



FOR THE TASTE OF NATURAL GOODNESS

HALF YEARLY REPORT

2021

www.mitchells.com.pk

Contents

Company Information	2
Directors' Review	4
Auditors' Report to the Members on Review of Condensed Interim Financial Information	6
Condensed Interim Statement of Financial Position	8
Condensed Interim Statement of Profit or Loss	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Statement of Changes in Equity	12
Condensed Interim Statement of Cash Flows	13
Notes to and Forming Part of the Condensed Interim Financial Information	14

Company Information

Board of Directors

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

Audit Committee

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

Chief Financial Officer

Mr. Badar M. Khan

Company Secretary

Ms Nyma Anwar Khan

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
Faysal Bank

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
rsoc@mitchells.com.pk

REGIONAL SALES OFFICE

Lahore

40-A, Zafar Ali Road, Gulberg V, Lahore
Phones: (042) 35872392-96
Fax: (042) 35872398
E-Mail: rsoc@mitchells.com.pk

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

Mehran VIP II, Ground Floor, Plot 18/3
Dr. Dawood Pota Road- Karachi
Phones: (021) 35212112, 35212712
& 35219675
Fax: (021) 35673588
E-Mail: rsos@mitchells.com.pk

Directors' Review

The Directors of the company are pleased to present their report on the condensed interim financial statement of the Company for the six month period ended March 31, 2021.

Under the new management the Company has shown significant growth during the first six months of its operations during which period, company had its first Right Issue of Rs 750 million which was very successful. With the help of this, we were able to pay off our banks, reduce our financial costs significantly and focus ourselves towards taking the company out of losses after multiple years, relaunching the brand and bringing all out operating efficiencies and economies. In this regard, we are happy to report that it has been a tremendous success with the fact that company registered more than 40% growth in sales when compared with similar period last year. This has been achieved by enhancing width, depth and visibility of sales as well as, proportionate increase in production. Despite of COVID-19 challenges, the growth in export sales has been very encouraging.

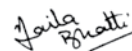
Our profitability has also gone up to Rs 42.7 million (Rs 19.3 million loss in corresponding period last year) by initiatives taken to reduce both the direct and indirect cost of production. This has resulted in an EPS of 1.87 for the six months' period.

During the past few months, brand visibility and top of mind recall have also increased due to launch of media campaigns. Our Corporate Ad to reintroduce the brand to the younger generations was very well received by the market. We were also very visible in the media during the month of Ramzan for product specific campaigns.

Like previous year, COVID-19 situation in the country has led to many challenges not only at the operational level but towards maintaining the sales trend in these difficult times. However, the management is determined and is making all out efforts to maintain uninterrupted supplies to its customers through its distribution channels.

As Mitchell's continues on this exciting journey to invigorate this iconic Pakistani brand, the management plans to continue to bring further improvements by modernizing the production facility and introducing new systems and controls to ensure quality and availability of products and to increase shareholder's value.

For and on behalf of
the Board of Directors



Naila Bhatti

Managing Director/
Chief Executive Officer

Lahore: June 03, 2021

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والے نصف سال کیلئے کمپنی کی منجمد عبوری مالی دستاویزات پر انتہائی خوشی سے اپنی رپورٹ پیش کرتے ہیں۔

نئی انتظامیہ کی اپنی ذمہ داریاں سنبھالنے کے چھ ماہ کے عرصے میں، ہی کمپنی میں واضح گروتھ (نمو) دیکھی گئی، جس کے دوران کمپنی نے اپنے 750 ملین روپے کے حقوق کا اجراء کیا جو بہت کامیاب رہا۔ جس کی مدد سے ہم بینکوں کی ادائیگیاں، مالی لاگت میں نمایاں کمی لانے، کئی سالوں بعد کمپنی کو خسارے سے نکلنے پر اپنی تمام تر توجہ مرکوز کرنے، برانڈ کو از سر نواچ کرنے اور معاشی و مالی فعالیت کے تمام اقدامات کو بروئے کار لانے میں کامیاب ہوئے۔ اس تناظر میں ہم یہ بیان کرتے ہوئے بے حد خوشی محسوس کر رہے ہیں کہ گزشتہ سال کے اسی عرصے کے مقابلے میں رواں سال کمپنی کی سیلز میں 40 فیصد سے زائد اضافے کی حد عبور کرنا یقینی طور پر ایک شاندار کامیابی ہے۔ یہ نتائج سیلز اور پیداوار کیلئے کیے جانے والے کثیر الجہت اقدامات کی بدولت حاصل ہوئے۔ Covid-19 کے درپیش چیلنجز کے باوجود بھی سیلز میں خاطر خواہ اضافہ حوصلہ افزاء ہے۔

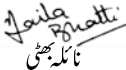
ہمارا منافع بھی 42.7 ملین روپے (جو کہ گزشتہ سال کے اسی عرصے میں 19.3 ملین تک پہنچ چکا تھا) تک پہنچ چکا ہے جو کہ مالی لاگت کے براہ راست اور بلواسطہ اخراجات میں کمی لاکر ممکن ہوا۔ جس کے نتیجے میں یہ ہوا کہ چھ ماہ کے عرصے میں ای پی ایس میں 1.87 دیکھا گیا۔

پچھلے کچھ مہینوں میں میڈیا پر اشتہاری مہمات نہ ہونے کے باعث برانڈ کے مارکیٹ میں نظر آنے اور یادداشت میں محفوظ رہنے جیسے ضروری معاملات میں خاصی کمی آئی۔ برانڈ کو دوبارہ لاچ کرنے کی غرض سے ہمارا نوجوان نسل کو مخاطب کرتا ہوا کارپوریٹ اشتہار مارکیٹ میں خاصا مقبول ہوا اور مارکیٹ میں اس کا خیر مقدم کیا گیا۔ ہم رمضان المبارک کے دوران اپنی پراڈکٹس پڑھنی مہمات کے ذریعے میڈیا پر توقع سے زیادہ توجہ حاصل کرنے میں کامیاب ہوئے۔

گزشتہ سال کی طرح اس سال بھی Covid-19 کی وجہ سے نہ صرف انتظامی معاملات میں شدید بحران ہے بلکہ سیلز کے رجحانات کو برقرار رکھنا بھی کافی مشکل ہے۔ تاہم انتظامیہ اپنی تمام تر صلاحیتوں کو بروئے کار لاتے ہوئے اپنے تقسیم کارڈ رائج کی مدد سے صارفین تک پراڈکٹس کی بلا تعلق فراہمی کو یقینی بنانے کیلئے ہر ممکن کوشش کر رہی ہے۔

چونکہ Mitchell's اس رجحان ساز برانڈ کو متعارف کروانے کے شاندار سفر کو جاری رکھے ہوئے ہے، اسی لئے انتظامیہ کا یہ پلان ہے کہ پراڈکٹس کو جدید تقاضوں سے ہم آہنگ کرتے ہوئے سسٹم اور کنٹرول میں نئے رجحانات متعارف کروائے جائیں تاکہ پراڈکٹس کی دستیابی اور معیار کو یقینی بنائے جاسکے اور شیئر ہولڈرز کی قدر کو بڑھایا جاسکے۔

بورڈ آف ڈائریکٹرز کی جانب سے

 نائلہ بھٹی

مینجنگ ڈائریکٹر چیف ایگزیکٹو آفیسر



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 March 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 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 March 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended March 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 handwritten signature in black ink, appearing to read "Amer Raza Mir".

A. F. Ferguson & Co.
Chartered Accountants

Lahore:
Dated: June 04, 2021

Condensed Interim Statement of Financial Position

As at March 31, 2021

	Note	Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 40,000,000 (September 30, 2020: 20,000,000) ordinary shares of Rs. 10 each		400,000,000	200,000,000
Issued, subscribed and paid up capital 22,875,000 (September 30, 2020: 7,875,000) ordinary shares of Rs. 10 each		228,750,000	78,750,000
Reserves		609,635,878	9,635,878
Revenue reserve: Unappropriated profit		28,647,506	(14,076,101)
		867,033,384	74,309,777
NON-CURRENT LIABILITIES			
Long Term Finance	3	19,335,647	-
Deferred Grant	4	1,697,229	-
Deferred liabilities		127,149,847	134,230,460
		148,182,723	134,230,460
CURRENT LIABILITIES			
Current Portion of Long Term Finance		30,902,466	-
Current Portion of Deferred Grant		823,562	-
Loan from directors - unsecured		150,000,000	200,000,000
Creditors, accrued and other liabilities		560,756,499	399,806,286
Unclaimed dividends		2,004,183	2,004,183
Finances under markup arrangements - secured		264,572,053	560,615,531
Accrued finance cost		2,183,012	9,653,040
		1,011,241,775	1,172,079,040
CONTINGENCIES AND COMMITMENTS			
	5		
		2,026,457,882	1,380,619,277


The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

	Note	Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6.	609,774,314	572,845,202
Intangible assets		3,459,450	3,843,833
Biological assets		31,424,123	31,954,123
Long term receivables		8,511,693	5,705,010
		653,169,580	614,348,168
CURRENT ASSETS			
Stores, spares and loose tools		34,062,124	37,342,809
Stock in trade		438,005,813	335,418,696
Trade debts		331,640,930	138,824,036
Advances, deposits, prepayments and other receivables		92,917,861	66,878,401
Income tax recoverable		134,802,628	152,414,931
Cash and bank balances		341,858,946	35,392,236
		1,373,288,302	766,271,109
		2,026,457,882	1,380,619,277

The annexed notes 1 to 17 form a integral part of this condensed interim financial statement.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Sethi
Chairman

Condensed Interim Statement of Profit or Loss

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

	Note	Three months period ended		Six months period ended	
		March 31 2021 Rupees	March 31 2020 Rupees	March 31 2021 Rupees	March 31 2020 Rupees
Sales	7	799,897,575	548,411,164	1,502,341,843	1,074,268,558
Cost of sales	8	(634,058,970)	(431,367,726)	(1,158,987,738)	(839,642,148)
Gross profit		165,838,605	117,043,438	343,354,105	234,626,410
Administrative expenses		(43,826,414)	(35,475,925)	(98,940,538)	(77,765,222)
Distribution and marketing expenses	9	(98,721,902)	(62,329,288)	(175,952,582)	(123,689,262)
Other operating expenses		(7,509,502)	(926,402)	(9,992,387)	(976,402)
Other income		23,191,380	6,828,939	27,221,896	7,825,296
Finance cost		(8,235,464)	(21,454,191)	(21,966,887)	(43,925,342)
Profit / (Loss) before tax		30,736,703	3,686,571	63,723,607	(3,904,522)
Taxation		(10,650,363)	(7,877,216)	(21,000,000)	(15,479,208)
Profit / (Loss) for the period		20,086,340	(4,190,645)	42,723,607	(19,383,730)
Profit / (Loss) per share - basic and diluted		0.88	(0.53)	1.87	(2.46)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Sethi
Chairman

Condensed Interim Statement of Comprehensive Income

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

	Three months period ended		Six months period ended	
	March 31 2021 Rupees	March 31 2020 Rupees	March 31 2021 Rupees	March 31 2020 Rupees
Profit / (Loss) for the period	20,086,340	(4,190,645)	42,723,607	(19,383,730)
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 income / (loss) for the period	20,086,340	-4,190,645	42,723,607	-19,383,730

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Sethi
Chairman

Condensed Interim Statement of Changes in Equity

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

	Share capital	Capital Reserve	Revenue Reserve		Total
		Share premium	General reserve	Unappropriated profit	
	----- Rupees -----				
Balance as at September 30, 2019 - audited	78,750,000	9,335,878	300,000	38,058,691	126,444,569
Loss for the period	-	-	-	(19,383,730)	(19,383,730)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(19,383,730)	(19,383,730)
Balance as at March 31, 2020 - un-audited	78,750,000	9,335,878	300,000	18,674,961	107,060,839
Balance as at September 30, 2020 - audited	78,750,000	9,335,878	300,000	(14,076,101)	74,309,777
Profit for the period	-	-	-	42,723,607	42,723,607
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	42,723,607	42,723,607
Share Capital issued during the period	150,000,000	600,000,000	-	-	750,000,000
Balance as at March 31, 2021 - un-audited	228,750,000	609,335,878	300,000	28,647,506	867,033,384

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Sethi
Chairman

Condensed Interim Statement of Cash Flows

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

		Six months period ended	
		March 31 2021 Rupees	March 31 2020 Rupees
Cash flows from operating activities			
	Note		
Cash generated from operations	11	(26,161,409)	109,536,884
Finance cost paid		(27,664,054)	(47,871,890)
Tax paid		(3,387,697)	(18,607,862)
Retirement benefits paid		(26,724,059)	(12,498,412)
Net cash (used in) / generated from operating activities		(83,907,219)	30,558,720
Cash flows from investing activities			
Fixed capital expenditure		(64,508,782)	(15,711,201)
Security deposit refunded in respect of vehicles		(2,806,683)	388,420
Proceeds from sale of property, plant and equipment		1,111,872	242,770
Proceeds from sale of livestock		121,000	282,000
Net cash used in from investing activities		(66,082,593)	(14,798,011)
Cash flows from financing activities			
Proceeds from long term finances-secured		60,000,000	-
Repayment of long term finances-secured		(7,500,000)	-
Repayment of loan from directors - unsecured		(50,000,000)	-
Proceeds from issuance of shares		750,000,000	-
Net cash generated from financing activities		752,500,000	-
Net increase in cash and cash equivalents		602,510,188	15,760,709
Cash and cash equivalents at beginning of the period		(525,223,295)	(636,544,521)
Cash and cash equivalents at end of the period		77,286,893	(620,783,812)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Sethi
Chairman

Notes to and Forming Part of the Condensed Interim Financial Information

For the Six Months Period Ended March 31, 2021 (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 was situated at 40-A Zafar Ali Road, Gulberg V, Lahore which has been changed to 72-FCC Lahore in the current period. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan.

2. Basis of preparation and measurement

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 (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.

2.2

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 year ended September 30, 2020.

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 year ended September 30, 2020. Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended September 30, 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 Change in Accounting Period

During the period, the Company filed application for permission in change of financial year end from September to June, which was granted on February 11, 2021 by the Tax Department. The Company has changed its financial year end to align it with the normal tax year and industry practices. Consequently, these financial statements have been prepared for a period of six months from October 01, 2020 to March 31, 2021 during the transitional period.

2.5 Initial application of standards, amendments or an interpretation to existing standards

2.5.1 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, 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 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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after October 1, 2020 but are considered not to be relevant or material to the Company's operations and are, therefore, not detailed in these condensed financial statements.

	Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
3. Long Term Finance- Secured		
Long term loan		
- Loan for wages and salaries - Habib Bank Limited	50,238,113	-
	50,238,113	-
Less: Current portion shown under current liabilities	(30,902,466)	-
	19,335,647	-

- 3.1 During the period ended March 31, 2021, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Habib Bank Limited of Rs 60.00 million. The loan is repayable in 8 equal quarterly installments starting from January 1, 2021. This facility along with other running finance facility is secured by joint pari passu charge over present and future current assets and fixed assets of the Company amounting to Rs 304.00 million and Rs 206.00 million respectively. The facility carried interest rate of 2% per annum. The effective rate of interest used for discounting of the loan is 8.68% per annum (September 30, 2020: Nil).

	Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
3.2 The reconciliation of the carrying amount is as follows:		
Opening balance	-	-
Loan received during the year	60,000,000	-
Repayments during the year	(7,500,000)	-
	52,500,000	-
Discounting adjustment - deferred grant - note 4	(4,034,748)	-
Interest charged using the effective rate of interest	2,002,998	-
Interest payments paid during the year	(230,137)	-
	50,238,113	-
	50,238,113	-

4. Deferred Grant

This represents Government grant recognised against the loan obtained from SBP Refinance Scheme for payment of salaries and wages in respect of below market interest rate payable on the following facility:

Long term financing facility availed from Habib Bank Limited under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'), amounting to Rs 60 million. The interest rate applicable during the period is SBP rate which is 2% per annum.

There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The reconciliation of the carrying amount is as follows:

	Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
Opening balance	-	-
Deferred grant recognised during the period/year	4,034,748	-
Credited to profit or loss	(1,513,957)	-
	2,520,791	-
Current portion shown under current liabilities	(823,562)	-
	1,697,229	-
	1,697,229	-

5. Contingencies and commitments

5.1 Contingencies

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

5.2 Commitments

The Company has commitments in respect of:

- (i) Letters of credit for purchase of raw and packing material Rs.63.032 million (September 30, 2020: 85.45 million).
- (ii) Agreement with Bank Al Habib relating to vehicles obtained under Ijarah arrangement amounting to Rs 9.16 million (September 30, 2020: Rs 14.055 million).

		Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
6. Property, plant and equipment			
Operating fixed assets	- note 6.1	571,452,591	572,288,167
Capital work-in-progress		38,321,723	557,035
		<u>609,774,314</u>	<u>572,845,202</u>
6.1. Operating fixed assets at net book value			
Opening book value		572,288,167	595,452,993
Add: Additions during the period at cost	- note 6.1.1	26,254,573	20,678,953
		598,542,740	616,131,946
Less: Disposals during the period at book value	- note 6.1.2	(2,964,953)	(958,861)
Depreciation charged during the period		(24,125,196)	(42,884,918)
		(27,090,149)	(43,843,779)
Closing book value		<u>571,452,591</u>	<u>572,288,167</u>

	Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
6.1.1 Detail of additions during the period		
Plant and machinery	12,688,093	16,014,315
Vehicles	211,062	3,855,670
Furniture and fittings	247,650	-
Electric installations	8,831,838	507,825
Computer hardware	4,275,930	301,143
	<u>26,254,573</u>	<u>20,678,953</u>

6.1.2 Detail of disposals during the period

Building on leasehold land	1,662,718	-
Vehicles	1,234,973	156,711
Furniture and fittings	-	2,879
Electric installation	67,262	556,244
Computer hardware	-	243,027
	<u>2,964,953</u>	<u>958,861</u>

	Three months period ended		Six months period ended	
	2021 Un-audited Rupees	2020 Un-audited Rupees	2021 Un-audited Rupees	2020 Un-audited Rupees
7. Sales				
Gross sales - local	773,600,979	552,478,244	1,476,595,192	1,072,183,127
Less: Sales returns	(17,341,448)	(18,328,604)	(24,793,916)	(29,213,157)
Rebates	(92,647,792)	(60,448,059)	(169,037,966)	(120,433,546)
Trade promotion and incentives	(34,738,090)	(17,284,078)	(57,681,780)	(33,246,540)
	<u>(144,727,330)</u>	<u>(96,060,741)</u>	<u>(251,513,662)</u>	<u>(182,893,243)</u>
Net sales - Local	628,873,649	456,417,503	1,225,081,530	889,289,884
- Export sales	171,023,926	91,993,661	277,260,313	184,978,674
	<u>799,897,575</u>	<u>548,411,164</u>	<u>1,502,341,843</u>	<u>1,074,268,558</u>

	Three months period ended		Six months period ended	
	2021 Un-audited Rupees	2020 Un-audited Rupees	2021 Un-audited Rupees	2020 Un-audited Rupees
8. Cost of sales				
Raw and packing material consumed	592,116,674	269,861,964	939,150,186	656,709,709
Salaries, wages and other benefits	54,972,134	68,902,193	98,376,689	84,075,336
Furnace oil consumed	10,212,798	6,699,367	17,218,587	12,927,948
Freight and octroi	242,622	654,309	269,052	654,309
Travelling and vehicle running	1,019,090	1,115,715	2,038,179	2,231,430
Repairs and maintenance	9,941,154	6,991,117	15,108,617	11,934,285
Power, water and gas	14,328,723	17,897,761	27,849,975	30,007,400
Insurance	1,770,018	1,058,169	3,147,992	2,116,337
Dairy expenses	8,007,939	7,418,694	16,015,877	14,837,387
Rent, rates and taxes	421,287	655,474	1,236,002	1,310,948
Depreciation on property, plant and equipment	10,562,811	8,847,783	20,859,522	19,150,125
Amortization of intangible assets	1,494	4,453	7,125	8,906
Other expenses	28,608,823	8,373,799	37,621,067	16,747,598
	732,205,567	398,480,798	1,178,898,870	852,711,718
Opening work-in-process	62,406,707	45,712,563	93,033,860	62,982,864
Closing work-in-process	(74,205,655)	(68,258,878)	(74,205,655)	(68,258,878)
	(11,798,948)	(22,546,315)	18,828,205	(5,276,014)
Cost of goods manufactured	720,406,619	375,934,483	1,197,727,075	847,435,704
Opening finished goods	80,481,018	153,641,744	128,089,330	90,414,945
Closing finished goods	(166,828,667)	(98,208,501)	(166,828,667)	(98,208,501)
	(86,347,649)	55,433,243	(38,739,337)	(7,793,556)
	634,058,970	431,367,726	1,158,987,738	839,642,148

9. Distribution and marketing expenses

	Three months period ended		Six months period ended	
	2021 Un-audited Rupees	2020 Un-audited Rupees	2021 Un-audited Rupees	2020 Un-audited Rupees
Salaries, wages and other benefits	24,317,468	10,036,971	42,705,390	33,091,186
Travelling and vehicle running	6,354,626	8,024,797	9,397,427	10,601,078
Entertainment	244,855	177,890	396,605	328,101
Freight expenses				
- Local	15,016,655	15,135,772	34,673,857	27,253,425
- Export	8,831,584	4,079,527	11,315,859	7,812,595
	23,848,239	19,215,299	45,989,716	35,066,020
Advertisement	21,268,532	9,749,672	33,357,373	9,847,452
Distributors expenses	13,682,046	10,233,206	23,484,320	19,386,250
Trade promotion expenses	(13,050)	(6,478,077)	8,707	125,124
Repairs and maintenance	-	32,090	-	59,575
Insurance	207,957	134,045	342,462	230,957
Rent, rates and taxes	1,713,181	1,550,189	3,535,782	3,821,792
Power, water and gas	84,569	102,326	170,850	204,628
Printing and stationery	67,201	82,499	124,542	150,720
Postage and telephone	572,931	405,301	1,016,716	921,659
Depreciation on property, plant and equipment	232,923	107,592	762,525	637,194
Amortization of intangible assets	51,268	64,085	51,268	64,085
Loss allowance	-	464,691	-	464,691
Other expenses	6,089,156	8,426,712	14,608,899	8,688,750
	<u>98,721,902</u>	<u>62,329,288</u>	<u>175,952,582</u>	<u>123,689,262</u>

10. Transactions with related parties

Relationship with the Company	Nature of transactions				
Post employment benefit plan	Gratuity expense	8,351,275	7,040,202	16,702,549	14,080,404
Key management personnel	Remuneration	5,933,727	6,994,663	11,867,454	13,989,325
Others	Purchase of goods	2,656,483	2,190,050	5,312,965	4,380,099
	Rent expense	5,048,788	843,734	7,274,046	1,687,467
	Payment made on behalf of related party	748,661	1,195,103	1,497,322	2,390,205
	Issuance of shares	-	-	448,863,630	-
				Un-audited March 31 2021 Rupees	Audited September 30 2020 Rupees
Period end balances					
				150,000,000	200,000,000
				1,647,248	2,337,356

	Six-month period ended March 31	
	2021 Un-audited Rupees	2020 Un-audited Rupees
11. Cash generated from operations		
Profit / (Loss) before tax	63,723,607	(3,904,522)
Adjustment for:		
- Depreciation on property, plant and equipment	24,125,196	21,407,179
- Unwinding of Grant income	(1,513,957)	-
- Amortization of intangibles	384,383	426,396
- Amortization of deferred income	(215,423)	(239,359)
- Loss on sale of property, plant and equipment	1,853,081	466,785
- Provision for sales return	24,793,916	29,213,157
- Loss allowance	1,831,624	464,691
- Provision for gratuity and accumulated leaves	19,858,869	16,736,724
- Loss on sale of biological assets	409,000	434,616
- Provision for obsolete stocks	-	746,842
- Stocks written off	15,354,850	-
- Reversal of provision for slow moving Stocks	(13,123,383)	-
- Exchange loss / (gain)	1,551,296	(4,901,152)
- Finance cost	21,966,887	43,925,342
Profit before working capital changes	160,999,946	104,776,699
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	3,280,685	7,787,748
- Decrease in stock-in-trade	(104,818,584)	(50,220,215)
- Increase in trade debts	(196,199,814)	(63,610,185)
- (Increase) / decrease in advances, deposits prepayments and other receivables	(26,039,460)	14,810,904
- Increase in creditors, accrued and other liabilities	136,645,818	95,991,933
	(187,131,355)	4,760,185
	(26,131,409)	109,536,884
12. Cash & cash equivalents		
Cash and bank balances	341,858,946	20,985,491
Finances under markup arrangements - secured	(264,572,053)	(641,769,303)
	77,286,893	(620,783,812)
13. 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 asset that are measured at fair value at March 31, 2021:

Assets	Level 1	Level 2 Rupees	Level 3	Total
Recurring fair value measurements of biological assets				
Livestock	-	31,424,123	-	31,424,123
	-	31,424,123	-	31,424,123

The following table presents the Company's non financial asset that are measured at fair value at March 31, 2020:

Assets	Level 1	Level 2	Level 3	Total
Recurring fair value measurements of biological assets				
Livestock	-	30,129,999	-	30,129,999
	-	30,129,999	-	30,129,999

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 2 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on September 30, 2020. Level 2 fair value of biological assets has been determined using a replacement cost approach, whereby, current cost of similar livestock in the international market has been adjusted for transportation costs to arrive at fair value.

14. Events after the date of statement of financial position

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

15. Date of authorization

These condensed interim financial statements were authorized for issue on June 03, 2021 by the board of directors of the Company.

16. Summary of significant events and transactions in the current reporting period

- In March 2020, COVID-19 spread throughout the country and measures to reduce the spread of the COVID-19 included nationwide lockdown, suspension of flights operations and intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruption to various businesses. The Government of Pakistan and State Bank of Pakistan have announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19. Accordingly, the Company obtained State Bank of Pakistan refinance scheme for payment of salaries and wages amounting to Rs. 60 million, which is repayable in 8 quarterly installments. However, the aforementioned measures have not affected the business operations of the Company significantly.
- During the period ended March 31, 2021, the Company issued right shares 15 million shares at a price of Rs. 50 amounting to Rs 750 million.


17. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position and condensed interim statement of changes in equity have 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 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 Sethi
Chairman



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



Mitchell'sFruitFarms



Mitchell'sChocolates&Sweets