

**MITCHELL'S®**

FOR THE TASTE OF NATURAL GOODNESS

1st Quarter  
**2019**

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# Company Information

## Board of Directors

Mr. S.M.Mohsin	Chairman- Non Executive Director
Mr. Mujeeb Rashid	Chief Executive Officer
Syeda Sitwat Mohsin	Non Executive Director
Syed Mohammad Mehdi Mohsin	Executive Director
Mr. Rizwan Bashir	Independent Director
Ms. Umme Kulsum Imam	Non Executive Director
Mr. Moaz Mohiuddin	Non Executive Director
Mr. Shazad Ghaffar	Non Executive Director
Mr. Pervez Hayat Noon	Independent Director
Mr. Aamer Amin	Non Executive Director (NIT Nominee)
Mr. Najam Aziz Sethi	Executive Director

## Audit Committee

Mr. Rizwan Bashir	Chairman
Mr. S.M.Mohsin	Member
Mr. Aamer Amin	Member

## Chief Financial Officer

Mr. Nauman Munawar

## Company Secretary

Mr. Rashid Butt

## 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

## 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 & 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

Plot # 102, Street # 7,  
Sector I-10/3, 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

Net sales revenues for the first quarter closed at Rs. 519 million posting a decent growth of 11.5% over same period last year. This growth was contributed mainly due to smooth supplies made through the distribution network to meet the demand at the retail level. Finished goods stocks in the distribution channel were also rationalised. We recorded the highest export despatches ever achieved in the history of the Company for the period under review. The overall growth in revenues reflects the trust of end consumers in our high quality branded products.

Gross profit stood at Rs.114.9 million compared to Rs.117.5 million for same period last year. Marginal decline in gross profit was recorded during the period after incorporating provisions created to meet certain contingencies while timely execution of price revision on grocery products enabled absorption of inflationary trends that adversely impacted the economy during the period. Restructuring of discounts, offered to the distributors, was also carried out during this period.

Profit from operations stood at Rs. 18.29 million compared to Rs. 24 million last year. Cost reduction initiatives were put in place during this quarter which led to curtailment of administration and distribution expenses to the extent of inflation only. Management is keeping a close watch on the fixed costs in order to ensure that operations remain viable.

Despite achieving decent profits from operations, increase in KIBOR resulted in higher cost of borrowed capital causing an increase in financial charges during the quarter. This factor contributed in depleting the profit earned during the current period to a large degree. No financial cost was accrued on the loans obtained from the directors.

Provision for tax is accounted for on minimum tax on turnover basis for business results delivered during the quarter.

For and on behalf of  
the Board of Directors

Lahore: February 04, 2019

Najam Aziz Sethi  
Executive Director

## ڈائریکٹرز کی جانب سے جائزہ

پہلی سہ ماہی کی خالص فروخت 519 ملین روپے پر کلوز ہوئی جو پچھلے سال کے اسی دورانیہ سے 11.50% زیادہ بہتری ظاہر کرتی ہے۔ یہ بہتری بنیادی طور پر ڈسٹری بیوشن نیٹ ورک سے مصنوعات کی بروقت فراہمی کے ذریعے ممکن ہوئی ہے۔ ڈسٹری بیوشن چینلز میں حاضر سٹاک کو بہتر طریقے سے استعمال میں لایا گیا۔ مجموعی طور پر اس سہ ماہی میں کمپنی کی برآمدات میں اب تک بہترین کارکردگی دیکھنے میں آئی۔ خالص فروخت میں یہ رجحان صارفین کا ہمارے اعلیٰ معیار کی مصنوعات پر بھروسے کا منہ بولتا ثبوت ہے۔

مجموعی منافع پچھلے سال 117.5 ملین روپے کے بالمقابل 114.9 ملین روپے تک محدود رہا۔ مجموعی منافع میں کمی کے رجحان کی وجہ کچھ غیر یقینی اخراجات کے اندراج جبکہ مختلف گراسری مصنوعات کی قیمت میں بروقت رد و بدل نے کمپنی کی معیشت کو درپیش افراط زر کی لہر کو بہت حد تک کم کرنے میں کامیاب کیا۔ اس دورانیے میں ڈسٹری بیوٹرز کو دی جانے والی چھوٹ کو از سر نو ترتیب دیا گیا۔

آپریٹنجز سے ہونے والا منافع پچھلے سال کے 24 ملین روپے کے بالمقابل 18.29 ملین روپے رہا۔ اس دورانیے میں لاگت کو کم کرنے کے لیے اقدامات کیے گئے جس کے نتیجے میں ایڈمنسٹریشن اور ڈسٹری بیوشن کے اخراجات کو محض افراط زر کی حد تک محدود رکھا گیا۔ کمپنی کی انتظامیہ کاروبار کی بہتر کارکردگی کو یقینی بنانے کے لئے مصروف عمل ہے۔ اس سہ ماہی میں آپریٹنجز سے خاطر خواہ منافع مالی لاگت میں اضافے کی نظر ہوا۔ ڈائریکٹرز سے لیے جانے والے قرض پر کوئی مالی منافع ادا نہیں کیا گیا۔

اس سہ ماہی میں ملنے والے کاروباری نتائج کو ملحوظ خاطر رکھتے ہوئے ٹیکس کی ادائیگی ٹرن اوور کی بنیاد پر کی گئی۔

بورڈ آف ڈائریکٹرز کی جانب سے

نجم عزیز سیٹھی

ایگزیکٹو ڈائریکٹر

لاہور: 4 فروری 2019

# Condensed Interim Balance Sheet

As at December 31, 2018 (Un-audited)

	Note	December 31 2018 Rupees	September 30 2018 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital 20,000,000 (September 30, 2018: 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, 2018: 7,875,000) ordinary shares of Rs. 10 each		78,750,000	78,750,000
<b>Reserves</b> Unappropriated profit		9,635,878 114,951,549	9,635,878 120,913,520
		203,337,427	209,299,398
<b>NON-CURRENT LIABILITIES</b>			
Deferred Taxation		3,144,530	3,144,530
Deferred liabilities		111,489,390	116,585,222
Long term finance		-	-
		114,633,920	119,729,752
<b>CURRENT LIABILITIES</b>			
Current Portion of long term finance		10,666,667	21,333,333
Short term running finances		686,039,828	680,657,933
Creditors, accrued and other liabilities		281,599,933	298,120,301
Loan from Directors- unsecured		150,000,000	150,000,000
Accrued finance cost		16,613,237	12,163,862
Unclaimed dividends		2,004,183	2,004,183
		1,146,923,847	1,164,279,672
<b>CONTINGENCIES AND COMMITMENTS</b>			
		1,464,895,194	1,493,308,822

	Note	December 31 2018 Rupees	September 30 2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		635,470,440	645,288,320
Intangible assets		2,273,252	2,379,947
Biological assets		38,701,667	38,931,667
Long term receivables		8,035,330	9,693,930
		<hr/>	<hr/>
		684,480,689	696,293,864
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		40,600,570	36,064,853
Stock in trade		424,406,595	461,616,862
Trade debts		113,498,633	63,720,363
Advances, deposits, prepayments and other receivables		13,203,182	67,267,269
Income tax recoverable		167,948,855	155,234,531
Cash and bank balances		20,756,672	13,111,080
		<hr/>	<hr/>
		780,414,505	797,014,958
		<hr/>	<hr/>
		1,464,895,194	1,493,308,822
		<hr/> <hr/>	<hr/> <hr/>

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Najam Aziz Sethi  
Executive Director



# Condensed Interim Profit and Loss Account

For the Quarter Ended December 31, 2018 (Un-audited)

	December 31 2018 Rupees	December 31 2017 Rupees
Sales	519,255,842	465,535,791
Cost of sales	(404,280,450)	(348,074,923)
Gross profit	114,975,391	117,460,868
Administration expenses	(31,180,886)	(28,747,304)
Distribution and marketing expenses	(66,508,838)	(64,617,583)
Other operating expenses	(330,253)	(1,256,357)
Other operating income	1,344,334	1,393,967
<b>Profit from operations</b>	<b>18,299,749</b>	<b>24,233,591</b>
Finance cost	(17,807,401)	(11,123,948)
<b>Profit [Loss] before tax</b>	<b>429,348</b>	<b>13,109,643</b>
Taxation	(6,454,318)	(3,932,893)
Profit [Loss] after tax	(5,961,971)	9,176,750
<b>Earning/ [Loss] per share</b> - Basic and diluted	<b>(0.76)</b>	<b>1.17</b>

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Najam Aziz Sethi  
Executive Director

# Condensed Interim Statement of Comprehensive Income

For the Quarter Ended December 31, 2018 (Un-audited)

	December 31 2018 Rupees	December 31 2017 Rupees
(Loss) / Profit for the period	(5,961,971)	9,176,750
Other Comprehensive Income:		
-Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit - net of tax	-	-
-Items that may be reclassified subsequently to profit or loss		
Total comprehensive income / (loss) for the period	(5,961,971)	9,176,750

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Najam Aziz Sethi  
Executive Director

# Condensed Interim Statement of Changes in Equity

For the Quarter Ended December 31, 2018 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Total
	----- Rupees -----				
<b>Balance as at September 30, 2016</b>	78,750,000	9,335,878	300,000	452,535,627	540,921,505
Final dividend for the year ended September 30, 2016 Rs. Nil per share	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	(39,432,805)	(39,432,805)
<b>Balance as at September 30, 2017</b>	78,750,000	9,335,878	300,000	413,102,822	501,488,700
Transactions with owners recognized directly in equity					
Total Comprehensive Income for the period	-	-	-	(292,189,302)	(292,189,302)
<b>Balance as at September 30, 2018</b>	78,750,000	9,335,878	300,000	120,913,520	209,299,398
Final dividend for the year ended September 30, 2018 Rs. Nil per share	-	-	-	-	-
Total Comprehensive Income for the Quarter	-	-	-	(5,961,971)	(5,961,971)
<b>Balance as at December 31, 2018</b>	78,750,000	9,335,878	300,000	114,951,549	203,337,427

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Najam Aziz Sethi  
Executive Director

# Condensed Interim Cash Flow Statement

For the Quarter Ended December 31, 2018 (Un-audited)

	Note	December 31 2018 Rupees	December 31 2017 Rupees
Cash generated from operations	5	62,345,963	9,383,290
Finance cost paid		(18,971,263)	(11,006,602)
Tax paid		(19,168,642)	(2,245,184)
Retirement and other benefits paid		(11,964,194)	(5,477,045)
<b>Net cash (used in) / generated from operating activities</b>		<b>12,241,864</b>	<b>(9,345,541)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(66,634)	(1,206,512)
Cash paid for CWIP		(1,050,211)	(5,616,612)
Purchase of intangible assets		(83,256)	10,937
Purchase of biological assets		230,000	1,500
Security deposit paid for purchase of vehicles		1,658,600	-
Increase in long term deposit		-	(464,300)
Sale proceeds of property, plant and equipment		-	2,586,907
<b>Net cash used in investing activities</b>		<b>688,499</b>	<b>(4,688,080)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		-	-
Repayment of long term loans		(10,666,666)	(1,383,714)
<b>Net cash used in financing activities</b>		<b>(10,666,666)</b>	<b>(1,383,714)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>2,263,696</b>	<b>(15,417,335)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(667,546,853)</b>	<b>(594,982,095)</b>
<b>Cash and cash equivalents at end of the period</b>		<b>(665,283,157)</b>	<b>(610,399,430)</b>

S. M. Mohsin  
Chairman

Nauman Munawar  
Chief Financial Officer

Najam Aziz Sethi  
Executive Director

# Notes to and Forming Part of the Financial Information

For the Quarter Ended December 31, 2018 (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 is situated at 40-A Zafar Ali Road, Gulberg V, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan.

## 2. Basis of preparation

The condensed interim financial information is un-audited and has 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; 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.

The condensed interim financial information does 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, 2018.

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, 2018. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended September 30, 2018.

### 2.1 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards and interpretations have been published that are applicable to this condensed interim financial information covering annual periods, beginning on or after the following dates:

#### 2.1.1 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 01, 2017 but are considered not to be relevant or to have any significant effect on the Company operations and are therefore not detailed in this 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

Certain standards, amendments to the approved accounting standards and interpretations are mandatory for the annual periods beginning on or after April 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations and are as follows;

Standards or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 16, 'Leases'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

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.

	Un-audited December 31 2018 Rupees	Audited September 30 2018 Rupees
4. Long term finance - secured		
Long term finance	-	-
Less: current maturity	(10,666,667)	(21,333,333)
	<u>(10,666,667)</u>	<u>(21,333,333)</u>

- 4.1 The long term finance was obtained from Habib Bank Limited for capital expenditure. Under the arrangement, principal amount of Rs 160 million is repayable in 15 equal quarterly instalments beginning on September 27, 2015. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 1 percent per annum. Effective rate of interest ranged from 9.88% (2017: 7.15%) during the period / year.

The loan is secured by first joint pari-passu charge on plant and machinery of the company to the extent of Rs 143 million.

	December 31 2018 Rupees	December 31 2017 Rupees
<b>5. Cash generated from operations</b>		
<b>Cash flow from operating activities</b>		
Profit before tax	492,348	13,109,642
Adjustment for:		
- Depreciation on property, plant and equipment	10,934,725	14,500,246
- Amortization on intangibles	189,951	257,690
- Profit on disposal of property, plant and equipment	-	(119,997)
- Material write off	-	77,346
- Profit on revaluation of live stock	6,868,362	5,771,523
- Exchange (Gain)/loss	-	197,087
- Finance cost	17,807,401	11,123,948
<b>Profit before working capital changes</b>	<b>36,292,787</b>	<b>44,917,485</b>
Effect on cash flow due to working capital changes:		
- Decrease/(Increase) in stores, spares and loose tools	(4,535,717)	1,777,221
- Decrease/(Increase) in stock-in-trade	37,210,267	82,002,372
- Decrease/(Increase) in trade debts	(37,409,737)	(54,741,042)
- (Increase)in advances, deposits prepayments and other receivables	54,064,087	(12,942,084)
- Increase/(Decrease) in creditors, accrued and other liabilities	(23,275,724)	(51,630,662)
	26,053,176	(35,534,195)
<b>Cash generated from operations</b>	<b>62,345,963</b>	<b>9,383,290</b>
<b>6. Cash in cash equivalents</b>		
Cash & cash bank balances	20,756,672	11,878,491
Short term running finance	(686,039,828)	(622,277,921)
	<b>(665,283,157)</b>	<b>(610,399,430)</b>

## 7. Contingencies and commitments

There has been no significant change in contingencies since September 30, 2018.

### 7.1 Contingencies

7.2 There has been no significant change in contingencies since September 30, 2018.

### 7.3 Commitments

The Company has commitments in respect of:

- (i) Letters of credit including capital expenditure are Rs 3.94 million (September 30, 2018: Rs 4.97 million).
- (ii) Agreement with Bank Al Habib relating to vehicles obtained under Ijarah arrangement amounting to Rs 50.90 million (September 30, 2018: Rs 48.25 million).

## 8. Transactions with related parties

Relationship with the Company	Name of related party	Transactions during the period	December 31 2018 Rupees	December 31 2017 Rupees
1 Directors	Syed Mohammad Mehdi Mohsin	Purchase of goods	4,023,961	3,854,296
		Rent paid	745,384	676,414
		Expenses incurred on their behalf	634,965	266,740
2 Associated Companies	Syed Mohammad Mohsin			
	AKRA	Donation paid	250,000	250,000

9. Previous period's figures have been restated, wherever necessary, for the purpose of comparison.

## 10. Date & Authorization to sign Interim Financial information

The board of director in their meeting held on February 04, 2019 authorised Syed Mohammad Mehdi Mohsin and Mr. Najam Aziz Sethi to sign on the directors report and financial statement respectively in the absence of Mr. Mujeeb Rashid, MD/CEO who was travelling abroad.

**S. M. Mohsin**  
Chairman

**Nauman Munawar**  
Chief Financial Officer

**Najam Aziz Sethi**  
Executive Director







## 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:

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

 Mitchell'sFruitFarms

 Mitchell'sChocolated&Sweets