

DIRECTORS' REVIEW

The directors are pleased to submit the audited financial statements of the company for first quarter ended December 31, 2010.

The quarter under review saw overall business regaining some of the momentum that was lost due to devastation caused by floods in the previous quarter. Grocery products sales picked up to their normal growth levels except beverages that were adversely affected by cooler weather conditions this quarter. Volumes of Sugar Confectionery Sales suffered compared to last year due to the high prices of Sugar and Glucose as well as the difficulties of meeting the price point expectations at the retail level.

On the side of Manufacturing Operations shortfalls in electricity supplies as well as load shedding of Natural Gas created disruptions in our different processes resulting in an adverse affect on our costs.

The company's net sales recorded a growth of 3 % rising from Rs. 321 million to Rs. 330 million. Exports increased by 24 % showing a continuous positive trend.

Gross-profit increased by 25 % but after adjusting for increased investment in our Marketing efforts Operating profit grew by almost 4 %. However, financial charges of Rs. 8 million, as compared to Rs. 11 million during corresponding period last year, resulted in an increase of 27 % in profit before tax, from Rs. 13 million to Rs. 16 million during the period under review.

Cost of sales of Rs 255 million as compared to Rs 261 million for corresponding period last year reflect the continuing efforts being made to enhance productivity through adopting cost optimization measures.

In the end, the Board of Directors would like to express their gratitude to all employees who have worked hard to achieve our common objectives.

For and on behalf of
the Board of Directors

Lahore: January 25, 2011

Mujeeb Rashid
Chief Executive Officer & Managing Director

CONDENSED INTERIM BALANCE SHEET

As at December 31, 2010 (Un-audited)

	December 31 2010 Rupees	September 30 2010 Rupees
NON CURRENT ASSETS		
Property, Plant & Equipment	307,201,641	304,256,661
Intangible Assets	994,295	1,060,580
Long term loans and deposits	991,756	751,753
Biological Assets	5,155,933	6,875,933
	314,343,625	312,944,927
CURRENT ASSETS		
Stores and spares	14,262,368	12,426,849
Stock in trade	289,093,692	230,917,920
Trade debts	34,092,381	40,716,666
Advances, deposits, prepayments and other receivables	45,043,100	51,252,732
Cash and bank balances	8,864,139	8,127,597
	391,355,681	343,441,764
CURRENT LIABILITIES		
Short term running finances	212,506,307	166,615,728
Creditors, accrued and other liabilities	92,681,510	103,254,409
Mark up accrued on short term running finances	5,543,324	4,466,921
	310,731,141	274,337,058
	80,624,540	69,104,706
TOTAL FUNDS EMPLOYED	394,968,165	382,049,633
NON-CURRENT LIABILITIES		
Deferred Liabilities	77,987,251	75,819,871
NET FUNDS EMPLOYED	316,980,914	306,229,762
REPRESENTED BY		
Issued subscribed and paid up capital	50,400,000	50,400,000
Reserves	9,635,878	9,635,878
Unappropriated profit	256,945,036	246,193,884
	316,980,914	306,229,762

Mehdi Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer & Managing Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Quarter Ended December 31, 2010 (Un-audited)

	2010 Rupees	2009 Rupees
Sales	329,959,227	320,991,473
Cost of Sales	(254,757,098)	(260,972,752)
Gross Profit	75,202,128	60,018,721
Administration expenses	(13,919,530)	(12,322,985)
Distribution and marketing expenses	(38,265,953)	(25,048,450)
Other operating expenses	(1,205,282)	-
Other operating income	2,235,432	559,751
Profit from operations	24,046,796	23,207,037
Finance cost	(8,033,760)	(10,624,882)
Profit before taxation	16,013,035	12,582,155
Taxation	(5,261,883)	-
Profit after taxation	10,751,152	12,582,155
Earnings per share	2.13	2.50

Mehdi Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer & Managing Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended December 31, 2010 (Un-audited)

	2010 Rupees	2009 Rupees
Profit after taxation	10,751,152	12,582,155
Other comprehensive income for the quarter	-	-
Total comprehensive income for the quarter	10,751,152	12,582,155

Mehdi Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer & Managing Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the Quarter Ended December 31, 2010 (Un-audited)

	December 31 2010 Rupees	December 31 2009 Rupees
Cash flow from operating activities		
Profit before taxation	16,013,035	12,582,155
Add/(less): Adjustment for non cash charges and other items		
Depreciation	7,326,156	7,578,357
Amortization	66,285	66,286
Provision for gratuity and leave salary	3,531,008	3,194,124
Financial charges	8,033,760	10,624,882
Profit before working capital changes	34,970,245	34,045,804
Effect on cash flow due to working capital changes		
(Increase) / decrease in stores and spares	(1,835,519)	2,231,125
(Increase) / decrease in stock in trade	(58,175,772)	21,633,473
(Increase) / decrease in trade debts	6,624,285	22,996,646
(Increase) / decrease in advances, deposits excluding income tax	6,840,563	10,081,299
Increase / (decrease) in creditors, accrued and other liabilities	(10,572,899)	(8,456,180)
	(57,119,343)	48,486,363
Cash generated from/(used in) operations	(22,149,098)	82,532,168
Financial charges paid	(6,957,357)	(16,810,408)
Payment of Gratuity and leave salary	(1,363,628)	(1,324,938)
Taxes paid	(4,172,814)	(1,257,531)
Net cash inflow/(out flow) from operating activities	(34,642,898)	63,139,291
Cash flow from investing activities		
Fixed capital expenditure	(10,873,286)	(3,614,500)
Proceeds from sale of property, plant and equipment	602,150	
Proceeds from sale of livestock	-	109,950
(Increase)/ decrease in long-term deposits	(240,003)	(201,278)
Net cash outflow from investing activities	(10,511,139)	(3,705,828)
Net increase / (decrease) in cash and cash equivalents	(45,154,037)	59,433,463
Cash and cash equivalents at the beginning of the period	(158,488,131)	(294,453,882)
Cash and cash equivalents at the end of the period	9 (203,642,168)	(235,020,419)

Mehdi Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer & Managing Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended December 31, 2010 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Rupees Total
Balance as at September 30, 2009	50,400,000	9,335,878	300,000	209,806,010	269,841,888
Final dividend for the year ended September 30, 2009 Rs. 2 per share				(10,080,000)	(10,080,000)
Total Comprehensive Income for the quarter	-	-	-	12,582,155	12,582,155
Balance as at December 31, 2009	50,400,000	9,335,878	300,000	212,308,165	272,344,043
Total Comprehensive Income for nine months	-	-	-	33,885,719	33,885,719
Balance as at September 30, 2010	50,400,000	9,335,878	300,000	246,193,884	306,229,762
Total Comprehensive Income for the quarter	-	-	-	10,751,152	10,751,152
Balance as at December 31, 2010	50,400,000	9,335,878	300,000	256,945,036	316,980,914

Mehdi Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer & Managing Director

SELECTED NOTES TO THE ACCOUNTS

For the Quarter Ended December 31, 2010 (Un-audited)

1. Mitchell's Fruit Farms Limited is a public company incorporated in Pakistan and listed on Lahore, Karachi and Islamabad Stock Exchanges. Its primary objective is to manufacture and sell various Farm and Confectionary products.
2. During the quarter, the impact of seasonal factors on sales remained minimal.
3. These accounts are unaudited and are being submitted to the shareholders, in accordance with the requirements of the Companies Ordinance, 1984.
4. The accounting policies adopted for the preparation of quarterly accounts for the period ended December 31, 2010 are the same which were applied in the preparation of preceding annual published accounts of the company.
5. The interim financial report has been prepared in compliance with International Accounting Standard No. 34, as applicable in Pakistan, in all material respects.
6. Provision in respect of taxation is based on estimated average annual effective income tax rate consistent with the annual assessment of taxes.
7. Provision in respect of Workers' Welfare Fund and Workers' Profit Participation Fund are estimated and these are subject to adjustment in the annual audited financial statements.
8. Previous period's figures have been restated, wherever necessary, for the purpose of comparison.

	December 31 2010 Rupees	December 31 2009 Rupees
9. Cash and cash equivalents		
Cash and bank balances	8,864,139	16,948,896
Short term running finances	(212,506,307)	(251,969,315)
	<u>(203,642,168)</u>	<u>(235,020,419)</u>

10. Contingencies and commitments

10.1 Contingencies

There has been no significant change in contingencies since September 30, 2010.

10.2 Commitments

Commitment in respect of capital expenditure is Rs. Nil (2009: Rs. Nil).

11. The company purchased from associated undertaking goods and services amounting to Rs. 15.069 million.

Mehdi Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer & Managing Director

COMPANY INFORMATION

Board of Directors	S.M.Mohsin Mehdi Mohsin Mujeeb Rashid Moaz Mohiuddin Syed Faisal Imam Umme Kulsum Imam Jamal Nasim – NIT Nominee	- Advisor - Chairman - Chief Executive Officer & Managing Director
Audit Committee	S. M. Mohsin Syed Faisal Imam Moaz Mohiuddin	- Chairman - Member - Member
Company Secretary/CFO	Atif Fayyaz	
Auditors	A.F. Ferguson & Co. Chartered Accountants	
Legal Advisors	Minto & Mirza 78-Mozang Road, Lahore Phone: (042) 36315469-70 Fax: (042) 36361531	
Bankers	Habib Bank Limited Allied Bank Limited Askari Commercial Bank Limited MCB Bank Limited Barclays Bank plc Faysal Bank Limited National Bank of Pakistan	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K (Commercial) Model Town, Lahore Phone : (042) 35839182, 35887262 Fax:(042) 35869037	
Corporate Office	39-A, D-1, Gulberg III, Lahore Phones: (042) 35872392-96 Fax: (042) 35872398 E-Mail: ho@mitchells.com.pk Web Site:www.mitchells.com.pk	
Factory, Regional Sales Office (Central) & 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 (North)	Plot No. 110, Street No. 10, I - 9/2, Industrial Area, Islamabad Phones: 051-4438324-26 Fax : (051) 4443827 E-Mail: rson@mitchells.com.pk	
Regional Sales Office (South)	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	