکے۔

اس نصف سال کے عرصے کے دوران بورڈ آف ڈائریکٹرز میں کوئی تغیر رونما نہ ہوا اس کی ترتیب و تدوین وہی رہی جو کہ سالانہ رپورٹ 2021 کے جاری کرنے کے وقت تھی۔

بورڈ آف ڈائریکٹرز کی جانب سے

Khairatun
جم عریز سبھی
چیئر مین

Julia Pignatti
ناکلہ سبھی
چیف ایگزیکٹو آفیسر / مینجنگ ڈائریکٹر

لاہور: 25 فروری 2022



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mitchell's Fruit Farms Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Mitchell's Fruit Farms Limited as at December 31, 2021 and the related 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 and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month periods ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.

A. F. Ferguson & Co.

Chartered Accountants

Name of engagement partner: Amer Raza Mir

Lahore

Dated: February 25, 2022

UDIN: RR202110118WjIXSYxQ

Condensed Interim Statement of Financial Position

As at December 31, 2021 (Un-audited)

	Note	December 31 2021 Rupees Un-audited	June 30 2021 Rupees Audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital 40,000,000 (June 30, 2021: 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, 2021: 22,875,000) ordinary shares of Rs 10 each		228,750,000	228,750,000
Reserves		477,091,017	607,668,057
		705,841,017	836,418,057
NON-CURRENT LIABILITIES			
Deferred liabilities		114,376,853	112,510,688
Long term finance - secured		-	12,732,774
Deferred grant		-	1,140,378
		114,376,853	126,383,840
CURRENT LIABILITIES			
Current portion of long term finance		29,420,794	30,675,616
Current portion of deferred grant		730,439	675,616
Finances under markup arrangements		333,260,479	134,393,274
Creditors, accrued and other liabilities		537,148,959	425,850,584
Loan from directors - unsecured		200,000,000	150,000,000
Accrued finance cost		7,612,359	2,255,383
Unclaimed dividends		2,004,183	2,004,183
		1,110,177,213	745,854,656
CONTINGENCIES AND COMMITMENTS			
	3	-	-
		1,930,395,083	1,708,656,553

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

	Note	December 31 2021 Rupees Un-audited	June 30 2021 Rupees Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	672,707,039	636,098,672
Intangible assets		11,935,840	12,262,568
Biological assets		1,500,000	37,790,000
Long term receivables		8,511,693	8,511,693
		694,654,572	694,662,933
CURRENT ASSETS			
Stores, spares and loose tools		38,731,277	35,291,224
Stock in trade		605,283,178	407,053,602
Trade debts		325,623,758	329,306,341
Advances, deposits, prepayments and other receivables		123,555,324	98,654,403
Income tax recoverable		126,624,050	131,061,071
Cash and bank balances		15,922,924	12,626,979
		1,235,740,511	1,013,993,620
		1,930,395,083	1,708,656,553


Badar M. Khan
 Chief Financial Officer


Naila Bhatti
 Chief Executive Officer


Najam Aziz Seethi
 Chairman

Condensed Interim Statement of Profit or Loss

For the Three Months and Six Months Period Ended December 31, 2021 (Un-audited)

	Note	Three months period ended		Six months period ended	
		December 31 2021 Rupees	December 31 2020 Rupees	December 31 2021 Rupees	December 31 2020 Rupees
Sales	5	731,797,961	702,444,268	1,268,772,582	1,185,272,594
Cost of sales	6	(528,368,523)	(524,928,768)	(1,009,590,631)	(915,987,737)
Gross profit		203,429,438	177,515,500	259,181,951	269,284,857
Administration expenses		(44,147,182)	(55,114,124)	(111,275,302)	(94,743,436)
Distribution and marketing expenses	7	(207,622,534)	(77,230,680)	(287,566,078)	(139,933,261)
Other operating expenses		(6,500)	(2,482,885)	(6,500)	(5,620,203)
Other operating income		34,429,136	4,030,516	40,344,503	10,951,165
Finance cost		(10,631,601)	(13,731,423)	(15,903,035)	(26,708,819)
(Loss) / profit before tax		(24,549,243)	32,986,904	(115,224,461)	13,230,303
Taxation		(9,982,833)	(10,349,637)	(15,352,579)	(15,049,263)
(Loss) / profit after tax		(34,532,076)	22,637,267	(130,577,040)	(1,818,960)
(Loss) / profit per share - basic and diluted		(1.24)	2.87	(5.71)	(0.23)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

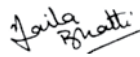
Condensed Interim Statement of Comprehensive Income

For the Three Months and Six Months Period Ended December 31, 2021 (Un-audited)

	Three months period ended		Six months period ended	
	December 31 2021 Rupees	December 31 2020 Rupees	December 31 2021 Rupees	December 31 2020 Rupees
(Loss) / profit after tax for the period	(34,532,076)	22,637,267	(130,577,040)	(1,818,960)
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	(34,532,076)	22,637,267	(130,577,040)	(1,818,960)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

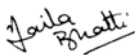
Condensed Interim Statement of Changes in Equity

For the Six Months Period Ended December 31, 2021 (Un-audited)

	Share capital	Reserves		Total	
		Share premium	General reserve		Unappropriated loss
	Rupees				
Balance as on June 30, 2020 - un-audited	78,750,000	9,335,878	300,000	7,069,483	95,455,361
Loss for the period				(1,818,960)	(1,818,960)
Other comprehensive income				-	-
Total comprehensive loss for the period	-	-	-	(1,818,960)	(1,818,960)
Balance as on December 31, 2020 - un-audited	78,750,000	9,335,878	300,000	5,250,523	93,636,401
Balance as on June 30, 2021 - audited	228,750,000	609,335,878	300,000	(1,967,821)	836,418,057
Loss for the period	-	-	-	(130,577,040)	(130,577,040)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(130,577,040)	(130,577,040)
Balance as at December 31, 2021 - un-audited	228,750,000	609,335,878	300,000	(132,544,861)	705,841,017

The annexed notes 1 to 14 form an integral part of this condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer



Najam Aziz Seethi
Chairman

Condensed Interim Statement of Cash Flows

For the Six Months Period Ended December 31, 2021 (Un-audited)

	Note	Six months period ended	
		December 31 2021 Rupees	December 31 2020 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	9	(180,120,584)	279,107,923
Finance cost paid		(9,533,655)	(31,863,237)
Taxes paid		(10,915,558)	(25,930,551)
Retirement benefits paid		(5,495,600)	(7,057,138)
Payment of accumulated compensated absences		(1,787,361)	(3,738,999)
Security deposit - net		-	533,230
Net cash (used in) / generated from operating activities		(207,852,758)	211,051,228
Cash flows from investing activities			
Fixed capital expenditure		(63,496,802)	(10,322,042)
Purchase of intangible assets		-	(197,481)
Proceeds from sale of biological assets		40,126,000	2,066,000
Proceeds from sale of property, plant and equipment		652,300	107,333
Net cash used in investing activities		(22,718,502)	(8,346,190)
Cash flows from financing activities			
Advance received against right issue		-	602,219,470
Loan obtained from shareholder		50,000,000	-
Repayment of long term finances - secured		(15,000,000)	-
Net cash generated from financing activities		35,000,000	602,219,470
Net (decrease) / increase in cash and cash equivalents		(195,571,260)	804,924,508
Cash and cash equivalents at the beginning of the period		(121,766,295)	(595,110,750)
Cash and cash equivalents at the end of the period	10	(317,337,555)	209,813,758

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Notes to and Forming Part of the Condensed Interim Financial Information

For the Six Months Period Ended December 31, 2021 (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 sales office in Islamabad and one in Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 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.

2.2 Change of financial year of the Company

During the period ended June 30, 2021, the Taxation Authority granted approval for change in the financial year end from September to June on February 11, 2021. The Company has changed its financial year end to align it with the normal tax year. Consequently, these condensed interim financial statements are prepared from the period from July 1, 2021 to December 31, 2021. The corresponding figures shown in condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows pertain to the period from July 1, 2020 to December 31, 2020.

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

2.4 These condensed interim financial statements are un-audited and are being submitted to the members of the Company as required by Section 237 of the Companies Act, 2017 (the "Act"). These condensed interim financial statements do 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 period from October 1, 2020 to June 30, 2021.

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the period from October 1, 2020 to June 30, 2021. Furthermore, the basis of significant estimates are same as those that were applied to the preceding financial statements for the period from October 1, 2020 to June 30, 2021.

The financial statements have been prepared under the historic cost convention except certain employee benefits which are recognized on present value and investments which are measured at fair value. The financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

2.5 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:

2.5.1 Standards, amendments to published standards and interpretations that are effective in current period and are relevant to the Company's operations

Certain standards, amendments and interpretations to the approved accounting standards are effective for the accounting periods beginning on or after July 01, 2021 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 condensed interim financial statements.

2.5.2 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 Company's accounting periods beginning on or after January 01, 2022, 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 condensed interim financial statements.

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

3.1.1 Income Tax

There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2021 except the following:

- (i) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated June 30, 2021 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. Being aggrieved, the Company filed appeal before the Commissioner Inland Revenue (Appeals), which was partially decided in favour of the Company. Being aggrieved, the Company filed appeal before Appellate Tribunal Inland Revenue ('ATIR'), which is pending for hearing. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

3.1.2 Sales Tax

Following are the various contingencies relating to Sales Tax matters:

- (i) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 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') which is pending adjudication.

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 favour of the Company resulting in reduction of demand to Rs. 1.51 million. Being aggrieved, the Company filed an appeal before ATIR. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

3.1.3 Others

- (i) The Company has issued post dated cheques amounting to Rs 193.71 million (June 30, 2021: Rs 182.30 million) to Collector of Customs, Lahore on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO # 450 (I)/2001 dated June 30, 2001 and SRO # 492(1/2009) dated 13 June 2009 under the Customs Rules 2001.

3.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials Rs 31.66 million (June 30, 2021: Rs 36.32 million).
- (ii) The Company has entered into operating lease agreements, including Ijarah 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:

	December 31 2021 Rupees Un-audited	June 30 2021 Rupees Audited
Not later than one year	4,632,491	5,899,480
Later than one year and not later than five years	5,274,244	3,448,391
	9,906,735	9,347,871

		December 31 2021 Rupees Un-audited	June 30 2021 Rupees Audited
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	- note 4.1	654,355,849	627,417,134
Capital work in progress		18,351,190	8,681,538
		<u>672,707,039</u>	<u>636,098,672</u>
4.1 Operating fixed assets - at net book value			
Opening book value		627,417,134	572,288,167
Add: Additions during the period at cost	- note 4.1.1	53,827,150	92,049,570
		681,244,284	664,337,737
Less: Disposals during the period at book value	- note 4.1.2	(463,807)	(3,371,524)
Depreciation charged during the period		(26,424,628)	(33,549,079)
Closing book value		<u>654,355,849</u>	<u>627,417,134</u>
4.1.1 Detail of additions during the period			
Leasehold improvements		-	19,676,818
Plant and machinery		44,535,983	44,684,500
Vehicles		239,411	374,859
Furniture and fittings		1,613,373	5,703,298
Electric installations		3,804,678	15,271,237
Computer hardware		3,633,705	6,338,858
		<u>53,827,150</u>	<u>92,049,570</u>
4.1.2 Detail of disposals during the period			
Building on leasehold land		-	1,662,714
Plant and machinery		423,932	-
Vehicles		39,670	1,478,997
Furniture and fittings		204	-
Electric installation		1	80,005
Computer hardware		-	149,808
		<u>463,807</u>	<u>3,371,524</u>

	Three months period ended December 31		Six months period ended December 31	
	2021 Un-audited Rupees	2020 Un-audited Rupees	2021 Un-audited Rupees	2020 Un-audited Rupees
5. SALES				
Gross sales - local	736,328,919	702,994,213	1,336,143,480	1,224,957,957
Less: Sales returns	9,028,419	7,452,468	17,023,228	26,524,845
Rebates	97,557,346	76,390,174	168,663,823	136,533,663
Trade promotion and incentives	43,140,023	22,943,690	80,798,248	39,969,646
	149,725,788	106,786,332	266,485,299	203,028,154
Net sales - Local	586,603,131	596,207,881	1,069,658,181	1,021,929,803
- Export	145,194,830	106,236,387	199,114,401	163,342,791
	731,797,961	702,444,268	1,268,772,582	1,185,272,594
6. COST OF SALES				
Raw & packing material consumed	511,642,492	404,772,721	894,391,713	792,332,070
Salaries, wages and other benefits	48,736,228	43,959,244	109,675,635	87,303,466
ljarah rentals	-	-	-	968,501
Furnace oil consumption	12,090,871	7,440,109	20,839,877	15,264,354
Freight	553,461	26,430	1,272,533	114,887
Traveling & vehicle running	1,448,438	770,964	2,811,888	1,193,293
Repairs and maintenance	6,735,373	5,492,851	15,270,070	14,827,837
Power, water and gas	18,287,706	9,827,294	37,466,836	26,593,748
Insurance	593,557	1,377,974	2,496,354	2,379,164
Rent, rates and taxes	658,385	814,715	1,247,483	1,940,475
Depreciation	7,343,009	10,152,387	20,105,411	19,551,785
Provision for slow moving stock	1,800,631	-	1,800,631	-
Miscellaneous expenses	16,851,639	7,815,415	24,970,500	21,537,114
	626,741,790	492,450,104	1,132,348,931	984,006,694
Opening work-in-process	67,363,647	55,322,587	52,978,614	30,644,814
Closing work-in-process	(73,212,391)	(52,978,614)	(73,212,391)	(52,978,614)
Cost of goods manufactured	(5,848,744)	2,343,973	(20,233,777)	(22,333,800)
Opening finished goods	165,495,740	185,630,431	155,495,740	109,810,583
Closing finished goods	(258,020,263)	(155,495,740)	(258,020,263)	(155,495,740)
	(92,524,523)	30,134,691	(102,524,523)	(45,685,157)
	528,368,523	524,928,768	1,009,590,631	915,987,737

	Three months period ended December 31		Six months period ended December 31	
	2021 Un-audited Rupees	2020 Un-audited Rupees	2021 Un-audited Rupees	2020 Un-audited Rupees
7. DISTRIBUTION AND MARKETING EXPENSES				
Salaries, wages and other benefits	38,165,307	18,387,922	53,212,818	33,389,282
Freight expenses	29,292,506	22,141,477	38,750,324	42,273,669
Advertisement	81,422,650	12,088,841	114,748,900	16,606,979
Distributors expenses	35,030,334	10,488,744	36,150,679	21,954,724
Other expenses	23,711,737	14,123,696	44,703,357	25,708,607
	<u>207,622,534</u>	<u>77,230,680</u>	<u>287,566,078</u>	<u>139,933,261</u>

8. Transactions with related parties

Relationship with the Company	Name and Percentage of Shareholding of Related Party	Transactions during the period	2021 Un-audited Rupees	2020 Un-audited Rupees
i. Chairman	Najam Sethi (Shareholding: 0.01%)	Obtained loan	50,000,000	-
ii. Director	Mr. Mehdi Mohsin (Shareholding: 19.65%)	Purchase of goods	761,971	2,042,833
		Rent expense	1,708,334	1,553,030
		Payment made on behalf of related party	1,186,582	1,902,773
iii. Spouse of Director	Mr. Mujeeb Rashid (Shareholding: 0.002%) Syeda Maimanat Mohsin (Shareholding: 19.85%)	Payment made on behalf of related party	-	122,709
		Purchase of goods	45,360	650,464
		Loan obtained	-	50,000,000
iv. Related Party	M/s Vanguard Books (Pvt) Ltd (Common Shareholding) Key Management personnel Others	Rent expense	8,470,590	-
		Remuneration	34,671,078	16,933,849
		Advance against right issue	-	602,219,470

All transactions with related parties have been carried out on mutually agreed terms and conditions.

	Un-audited December 31 2021 Rupees	Audited June 30 2021 Rupees
Period end balances		
Loan from directors - unsecured	200,000,000	150,000,000
Payable to related parties	613,064	113,919

These balances are in the normal course of business.

	Six month period ended	
	2021 Un-audited Rupees	2020 Un-audited Rupees
9. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before tax for the period	(115,224,461)	13,230,303
Adjustment for:		
- Depreciation on property, plant and equipment	26,424,628	21,285,321
- Amortization of intangibles	326,728	203,753
- (Profit) / loss on disposal of property, plant and equipment	(174,801)	141,974
- Provision for gratuity and accumulated leaves	13,977,819	17,573,412
- Exchange (gain) / loss	(631,649)	28,532
- Provision for obsolete stock	1,800,631	4,030,831
- (Reversal) / provision for sale return	(14,441,719)	19,072,377
- (Reversal) / provision for trade promotions and incentives	(1,815,108)	68,809,273
- Finance cost	15,903,035	26,708,819
- Amortization of deferred income	(199,266)	(239,358)
- Amortization of deferred grant	(1,085,555)	-
- Loss allowance	2,870,007	-
- Gain on revaluation of biological assets	-	(2,276,072)
- Profit on sale of biological assets	(3,836,000)	-
(Loss) / profit before working capital changes	(76,105,711)	168,569,165
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(3,440,053)	(1,144,322)
- Increase in stock-in-trade	(200,030,207)	(19,765,661)
- Decrease/ (increase) in trade debts	1,444,225	(15,804,665)
- (Increase) / decrease in advances, deposits prepayments and other receivables	(24,900,921)	35,045,030
- Increase in creditors, accrued and other liabilities	122,912,083	112,208,376
	(104,014,873)	110,538,758
Cash (used in) / generated from operations	(180,120,584)	279,107,923
10. CASH AND CASH EQUIVALENTS		
Cash and bank balances	15,922,924	584,187,285
Finances under markup arrangements - secured	(333,260,479)	(374,373,527)
	(317,337,555)	209,813,758

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 these condensed interim financial statements 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 assets that are measured at fair value at December 31, 2021:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Assets				
Recurring fair value measurements of biological assets				
Trees	-	1,500,000	-	1,500,000
	-	1,500,000	-	1,500,000

The following table presents the Company's non financial assets that are measured at fair value at June 30, 2021:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Assets				
Recurring fair value measurements of biological assets				
Livestock and trees	-	37,790,000	-	37,790,000
	-	37,790,000	-	37,790,000

12. EVENTS AFTER THE REPORTING DATE

No significant events have occurred subsequent to December 31, 2021.

13. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on February 25, 2022 by the board of directors of the Company.

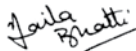
14. CORRESPONDING FIGURES

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

Chief Financial Officer



Naila Bhatti

Chief Executive Officer



Najam Aziz Seethi

Chairman

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