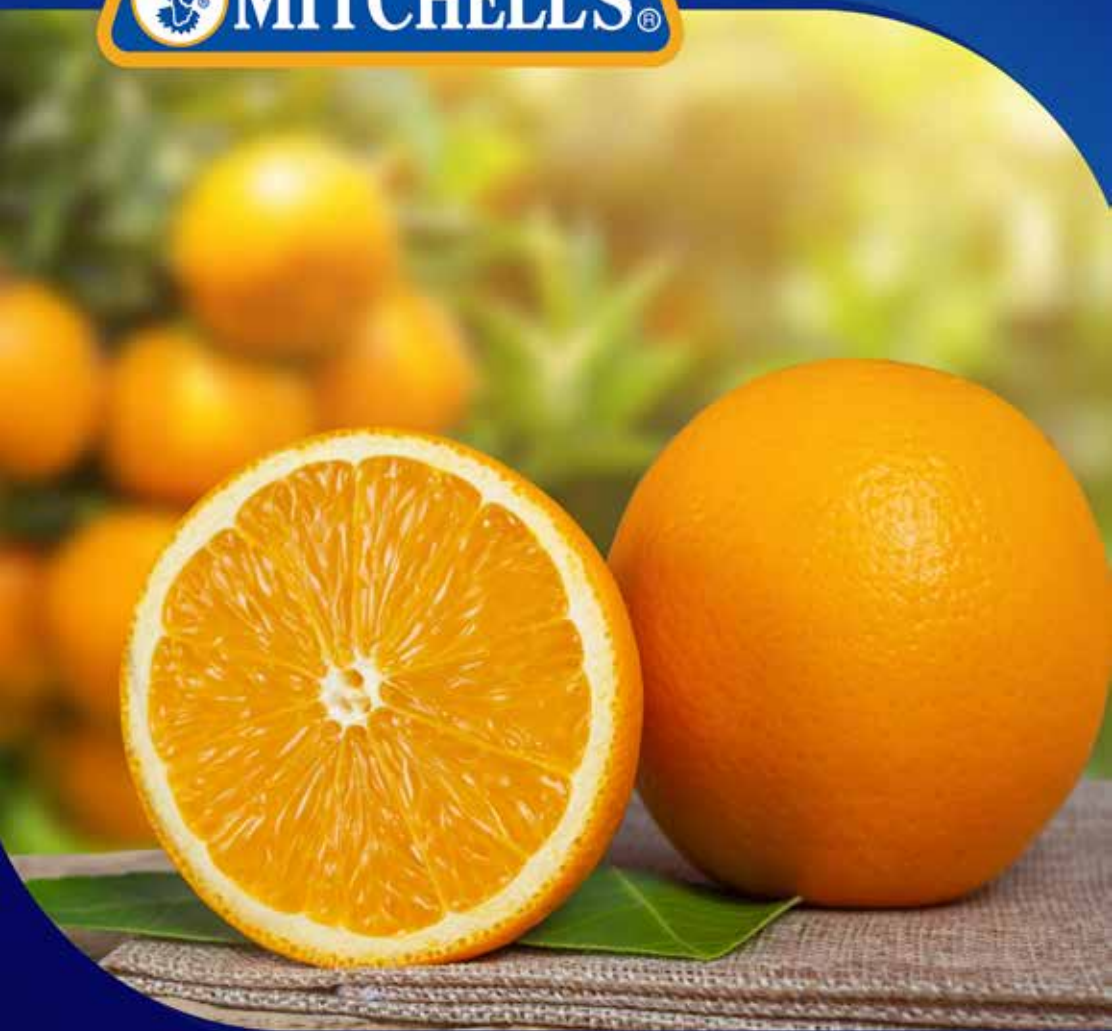




MITCHELL'S®



HALF YEARLY **REPORT**

July-Dec 2023

MITCHELL'S

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shazad Ghaffar.....Chairman
 Mr. Najam Aziz Sethi.....Chief Executive Officer
 Mr. Syed Mohammad Mehdi Mohsin.....Non-Executive Director
 Ms. Umme Kulsum Imam.....Non-Executive Director
 Mr. 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

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: mk@mitchells.com.pk
 rsoc@mitchells.com.pk

COMPANY SECRETARY

Anum Ali

AUDITORS

Crowe Hussain Chaudhry & Co.
 Chartered Accountants

LEGAL ADVISORS

Alliance Legal Services
 Office No.7, L.G. Floor, Lahore Palace Building,
 14-B, Temple Road, Lahore.

BANKS

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

CHIEF FINANCIAL OFFICER

Badar M. Khan, FCA

REGIONAL SALES OFFICES

ISLAMABAD

Plot # 102, Street 7
 Main China Road, Sector I-10/3
 Islamabad
 Phones: (051) 2707357
 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' 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, 2023.

Key financial highlights for the subject period are as under:

	PKR Millions	
	31 Dec 2023	31 Dec 2022
Sales Revenue	1,405.15	1,325.02
Gross Profit	385.65	341.51
Net Profit/(Loss) before tax	97.76	(41.25)
Net Profit/(Loss) after tax	78.48	(57.59)
Profit/(Loss) Per Share	3.43	(2.52)

It gives us immense pleasure to report the big turnaround of the company in contrast to the last two very difficult years. The positive trajectory that started in the second quarter of the last financial year continued through this period as well. Instead of increasing only the volume, our focus is primarily upon doing profitable business and brining all-across operational efficiencies and economies with the help of resources at hand. Price rationalization and optimization of product costing remain our prime concerns.

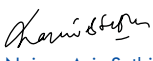
Due to these efforts, the margins have registered a healthy growth, admin costs have been rationalized and distribution expenses have been drastically brought down. The cost of financing is at its peak in the country which is the reason for the phenomenal increase in finance costs. On the other hand, due to cashflow challenges, we have not been able to undertake any major marketing advertisement activity which is essential for attaining volume growth. Due to this, volume decrease in local sales is more as compared to export sales which remain steadier at over USD1 Million level during this period.

With a view to inject some much-needed capital into the business, addressing working capital shortages and reduce the interest costs, the company, with Board approval, entered into a sale agreement on 15 January 2024 to sell a portion of its land. The transaction is expected to complete in March 2024, with the first tranche of the moneys received in January. The piece of land being sold was not adding any value to the company, the price obtained was excellent and whilst being less than 15% of total company land, sets an attractive realized benchmark valuation for the residual 39+ acres which are not valued on our balance sheet.

Going forward, the Company foresees that despite the usual challenges, continued momentum towards maintaining profitability shall continue during the remainder of the year. Company remains focused upon expanding its exports and exploring new products, markets and customers for this purpose.

During the period, the composition of Board sustained a change as one of our Directors, Mr. Abdul Hameed Dagia resigned.

For and on behalf of
the Board of Directors


Najam Aziz Sethi
Chief Executive Officer
February 27, 2024


Shazad Ghaffar
Chairman

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز کو 31 دسمبر 2023 کو ختم ہونے والی مدت کے لیے کمپنی کے کنڈنسنڈ ششماہی عبوری مالیاتی رپورٹ پر اپنی رپورٹ پیش کرنے پر خوشی ہے۔

موجودہ مدت کے لیے اہم مالی نکات مندرجہ ذیل ہیں:

ملین روپے میں	
31 دسمبر 2022	31 دسمبر 2023
1,325.02	1,405.15
341.51	385.65
(41.25)	97.76
(57.59)	78.48
(2.52)	3.43
	سیلز ریونیو
	مجموعی منافع
	خالص منافع/(نقصان) ٹیکس سے پہلے
	خالص منافع/(نقصان) ٹیکس کے بعد
	منافع/(نقصان) فی حصص

پچھلے دو انتہائی مشکل سالوں کے مقابلے میں کمپنی کے بڑے ٹرن اراؤنڈ کی اطلاع دیتے ہوئے ہمیں بے حد خوشی ہوتی ہے۔ گزشتہ مالی سال کی دوسری سہ ماہی میں شروع ہونے والا مثبت راستہ اس عرصے میں بھی جاری رہی۔ صرف حجم بڑھانے کے بجائے، ہماری توجہ بنیادی طور پر منافع بخش کاروبار کرنے اور وسائل کی مدد سے تمام آپریشنل افادیت اور معیشتوں کو بہتر بنانے پر مرکوز ہے۔ قیمتوں میں معقولیت اور مصنوعات کی لاگت میں بہتری ہماری بنیادی ترجیحات ہیں۔

ان کوششوں کی وجہ سے خالص منافع میں صحت مند اضافہ ہوا ہے، انتظامی اخراجات کو معقول بنایا گیا ہے اور تقسیم کے اخراجات میں زبردست کمی لائی گئی ہے۔ ملک میں فنانشنگ کی لاگت اپنے عروج پر ہے جو مالیاتی اخراجات میں غیر معمولی اضافے کی وجہ ہے۔ دوسری طرف سرمائے میں درپیش مسائل چیلنجز کی وجہ سے، ہم کوئی بڑی مارکیٹنگ اشتہاری سرگرمی شروع نہیں کر سکے جو حجم میں اضافے کے لیے ضروری ہو۔ اس کی وجہ سے مقامی فروخت میں حجم میں کمی برآمدی فروخت کے مقابلے میں زیادہ ہے جو اس مدت کے دوران 1 ملین ڈالر سے زیادہ کی سطح پر مستحکم ہے۔

کاروباری سرمائے کی کمی کو دور کرنے اور مارک اپ کی لاگت کو کم کرنے کے لیے، کاروبار میں کچھ انتہائی ضروری سرمایہ لگانے کے لیے، کمپنی نے، بورڈ کی منظوری کے ساتھ، اپنی زمین کا ایک حصہ فروخت کرنے کے لیے 15 جنوری 2024 کو فروخت کا معاہدہ کیا۔ لین دین مارچ 2024 میں مکمل ہونے کی توقع ہے، جنوری میں موصول ہونے والی رقم کی پہلی قسط کے ساتھ۔ جو زمین بیچی جا رہی تھی وہ کمپنی کی کوئی قیمت نہیں بڑھا رہی تھی، حاصل کی گئی قیمت بہترین تھی اور کمپنی کی کل اراضی کے 15% سے کم ہونے کی وجہ سے بقایا +39 ایکڑ کے لیے ایک پرکشش حقیقی معیار کا تعین کرتا ہے جس کی قیمت ہماری بیلنس شیٹ میں نہیں ہے۔

کمپنی نے آگے بڑھتے ہوئے پیش گوئی کی ہے کہ معمول کے درپیش مسائل کے باوجود، سال کے بقیہ حصے میں منافع کو برقرار رکھنے کی رفتار جاری رہے گی۔ کمپنی اس مقصد کے لیے اپنی برآمدات کو بڑھانے اور نئی مصنوعات، مارکیٹوں اور صارفین کو تلاش کرنے پر مرکوز ہے۔

اس مدت کے دوران، بورڈ کی تشکیل میں تبدیلی برقرار رہی کیونکہ ہمارے ایک ڈائریکٹر، جناب عبدالحمید ڈگیا نے استعفیٰ دے دیا ہے۔

Shahzad Ghaffar

شہزاد غفار

چیئرمین

Najam Aziz Sheikh

نجم عزیز سیٹھی

چیف ایگزیکٹو آفیسر

27 فروری، 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Mitchell's Fruit Farms Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of MITCHELL'S FRUIT FARMS LIMITED ("the Company") as at December 31, 2023 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 these 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.

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 the 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.


Emphasis of Matter

We draw attention to note 1.2 to the interim financial statements, which states that the Company has accumulated losses of Rs. 616.16 million as at December 31, 2023 and its current liabilities exceed its current assets by Rs. 260.92 million as of the same date. Due to the accumulated losses, the reserves of the Company have been depleted. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified with regard to this matter.

Other Matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

The engagement partner on the resulting in this independent auditor's review report is Amin Ali.



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

LAHORE

Dated: February 27, 2024

UDIN: RR202310051MZ3TWhyfN

Condensed Interim Statement of Financial Position

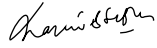
As At December 31, 2023 (Un-audited)

	Note	December 31 2023 Rupees (Un-audited)	June 30 2023 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
40,000,000 (June 30, 2023: 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, 2023: 22,875,000) ordinary shares of Rs. 10 each		228,750,000	228,750,000
Reserves		(6,524,522)	(85,003,937)
		222,225,478	143,746,063
NON CURRENT LIABILITIES			
Deferred liabilities		145,854,197	141,008,335
Deferred taxation	5	-	-
		145,854,197	141,008,335
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		603,961,162	668,555,256
Short term borrowings from banking companies		278,215,092	302,002,267
Loan from shareholders - unsecured	6	316,000,000	316,000,000
Accrued finance cost		54,141,698	47,309,572
Unclaimed dividend		1,912,754	1,912,754
		1,254,230,706	1,335,779,849
Liabilities Related to Asset Held for Sale	9	-	-
Contingencies and Commitments	7	-	-
		1,622,310,381	1,620,534,247

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited).

	Note	December 31 2023 Rupees (Un-audited)	June 30 2023 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	598,014,227	622,300,506
Intangible assets		27,312,951	30,350,731
Biological assets		2,444,402	2,444,402
Long term deposits		1,224,780	1,224,780
		628,996,360	656,320,419
Current Assets			
Stores, spares and loose tools		56,727,993	57,571,705
Stock in trade		435,523,940	520,738,674
Trade debt - unsecured		281,280,987	191,854,393
Advances, deposits, prepayments and other receivables		112,204,461	64,123,643
Income tax refundable from the Government		101,310,754	108,613,307
Cash and bank balances		6,263,554	21,312,106
		993,311,689	964,213,828
Assets Held for Sale	9	2,332	-
		<u>1,622,310,381</u>	<u>1,620,534,247</u>


Badar M. Khan
Chief Financial Officer


Najam Aziz Sethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Condensed Interim Statement of Profit or Loss

For the Half Year and Quarter Ended December 31, 2023 (Un-audited)

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Revenue	10	1,405,156,411	1,325,027,365	706,796,383	856,038,140
Cost of revenue	11	(1,019,501,084)	(983,514,091)	(495,012,298)	(614,262,515)
Gross Profit		385,655,327	341,513,274	211,784,085	241,775,625
Administrative expenses		(102,578,470)	(100,891,263)	(53,604,118)	(56,260,978)
Distribution and marketing expenses	12	(150,397,402)	(239,730,620)	(69,089,312)	(103,740,471)
		(252,975,872)	(340,621,883)	(122,693,430)	(160,001,449)
Operating Profit		132,679,455	891,391	89,090,655	81,774,176
Finance cost		(56,175,879)	(34,837,148)	(26,267,813)	(19,180,746)
Other operating expenses		(8,723,557)	(20,326,625)	(6,934,295)	(20,126,364)
Other income		29,982,284	13,017,005	22,068,211	8,576,578
Profit / (Loss) before Taxation		97,762,303	(41,255,377)	77,956,758	51,043,644
Taxation		(19,282,888)	(16,343,308)	(10,585,231)	(10,565,513)
Net Profit / (Loss) for the Period		78,479,415	(57,598,685)	67,371,527	40,478,131
Earnings / (Loss) per Share - Basic and Diluted		3.43	(2.52)	2.95	1.77

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited).

Badar M. Khan
Chief Financial Officer

Najam Aziz Sethi
Chief Executive Officer

Shazad Ghaffar
Chairman


Condensed Interim Statement of Comprehensive Income


For the Half Year and Quarter Ended December 31, 2023 (Un-audited)

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Net Profit / (Loss) for the Period	78,479,415	(57,598,685)	67,371,527	40,478,131
Other Comprehensive Income for the period				
- Items that will not be reclassified subsequently to profit or loss	-	-	-	-
- Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive Income / (Loss) for the Period	78,479,415	(57,598,685)	67,371,527	40,478,131

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited).


Badar M. Khan
Chief Financial Officer


Najam Aziz Sethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Condensed Interim Statement of Changes in Equity

For the Half Year Ended December 31, 2023 (Un-audited)

	Issued, Subscribed and Paid up Capital	Reserves				Total Reserves	Total
		Capital Share Premi- um Reserve	Revenue		Total Reserves		
			General Reserve	Accumulated Loss			
-----Rupees-----							
Balance as at June 30, 2022	228,750,000	609,335,878	300,000	(635,449,464)	(25,813,586)	202,936,414	
Net loss for the period	-	-	-	(57,598,685)	(57,598,685)	(57,598,685)	
Other comprehensive income for the period	-	-	-	-	-	-	
Total comprehensive loss for the period	-	-	-	(57,598,685)	(57,598,685)	(57,598,685)	
Balance as at December 31, 2022	<u>228,750,000</u>	<u>609,335,878</u>	<u>300,000</u>	<u>(693,048,149)</u>	<u>(83,412,271)</u>	<u>145,337,729</u>	
Balance as at June 30, 2023	228,750,000	609,335,878	300,000	(694,639,815)	(85,003,937)	143,746,063	
Net profit for the period	-	-	-	78,479,415	78,479,415	78,479,415	
Other comprehensive income for the period	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	78,479,415	78,479,415	78,479,415	
Balance as at December 31, 2023	<u>228,750,000</u>	<u>609,335,878</u>	<u>300,000</u>	<u>(616,160,400)</u>	<u>(6,524,522)</u>	<u>222,225,478</u>	

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited).

Badar M. Khan
Chief Financial Officer

Najam Aziz Sethi
Chief Executive Officer

Shazad Ghaffar
Chairman

Condensed Interim Statement of Cash Flows


For the Half Year Ended December 31, 2023 (Un-audited)


Note	Half Year Ended December 31,	
	2023 Rupees (Un-audited)	2022 Rupees (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax for the period	97,762,303	(41,255,377)
Adjustment for:		
- Depreciation of property, plant and equipment ⁱⁱ	25,691,763	27,035,648
- Amortization of intangibles	3,037,780	727,611
- Gain on disposal of property, plant and equipment	(12,425,525)	(7,392,105)
- Provision for gratuity and accumulated leaves	27,867,730	22,554,414
- Provision for Workers' Welfare Fund	1,955,079	-
- Provision for Workers' Profit Participation Fund	5,247,844	-
- Exchange loss	1,528,989	1,904,021
- Provision for sale return	10,448,327	7,181,204
- Finance cost	56,175,879	34,837,148
- Liabilities written back	(7,628,181)	-
- Amortization of deferred income	(161,406)	(179,340)
- Amortization of deferred grant	-	(125,297)
- Provision against expected credit loss	-	18,422,604
- Material written off	136,168	34,714,559
	111,874,447	139,680,467
Operating profit before working capital changes	209,636,750	98,425,090
(Increase) / decrease in current assets		
- Stores, spares and loose tools	843,712	(5,480,921)
- Stock in trade	85,078,566	(73,774,343)
- Trade debt	(90,955,583)	12,324,249
- Advances, deposits prepayment and others	(48,080,818)	970,955
(Decrease) / increase in current liabilities		
- Creditors, accrued and other liabilities	(74,617,163)	(22,179,918)
	(127,731,286)	(88,139,978)
Cash generated from operations	81,905,464	10,285,112

	Half Year Ended December 31,	
	2023	2022
	Rupees	Rupees
Note	(Un-audited)	(Un-audited)
Finance cost paid	(49,343,753)	(22,477,969)
Income tax paid	(11,980,335)	(12,087,664)
Employee defined benefits - gratuity paid	(13,583,043)	(1,557,995)
Employee defined benefits - accumulated absences paid	(9,277,419)	(272,546)
	<u>(84,184,550)</u>	<u>(36,396,174)</u>
Net Cash Used in Operating Activities	(2,279,086)	(26,111,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property plant and equipment purchased	(2,707,291)	(6,726,908)
Purchase of intangible assets	-	(4,065,300)
Proceeds from sale of property plant and equipment	13,725,000	8,500,000
Net Cash Generated from / (Used in) Investing Activities	11,017,709	(2,292,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan obtained from shareholder	-	111,000,000
Loan repaid to shareholder	-	(20,000,000)
Short term borrowings - net	(23,787,175)	(44,082,682)
Repayment of long term finance - secured	-	(14,949,499)
Net Cash (Used in) / Generated from Financing Activities	(23,787,175)	31,967,819
Net (Decrease) / Increase in Cash and Cash Equivalents	(15,048,552)	3,564,549
Cash and cash equivalents at the beginning of the period	21,312,106	21,624,400
Cash and Cash Equivalents at the End of the Period	<u>6,263,554</u>	<u>25,188,949</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited).


Badar M. Khan
 Chief Financial Officer


Najam Aziz Sethi
 Chief Executive Officer


Shazad Ghaffar
 Chairman

Notes to and Forming Part of the Condensed Interim Financial Information

For the Half Year Ended December 31, 2023 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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.

The Company is principally engaged in manufacturing 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.

1.2 Going Concern

As at the reporting date, the accumulated losses of the Company amount to Rs. 616.16 million (June 30, 2023: Rs. 694.64 million) and current liabilities exceeded its current assets by Rs. 260.92 million (June 30, 2023: Rs. 371.57 million). Due to the accumulated losses, the reserves of the Company have depleted. These factors indicate the existence of material uncertainties that may cast significant doubts about the Company's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management has prepared these condensed interim financial statements considering the Company as going concern and it has planned to undertake the following financial & operational improvement measures for mitigating the aforementioned issues:

- Improving prices and discount structure resulting in better profitability
- Exploring new geographical market for increasing export sales
- Expanding new business avenues including toll manufacturing
- Cost reduction measures including reduction in marketing and other avoidable expenditures
- Business plan to dispose off selected portion of surplus land to inject cash and support working capital of the company.

The management of the Company is confident that the above actions and steps shall enable the Company to resolve its liquidity issues and substantially improve the financial results in the next year, therefore these condensed interim financial statements have been prepared on a going concern basis and consequently, do not include any adjustments relating to the realization of its assets and liquidation of liabilities

2. BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1 These condensed interim financial statements of the Company 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 are 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.

2.1.2 These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company, as at December 31, 2023 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 together with the notes forming part thereof.

2.1.3 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended June 30, 2023.

2.1.4 The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2023, whereas comparative 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 extracted from the un-audited condensed interim financial statements for the six months period ended December 31, 2022.

2.1.5 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act"); these are however, subject to limited scope review by external auditors as required by the Act and Listed Companies (Code of Corporate Governance) Regulations, 2019.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional currency.

3 JUDGMENTS AND ESTIMATES

The preparation of these condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

4 SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2023.

5 DEFERRED TAXATION

The Company has not recognized deferred tax asset amounting to Rs. 498.63 million (June 30, 2023: Rs 509.615 million) as sufficient taxable profits may not be available to set off this deferred tax asset.

		December 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
	Note		
6 LOAN FROM SHAREHOLDERS - UNSECURED			
Loan from shareholders - Interest free	6.1	150,000,000	150,000,000
Loan from shareholders - Interest bearing	6.2	166,000,000	166,000,000
		<u>316,000,000</u>	<u>316,000,000</u>

6.1 This represents loan amounting to Rs. 75 million each (June 30, 2023: 75 million) payable to Ms. Syeda Maimant Mohsin and Ms. Syeda Matanat Ghaffar. These loans are unsecured, interest free and repayable on demand each.

6.2 This represents loan amounting to Rs. 66 million (June 30, 2023: 66 million) borrowed from Mr. Najam Aziz Sethi, Rs. 35 million (June 30, 2023: 35 million) borrowed from Ms. Mira Sethi and Rs. 65 million (June 30, 2023: 65 million) borrowed from Ms. Syeda Matanat Ghaffar. These loans carry mark-up @ KIBOR plus 1% margin (June 30, 2023: KIBOR plus 1% margin) per annum.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no material change in the status of contingencies as reported in the financial statements of the Company for the year ended June 30, 2023 except for the following:

7.1.1 Sales Tax

(i) The Additional Commissioner Punjab Revenue Authority ('AdC') has issued a notice dated October 29, 2020 for financial year 2017 through which intention was shown to recover the alleged short deducted/deposited withholding of sales tax liability. In response to notice, the Company submitted the requisite details and documents. However, the AdC passed an order dated May 06, 2021, created an alleged principal demand of Rs. 38.28 million. Being aggrieved the Company filed an appeal before the Commissioner Appeal PRA CIR(AP), which is pending adjudication. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

- (ii) The Company received a show cause notice dated October 16, 2023 through which the Additional Commissioner Punjab Revenue Authority ('AdC') has shown intention to recover short deducted / deposited withholding of sales tax amounting to Rs. 91.43 million related to financial year 2020 and 2021 under the Punjab Sales Tax on Services (Withholding) rules, 2015. In response, the Company is in the process of submitting the requisite details and documents. However, as per the tax advisor of the Company any financial exposure in this respect cannot be commented at this stage.

7.2.1 Others

- (i) Letter of guarantee in favor of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs. 17.20 million (June 30, 2023: Rs. 17.20 million).
- (ii) The Company has issued postdated cheques amounting to Rs. 145.49 million (June 30, 2023: Rs. 126.14 million) to Collector of Customs Lahore Dry Port on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO # 492 (I)/2009 dated June 13, 2009 and SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

7.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials amounting to Rs. 16.37 million (June 30, 2023: Rs. 31.59 million).
- (ii) The Company has entered into operating lease agreements, including ijara financing agreement with Bank Al Habib Limited in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

		December 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
	Note		
Not later than one year		-	354,251
later than one year and not later than 5 years		-	-
		-	<u>354,251</u>
8	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	8.1	596,113,247	622,300,506
Capital work in progress		1,900,980	-
		<u>598,014,227</u>	<u>622,300,506</u>
8.1	Operating fixed assets		
Opening written down value		622,300,506	644,779,914
Additions during the period / year		806,311	33,805,142
Assets classified as held for sale		(2,332)	-
Disposal during the period / year at book value		(1,299,475)	(1,105,450)
		621,805,010	677,479,606
Depreciation charge for the period / year		(25,691,763)	(55,179,100)
		<u>596,113,247</u>	<u>622,300,506</u>

	Note	December 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
9	ASSETS HELD FOR SALE		
	Property, plant and equipment		
	Land	2,332	-

- 9.1 There are no liabilities related to these non-current assets held for sale.
- 9.2 Assets held for sale comprise a piece of land near the manufacturing facility, Renala Khurd, District Okara, Pakistan.
- 9.3 In November 2023, the management committed to a plan to sell a part of its land. Accordingly, part of that land is presented as an asset held for sale. Efforts to sell the asset have started and the sale is expected to be completed during the current year.

Initially, assets held for sale are stated at lower of carrying value and fair value less cost to sell. Gain / (loss) on disposal of these assets shall be presented in the statement of profit or loss.

	Half Year Ended December 31,		Quarter Ended December 31,		
	2023 Un-Audited Rupees	2022 Un-Audited Rupees	2023 Un-Audited Rupees	2022 Un-Audited Rupees	
10	REVENUE				
	Sales				
	- Local	1,592,194,586	1,511,601,822	795,378,538	956,016,601
	- Export	297,685,341	244,251,009	159,757,713	153,313,924
	Gross Sales	1,889,879,927	1,755,852,831	955,136,251	1,109,330,525
	Less: Sales tax	(218,543,484)	(201,025,293)	(109,727,140)	(127,205,281)
		1,671,336,443	1,554,827,538	845,409,111	982,125,244
	Less: Sales return, trade discounts and trade promotion incentives	(266,180,032)	(229,800,173)	(138,612,728)	(126,087,104)
		1,405,156,411	1,325,027,365	706,796,383	856,038,140

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023 Un-Audited Rupees	2022 Un-Audited Rupees	2023 Un-Audited Rupees	2022 Un-Audited Rupees
11 COST OF REVENUE				
Raw and packing materials consumed	755,127,647	713,750,589	388,410,758	440,112,887
Salaries, wages & other benefits	111,476,916	110,652,103	59,671,700	48,110,223
Boiler Expenses	17,619,115	9,320,461	8,746,485	5,082,974
Freight	120,570	132,200	120,570	193,370
Travelling and vehicle running	2,067,987	5,688,183	1,130,013	3,966,853
Repairs and maintenance	1,820,027	2,801,176	1,450,022	10,907,859
Power, water and gas	48,755,511	47,250,720	22,445,097	25,427,618
Rent, rate and taxes	2,133,005	1,552,736	1,148,682	956,216
Depreciation and amortization	21,891,241	22,476,485	10,439,143	11,290,933
Materials written off	136,168	34,714,559	136,168	34,714,559
Miscellaneous expenses	5,483,499	8,786,587	2,487,788	7,110,731
	966,631,686	957,125,799	496,186,426	587,874,223
Opening work in process	180,241,135	92,569,218	174,226,498	49,654,769
Closing work in process	(180,521,896)	(44,614,228)	(180,521,896)	(44,614,228)
	(280,761)	47,954,990	(6,295,398)	5,040,541
Cost of goods manufactured	966,350,925	1,005,080,789	489,891,028	592,914,764
Opening finished goods	148,706,888	156,706,393	100,677,999	199,620,842
Closing finished goods	(95,556,729)	(178,273,091)	(95,556,729)	(178,273,091)
	53,150,159	(21,566,698)	5,121,270	21,347,751
	1,019,501,084	983,514,091	495,012,298	614,262,515
12 DISTRIBUTION AND MARKETING EXPENSE				
Salaries, wages and other benefits	37,933,140	51,101,081	17,768,719	27,434,241
Freight	26,148,153	21,462,475	11,792,853	14,864,991
Travelling and vehicle running	13,158,476	14,833,840	6,005,145	6,607,610
Advertisement	223,224	26,612,020	223,224	1,191,343
Distributors' expenses	55,306,153	109,523,631	23,873,773	44,561,330
Other expenses	17,628,256	16,197,573	9,425,598	9,080,956
	150,397,402	239,730,620	69,089,312	103,740,471

13 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated companies, directors of the Company and their close relatives and key management personnel. The Company in the normal course of business carries out transactions with various related parties. These are un-secured amounts due from and due to related parties and are shown under respective notes to the financial statements. Significant transactions with related parties are given below:

Transactions during the period

Related party	Basis of Relationship	Aggregate Shareholding		December 31,	
				2023 (Un-audited) Rupees	2022 (Un-audited) Rupees
Mr. Najam Sethi	Chief Executive Officer	0.0063%	Obtained loan	-	31,000,000
			Loan repaid	-	15,000,000
			Markup expense	7,908,572	5,376,631
			Markup paid	3,149,711	-
Mr. Mehdi Mohsin	Director	20.4150%	Purchase of goods	-	1,181,216
			Rent expense	2,067,078	1,879,164
			Rent paid	2,067,078	1,879,164
			Payment made on behalf of related party	931,096	63,782
Ms. Syeda Maimanat Mohsin	Spouse of Director	20.4200%	Loan obtained	-	5,000,000
			Loan repaid	-	5,000,000
Ms. Syeda Matanat Ghaffar	Spouse of Director	20.2060%	Loan obtained	-	40,000,000
			Markup expense	7,830,844	5,295,167
			Markup paid	2,918,872	-
Ms. Mira Sethi	Close relative of Chief Executive Officer	N/A	Loan obtained	-	35,000,000
			Markup expense	4,193,940	2,851,244
			Markup paid	1,552,052	-
Vanguard Books (Private) Limited	Common directorship	N/A	Rent expense	10,932,706	9,783,528
			Rent paid	10,932,706	9,783,528
Key management personnel and others			Remuneration	29,918,143	26,175,000

Outstanding Balance as at	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Loan from directors / close relative - unsecured		
- Mr. Najam Aziz Sethi	66,000,000	66,000,000
- Ms. Syeda Matanat Ghaffar	140,000,000	140,000,000
- Ms. Syeda Maimanat Mohsin	75,000,000	75,000,000
- Ms. Mira Sethi	35,000,000	35,000,000
Accrued finance cost		
- Mr. Najam Aziz Sethi	20,511,053	15,752,192
- Ms. Syeda Matanat Ghaffar	14,865,705	9,953,733
- Ms. Mira Sethi	7,723,427	5,081,539
Security deposit - M/s. Vanguard Books (Private) Limited	3,600,000	3,600,000
Payables to director	841,119	-

These balances are in the normal course of business.

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is determined on the basis of objective evidence at each reporting date. The Company has not made any changes to valuation techniques used to value financial instruments as described in annual audited financial statements for the year ended June 30, 2023.

As of the reporting date, there were no Level 1, 2 or 3 financial assets or liabilities.

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2023.

16 SUBSEQUENT EVENT

Subsequent to the reporting date, the Company has entered into an agreement to dispose of the asset held for sale (a seven-acre piece of land which is 14.97% of the total land) for Rs. 350 million and has received cash amounting to Rs. 200 million as initial payment while remaining Rs. 150 million is due after transfer of land.

17 AUTHORIZATION OF INTERIM FINANCIAL INFORMATION

These condensed interim financial statements (un-audited) are approved and authorized for issuance by the Board of Directors of the Company on February 27, 2024.


18 GENERAL

Corresponding figures are rearranged / reclassified for better presentation and comparison. Following re-arrangements have been made in these financial statements that do not have any impact on the statement of financial position and profitability of the Company.

Nature	From	To	December 31, 2022 Rupees
Statement of profit or loss			
Raw and packing material consumed	Cost of Revenue - Salaries, wages and other benefits	Cost of Revenue - Raw and packing material consumed	39,000,225
Raw and packing material consumed	Cost of Revenue - Freight	Cost of Revenue - Raw and packing material consumed	4,838,085
Raw and packing material consumed	Cost of Revenue - Repairs and maintenance	Cost of Revenue - Raw and packing material consumed	14,855,689
Raw and packing material consumed	Cost of Revenue - Power water and gas	Cost of Revenue - Raw and packing material consumed	15,489,828


Badar M. Khan
Chief Financial Officer


Najam Aziz Sethi
Chief Executive Officer


Shazad Ghaffar
Chairman

MITCHELL'S®



Half Yearly REPORT

31-Dec-2023

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