

A woven basket filled with fresh strawberries sits on a rustic wooden surface. The strawberries are bright red with green leaves. A blue banner with a yellow border is positioned at the top of the basket.

**MITCHELL'S®**

**2nd  
Quarter 2015**

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# Company Information

## Board of Directors

S. M. Mohsin	Chairman, Non Executive Director
Mujeeb Rashid	Chief Executive Officer
Sitwat Mohsin	Non Executive Director
Mehdi Mohsin	Executive Director
Moaz Mohiuddin	Independent, Non Executive Director
Syed Faisal Imam	Non Executive Director
Umme Kulsum Imam	Non Executive Director
Pervez Hayat Noon	Non Executive Director
Syeda Maimanat Mohsin	Non Executive Director
Shazad Ghaffar	Non Executive Director
Jamal Nasim	Non Executive Director (NIT Nominee)

## Audit Committee

Moaz Mohiuddin	Chairman
S. M. Mohsin	Member
Syed Faisal Imam	Member

## Company Secretary/CFO

Nauman Munawar

## Auditors

A.F. Ferguson & Company  
Chartered Accountants

## Legal Advisors

Minto & Mirza  
78-Mozang Road, Lahore  
Phone: (042) 36315469-70  
Fax: (042) 36361531

## Bankers

Habib Bank Limited  
Askari Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Allied Bank Limited  
MCB 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

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

## Factory, 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. 111, Street No. 10, I - 9/2,  
Industrial Area, Islamabad  
Phones: (051) 4443824-6  
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

# Directors' Review

The Company's Sales Rs 427 million during the second Quarter of the year suffered adversely in certain parts of the Country due to much lower prices and strong discounting from some of our competitors. As a result our Gross Profit declined to Rs 120 million compared to Rs 161 million in the corresponding period last year. This decline also includes higher depreciation costs paid on account of our recent investments. Gross Profit for the six months ending March 2015 is Rs 221 million against Rs 287 million in the corresponding period last year.

On the positive side your Company was able to achieve strong and sustainable Productivity gains in our Operations that will continue to benefit the company in the future. Exports of the Company performed well in all regions registering a growth of more than 25%.

Fixed costs were strongly watched and kept under control and after deducting higher Financial costs due to our new investments Profit Before Tax for the period amounted to Rs 15 million compared to Rs 54 million in the corresponding period last year. Profit Before Tax for the six months ending March 2015 is Rs 18 million against Rs 91 million in the corresponding period last year.

Efforts are being made to recover lost business in the affected areas with the help of focused corrective measures after a review of gaps in our distribution channels. Desired results are expected to be achieved in the period to follow.

For and on behalf of  
the Board of Directors

Lahore: May 29, 2015

Mujeeb Rashid  
Chief Executive Officer

# Auditors' Report to the Members on Review of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Mitchell's Fruit Farms Limited as at March 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended March 31, 2014 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2015.

## 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 information 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 condensed interim financial information as of and for the half year ended March 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore: May 29, 2015

Name of engagement partner: Amer Raza Mir

A. F. Ferguson & Co.  
Chartered Accountants

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# Condensed Interim Balance Sheet

As at March 31, 2015 (Un-audited)

	Note	March 31 2015 Un-audited Rupees	September 30 2014 Audited Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital 20,000,000 (September 30, 2014: 20,000,000) ordinary shares of Rs 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital 7,875,000 (September 30, 2014: 7,875,000) ordinary shares of Rs 10 each		78,750,000	78,750,000
Reserves		9,635,878	9,635,878
Unappropriated profit		465,692,494	490,527,386
		554,078,372	578,913,264
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		165,290,474	157,033,057
Long term finance	5	128,000,000	149,333,333
		293,290,474	306,366,390
<b>CURRENT LIABILITIES</b>			
Current Portion of long term finance		32,000,000	10,666,667
Short term running finances		384,824,299	331,973,482
Creditors, accrued and other liabilities		109,002,111	164,653,092
Accrued finance cost on short term running finances		7,377,300	9,004,225
		533,203,710	516,297,466
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	1,380,572,556	1,401,577,120

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

	Note	March 31 2015 Un-audited Rupees	September 30 2014 Audited Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	699,834,924	684,798,311
Intangible assets		2,022,422	2,247,136
Biological assets		9,193,183	9,341,334
Long term receivables		1,974,780	1,974,780
		713,025,309	698,361,561
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		23,692,724	19,457,038
Stock in trade		350,497,443	405,756,555
Trade debts		109,134,774	96,601,581
Advances, deposits, prepayments and other receivables		162,152,696	147,086,354
Cash and bank balances		22,069,610	34,314,031
		667,547,247	703,215,559
		1,380,572,556	1,401,577,120

S. M. Mohsin  
Chairman

Mujeeb Rashid  
Chief Executive Officer

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# Condensed Interim Profit and Loss Account

For the Quarter and Half Year Ended March 31, 2015 (Un-audited)

	January to March		October to March	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Sales	426,872,993	537,360,533	832,419,080	999,573,898
Cost of sales	(306,526,521)	(376,236,170)	(611,411,153)	(712,729,462)
<b>Gross profit</b>	<b>120,346,472</b>	<b>161,124,363</b>	<b>221,007,927</b>	<b>286,844,436</b>
Administration expenses	(24,870,112)	(24,425,657)	(49,073,896)	(47,176,907)
Distribution and marketing expenses	(71,782,346)	(72,165,689)	(132,767,040)	(132,041,905)
Other operating expenses	(1,787,598)	(5,299,961)	(2,338,866)	(8,056,610)
Other operating income	5,442,499	3,967,377	7,707,937	5,959,811
<b>Profit from operations</b>	<b>27,348,915</b>	<b>63,200,433</b>	<b>44,536,062</b>	<b>105,528,825</b>
Finance cost	(12,143,927)	(8,399,176)	(26,258,510)	(14,103,523)
<b>Profit before tax</b>	<b>15,204,988</b>	<b>54,801,257</b>	<b>18,277,552</b>	<b>91,425,302</b>
Taxation	(2,779,334)	(21,125,915)	(3,737,444)	(31,746,888)
<b>Profit for the period</b>	<b>12,425,654</b>	<b>33,675,342</b>	<b>14,540,108</b>	<b>59,678,414</b>
Earnings per share - Basic and diluted	1.58	4.28	1.85	7.58

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

S. M. Mohsin  
Chairman

Mujeeb Rashid  
Chief Executive Officer

# Condensed Interim Statement of Comprehensive Income

For the Quarter and Half Year Ended March 31, 2015 (Un-audited)

	January to March		October to March	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Profit for the period	12,425,654	33,675,342	14,540,108	59,678,414
Other comprehensive income -Net of tax for the period	-	-	-	-
Total comprehensive income for the period	12,425,654	33,675,342	14,540,108	59,678,414

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

S. M. Mohsin  
Chairman

Mujeeb Rashid  
Chief Executive Officer

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# Condensed Interim Cash Flow Statement

For the Half Year Ended March 31, 2015 (Un-audited)

	Note	October to March	
		March 31 2015 Rupees	March 31 2014 Rupees
<b>Cash flow from operating activities</b>			
Cash generated from operations	9	65,215,120	11,471,755
Finance cost paid		(27,885,435)	(9,276,885)
Tax paid		(13,887,740)	(19,072,137)
Retirement and other benefits paid		(4,488,886)	(2,604,181)
<b>Net cash from operating activities</b>		<b>18,953,059</b>	<b>(19,481,448)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(47,650,063)	(261,919,375)
Purchase of intangible assets		-	(1,023,935)
Sale proceeds of property, plant and equipment		2,332,727	4,633,491
Sale proceeds of livestock		902,200	1,882,700
<b>Net cash used in investing activities</b>		<b>(44,415,136)</b>	<b>(256,427,119)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(39,633,161)	(47,250,000)
Long term loan acquired		-	160,000,000
<b>Net cash used in financing activities</b>		<b>(39,633,161)</b>	<b>112,750,000</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(65,095,238)</b>	<b>(163,158,568)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(297,659,451)</b>	<b>(59,302,166)</b>
<b>Cash and cash equivalents at end of the period</b>	10	<b>(362,754,689)</b>	<b>(222,460,734)</b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

S. M. Mohsin  
Chairman

Mujeeb Rashid  
Chief Executive Officer

# Condensed Interim Statement of Changes in Equity

For the Half Year Ended March 31, 2015 (Un-audited)

	Share capital	Share premium	General reserve Rupees	Accumulated profit	Total
<b>Balance as at September 30, 2013</b>	63,000,000	9,335,878	300,000	447,284,403	519,920,281
Final dividend for the year ended September 30, 2013 Rs. 7.5 per share	-	-	-	(47,250,000)	(47,250,000)
Transfer to reserve for issue of bonus shares	-	-	15,750,000	(15,750,000)	-
Issuance of bonus shares	15,750,000	-	(15,750,000)	-	-
Total Comprehensive Income for the period	-	-	-	59,678,414	59,678,414
<b>Balance as at March 31, 2014</b>	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>443,962,817</u>	<u>532,348,695</u>
Total Comprehensive Income for the period	-	-	-	46,564,569	46,564,569
<b>Balance as at September 30, 2014</b>	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>490,527,386</u>	<u>578,913,264</u>
Final dividend for the year ended September 30, 2014 Rs. 5.00 per share	-	-	-	(39,375,000)	(39,375,000)
Total Comprehensive Income for the period	-	-	-	14,540,108	14,540,108
<b>Balance as at March 31, 2015</b>	<u><u>78,750,000</u></u>	<u><u>9,335,878</u></u>	<u><u>300,000</u></u>	<u><u>465,692,494</u></u>	<u><u>554,078,372</u></u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

S. M. Mohsin  
Chairman

Mujeeb Rashid  
Chief Executive Officer

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# Notes to and Forming Part of the Financial Information

For the Quarter and Half Year Ended March 31, 2015 (Un-audited)

1. This condensed interim financial information is un-audited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
2. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30, 2014 except as described below:

## 2.1 Standards, amendments and interpretations to published approved accounting standards

### 2.1.1 Standards, amendments and interpretations to existing standards applicable in current period

Certain standards, amendments and interpretations to approved accounting standard are effective for the accounting periods beginning on or after October 1, 2014 but are considered not to be relevant or to have any significant effect on Company's operations and are, therefore, not detailed in condensed interim financial information.

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

There are certain standards, amendments to approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after April 01, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

3. This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and has been reviewed by the auditors as required by the Code of Corporate Governance. This condensed financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended September 30, 2014.
4. Income Tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

	Note	March 31 2015 Rupees	September 30 2014 Rupees
<b>5. Long term finance</b>			
Long term finance	5.1	160,000,000	160,000,000
Less: Current maturity		(32,000,000)	(10,666,667)
		<u>128,000,000</u>	<u>149,333,333</u>

- 5.1 The long term finance has been obtained from Habib Bank Limited. Under the arrangement, principal amount of PKR 160 million is repayable in 15 equal quarterly installments beginning on September 27, 2015. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 1 percent per annum (September 30, 2014: 3 months KIBOR plus 1 percent per annum).

The loan is secured by First Joint Pari-Passu charge on Plant & Machinery of the company having value of Rs. 214 million (September 30, 2014: Rs. 214 million)

## 6. Contingencies and commitments

### 6.1 Contingencies

- (i) The company has issued guarantees in favour of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs 17.20 million (September 30, 2014: Rs 17.20 million)
- (ii) The Company has issued post dated cheques amounting to Rs. 117 million (September 30, 2014: Rs. 89 million) to Collector of Customs Lahore Dry Port on account of duties and taxes which might become payable against Duty and Tax Remission on Export under SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

### 6.2 Commitments

Letters of credit including capital expenditure are Rs 30.6 million (September 30, 2014: Rs. 28.6 million).

	Note	March 31 2015 Rupees	September 30 2014 Rupees
<b>7. Property, plant and equipment</b>			
Operating fixed assets	7.1	611,083,489	641,698,700
Capital work-in-progress		88,751,435	43,099,611
		<u>699,834,924</u>	<u>684,798,311</u>
<b>7.1 Operating fixed assets</b>			
Opening book value		641,698,700	386,610,321
Add: Additions during the period( at cost)	7.1.1	1,998,239	309,464,783
		<u>643,696,939</u>	<u>696,075,104</u>
Less: Disposals during the period (at book value)	7.1.2	(2,471,746)	(4,734,038)
Depreciation charged during the period		(30,141,704)	(49,642,366)
		<u>(32,613,450)</u>	<u>(54,376,404)</u>
		<u>611,083,489</u>	<u>641,698,700</u>
<b>7.1.1 Detail of additions during the period</b>			
Building on freehold land		-	12,158,907
Building on lease hold land		-	5,436,959
Plant and machinery		-	269,165,752
Vehicles		1,084,000	15,372,469
Furniture, fixture and office equipment		221,179	1,118,047
Electric Installations		454,810	5,860,022
Computer hardware		238,250	352,627
		<u>1,998,239</u>	<u>309,464,783</u>
<b>7.1.2 Detail of disposals during the period</b>			
Building on freehold land		-	(838)
Vehicles		(2,341,472)	(4,675,894)
Electric installation		(27,736)	(26,681)
Computer hardware		(102,538)	(30,625)
		<u>(2,471,746)</u>	<u>(4,734,038)</u>

		October to March	
		2015 Rupees	2014 Rupees
<b>8. Transactions with related parties</b>			
Relationship with the Company	Nature of transactions		
Associated undertakings	Purchase of goods	5,403,165	6,885,304
	Donations	500,000	500,000
<b>Period end balances</b>			
Receivable from related parties		51,971	-
Payable to related parties		-	176,602

		October to March	
		2015 Rupees	2014 Rupees
<b>9. Cash generated from operations</b>			
Profit before tax		18,277,552	91,425,302
Adjustment for:			
- Depreciation on property, plant and equipment		30,141,704	19,131,155
- Amortization on intangibles		224,714	107,760
- Unwinding of deferred income		(405,356)	-
- Loss/(Profit) on disposal of property, plant and equipment		139,019	(2,228,704)
- Provision/(reversal) for doubtful debts		(100,090)	-
- Provision/(reversal) for stores and spares		(2,686,312)	-
- Provision/(reversal) for stock in trade		(2,337,865)	-
- Material write off		1,091,275	-
- Retirement and other benefits accrued		13,023,687	11,543,050
- Profit on revaluation of live stock		(754,049)	(106,700)
- Exchange loss		291,797	753,233
- Finance cost		26,258,510	14,103,523
<b>Profit before working capital changes</b>		<b>83,164,586</b>	<b>134,728,619</b>



October to March

	2015 Rupees	2014 Rupees
Effect on cash flow due to working capital changes:		
- (Increase) in stores, spares and loose tools	(1,549,374)	(11,384,448)
- Decrease/(Increase) in stock-in-trade	56,505,702	(53,529,113)
- (Increase) in long term receivable	-	(1,224,780)
- (Increase) in trade debts	(12,724,900)	(33,340,382)
- (Increase) in advances, deposits prepayments and other receivables	(4,788,074)	(35,053)
- (Decrease) in creditors, accrued and other liabilities	(55,392,820)	(23,743,088)
	(17,949,466)	(123,256,864)
	65,215,120	11,471,755

10. Cash and cash equivalents

	March 31 2015 Rupees	March 31 2014 Rupees
Cash and bank balances	22,069,610	43,742,243
Short term running finances	(384,824,299)	(266,202,977)
	(362,754,689)	(222,460,734)

11. Date of authorisation

These condensed interim financial information were authorised for issue on May 29, 2015 by the board of directors of the company.

12. Corresponding figures

Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

S. M. Mohsin  
Chairman

Mujeeb Rashid  
Chief Executive Officer



*For the Taste of Natural Goodness*

**MITCHELL'S FRUIT FARMS LIMITED**

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