



FOR THE TASTE OF NATURAL GOODNESS

3rd QUARTER

2020

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# Company Information

## Board of Directors

Mr. Najam Aziz Sethi	Chairman
Mr. S.M.Mohsin	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
Mr. Manzar Hassan	Non Executive Director
Ms. Umme Kulsum Imam	Non Executive Director
Mr. Shazad Ghaffar	Non Executive Director
Mr. Pervez Hayat Noon	Non Executive Director
Mr. Aamer Amin	Non Executive Director (NIT Nominee)

## Audit Committee

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

## Chief Financial Officer

Mr. Nauman Munawar FCA

## Company Secretary

Mr. Rashid Butt ACMA

## 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 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

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Phones: (042) 35872392-96  
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E-Mail: rsoc@mitchells.com.pk

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Fax: (051) 4443827  
E-Mail: rson@mitchells.com.pk

### Karachi

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& 35219675  
Fax: (021) 35673588  
E-Mail: rsos@mitchells.com.pk

# Directors' Review

The Directors of the company are please to present their report on the condensed interim financial statement of the Company for the third quarter ended June 30, 2020.

Sales of the company recorded a growth of 6%. General Trade channel performed well largely due to an unusual trend witnessed in purchasing pattern by the end consumers due to COVID situation. B2B couldn't deliver in line with the expectations as the industrial buyers reorganized their ordering of stocks due to decline in demand besides closure of HORECA channel in COVID crisis.

Reduction in Gross profit margin by 1.6% over last year contributed mainly due to the impact of Federal Excise duty levied on Third Schedule products which include squashes, syrups, juices etc. effect of which could not be passed due to severe decline in purchasing power of the end consumer.

Export sales performed well and recorded a growth of 16% over same period last year.

During this period the management continued its focus on optimizing the use of available resources and exercised extra control on fixed costs. Reduction in distribution and marketing expenses by Rs. 18 million was successfully done during this period while expenses incurred in engagement of experts for identifying new equity partners for the company contributed towards the increase in administrative costs. Operating profit stood at Rs. 54 million compared to Rs. 58.5 million in the previous year.

The improved operating results were diluted due to prevailing higher borrowing rates applicable on bank borrowings. This led to an increase in finance cost by Rs. 6 million during the period.

Loss before tax for the period ended June 30, 2020 stood at Rs. 7.5 million compared to profit of Rs. 3.5 million of last year. Tax provision made under the law resulted in loss after tax of Rs. 31 million for this period.

We understand that the challenge for the company in the coming months will be even greater to cater the post COVID impact on the retail trade and maintain regular supplies. Stocks were maintained higher due to uncertainty regarding their replenishment in the initial period of COVID outbreak. The management is geared to deliver improved results compared to last year.

For and on behalf of  
the Board of Directors

**Mujeeb Rashid**  
Managing Director/  
Chief Executive Officer

Lahore: July 28, 2020

# Condensed Interim Statement of Financial Position

As at June 30, 2020 (Un-audited)

	Note	Un-audited June 30 2020 Rupees	Audited September 30 2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital 20,000,000 (September 30, 2019: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
<b>Issued, subscribed and paid up capital</b> 7,875,000 (September 30, 2019: 7,875,000) ordinary shares of Rs. 10 each		78,750,000	78,750,000
Reserves		9,635,878	9,635,878
Unappropriated profit		7,069,483	38,058,691
		95,455,361	126,444,569
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		142,238,960	134,123,077
		142,238,960	134,123,077
<b>CURRENT LIABILITIES</b>			
Short term running finances		605,370,946	655,331,857
Creditors, accrued and other liabilities		264,204,014	255,324,377
Loan from Directors- unsecured		150,000,000	150,000,000
Accrued finance cost		15,831,350	20,265,694
Unclaimed dividends		2,004,183	2,004,183
		1,037,410,493	1,082,926,111
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	1,275,104,813	1,343,493,757

The annexed notes 1 to 11 form a integral part of this condensed interim financial statement.

	Note	Un-audited June 30 2020 Rupees	Audited September 30 2019 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	582,241,244	595,452,993
Intangible assets		3,706,782	4,263,957
Biological assets		31,669,051	32,385,667
Long term receivables		6,188,160	6,689,480
		623,805,237	638,792,097
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		38,574,113	53,481,584
Stock in trade		255,373,448	277,274,045
Trade debts		133,343,202	132,933,635
Advances, deposits, prepayments and other receivables		78,893,310	67,977,887
Income tax recoverable		134,855,308	154,247,173
Cash and bank balances		10,260,196	18,787,336
		651,299,577	704,701,660
		1,275,104,813	1,343,493,757

Najam Aziz Sethi  
Chairman

Nauman Munawar  
Chief Financial Officer

Mujeeb Rashid  
Chief Executive Officer



# Condensed Interim Statement of Profit or Loss

For the Quarter and Nine Month Ended June 30, 2020 (Un-audited)

	April to June		October to June	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Sales	555,395,692	490,245,253	1,629,664,250	1,532,462,824
Cost of sales	(439,368,647)	(391,323,171)	(1,279,010,795)	(1,178,205,215)
Gross profit	116,027,045	98,922,082	350,653,455	354,257,609
Administrative expenses	(33,274,144)	(32,767,677)	(111,039,366)	(97,279,774)
Distribution and marketing expenses	(67,245,631)	(69,909,935)	(190,934,893)	(208,770,300)
Other operating expenses	851,202	1,617,761	(125,200)	(731,109)
Other income	(2,583,925)	3,881,137	5,241,371	11,057,939
Finance cost	(17,369,617)	(18,777,831)	(61,294,959)	(55,077,477)
(Loss) / profit before tax	(3,595,070)	(17,034,463)	(7,499,592)	3,456,888
Taxation	(8,010,408)	(6,156,803)	(23,489,616)	(16,731,656)
(Loss) / profit for the period	(11,605,478)	(23,191,266)	(30,989,208)	(13,274,768)
(Loss) / profit per share - basic and diluted	(1.47)	(2.94)	(3.94)	(1.69)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

Najam Aziz Sethi  
Chairman

Nauman Munawar  
Chief Financial Officer

Mujeeb Rashid  
Chief Executive Officer

# Condensed Interim Statement of Comprehensive Income

For the Period Ended June 30, 2020 (Un-audited)

	April to June		October to June	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
(Loss) / Profit for the period	(11,605,478)	(23,191,266)	(30,989,208)	(13,274,768)
<b>Other Comprehensive Income:</b>				
-Items that will not be reclassified to profit or (loss)				
-Items that may be reclassified subsequently to profit or (loss)				
<b>Total comprehensive income/ (loss) for the period</b>	<b>(11,605,478)</b>	<b>(23,191,266)</b>	<b>(30,989,208)</b>	<b>(13,274,768)</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

**Najam Aziz Sethi**  
Chairman

**Nauman Munawar**  
Chief Financial Officer

**Mujeeb Rashid**  
Chief Executive Officer

# Condensed Interim Statement of Changes in Equity

For the Period Ended June 30, 2020 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Total
	Rupees				
<b>Balance as at September 30, 2018</b>	78,750,000	9,335,878	300,000	118,423,832	206,809,710
(Loss) / Profit for the period	-	-	-	(13,274,768)	(13,274,768)
Other Comprehensive income	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	(13,274,768)	(13,274,768)
<b>Balance as at June 30, 2019</b>	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>105,149,064</u>	<u>193,534,942</u>
<b>Balance as at September 30, 2019</b>	78,750,000	9,335,878	300,000	38,058,691	126,444,569
Impact of cumulative adjustment as per IFRS 15 2.2.1	-	-	-	-	-
Balance as per October 1, 2019	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000.00</u>	<u>38,058,691</u>	<u>126,444,569</u>
Profit / (Loss) for the period	-	-	-	(30,989,208)	(30,989,208)
Other Comprehensive income	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	(30,989,208)	(30,989,208)
<b>Balance as at June 30, 2020 - un-audited</b>	<u>78,750,000</u>	<u>9,335,878</u>	<u>300,000</u>	<u>7,069,483</u>	<u>95,455,361</u>

The annexed notes 1 to 11 form a integral part of this condensed interim financial statement.

**Najam Aziz Sethi**  
Chairman

**Nauman Munawar**  
Chief Financial Officer

**Mujeeb Rashid**  
Chief Executive Officer

# Condensed Interim Statement of Cash Flows

For the Period Ended June 30, 2020 (Un-audited)

	YTD June 30 2020 Rupees	YTD June 30 2019 Rupees
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	(7,499,592)	3,456,888
Adjustment for:		
- Depreciation on property, plant and equipment	33,250,577	33,552,095
- Amortization on intangibles	749,025	613,755
- Unwinding of deferred income	(239,359)	(265,955)
- Loss/ (Gain) on disposal of property, plant and equipment	466,784	(887,632)
- Provision for unsaleable return	45,148,872	3,656,615
- Provision for doubtful debts	464,691	-
- Material write off	-	-
- Loss / (Gain) on revaluation and disposal of life stock	434,616	-
- Provision for slow moving stock	746,842	3,031,853
- Retirement and other benefits accrued	25,105,086	22,747,943
- Loss/ (Gain) on revaluation of live stock		1,791,600
- Exchange (Gain)/loss	(991,815)	(3,051,251)
- Finance cost	61,294,959	55,077,477
<b>Profit before working capital changes</b>	158,930,686	119,723,388
Effect on cash flow due to working capital changes:		
- Decrease/(Increase) in stores, spares and loose tools	14,907,471	(4,277,673)
- Decrease/(Increase) in stock-in-trade	21,632,473	179,210,094
- Decrease/(Increase) in trade debts	117,557	(18,527,232)
- (Increase)in advances, deposits prepayments and other receivables	(10,915,423)	13,960,541
- Increase/(Decrease) in creditors, accrued and other liabilities	(36,269,235)	(157,474,484)
	(10,527,156)	12,891,246
<b>Cash generated from operations</b>	148,403,529	132,614,634
Finance cost paid	(65,729,303)	(54,741,339)
Tax paid	(4,097,751)	(25,577,050)
Payments for accumulated compensated absences	-	-
Retirement and other benefits paid	(17,228,562)	(14,171,025)
<b>Net cash (used in) / generated from operating activities</b>	61,347,913	38,125,220

	YTD June 30 2020 Rupees	YTD June 30 2019 Rupees
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(20,748,382)	(3,051,068)
Purchase of intangible assets	(191,850)	(244,981)
Purchase of biological assets	-	-
Security deposit paid for purchase of vehicles	501,320	2,522,150
Increase in long term deposit	-	-
Sale proceeds of property, plant and equipment	242,770	3,354,765
Sale proceeds of livestock	282,000	662,400
<b>Net cash used in investing activities</b>	<b>(19,914,142)</b>	<b>3,243,266</b>
<b>Cash flows from financing activities</b>		
Dividend paid	-	-
Repayment of long term loans	-	(21,333,333)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(21,333,333)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>41,433,771</b>	<b>20,035,153</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(636,544,521)</b>	<b>(667,546,853)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(595,110,750)</b>	<b>(647,511,700)</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial statement.

**Najam Aziz Sethi**  
Chairman

**Nauman Munawar**  
Chief Financial Officer

**Mujeeb Rashid**  
Chief Executive Officer

# Notes to and Forming Part of the Condensed Interim Financial Statement

For the Quarter and Nine Month Ended June 30, 2020 (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

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.

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, 2019.

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, 2019. Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended September 30, 2019.

### 2.1 Going concern assumption

During the period ended June 30, 2020, the Company incurred a total comprehensive loss

of Rs 30.98 million and as per the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 386.12 million. Due to the losses incurred during recent years, the reserves of the Company have depleted. The dividends have been discontinued for the last four years. The existing working capital lines available to the Company have been substantially utilized and the related covenants have also not been complied with. The financial results led to increased short term borrowing from financial institutions and renegotiation of payment terms with trade creditors. These conditions indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as going concern.

The management of the Company has taken following steps to mitigate these issues.

Operational improvement measures comprising of:

- improved pricing and discount structure;
- expanding new business avenues including toll manufacturing; and
- cost reductions.

Furthermore, the Company is negotiating with banks for continuance and enhancement of existing working capital lines and will raise fresh equity for resolution of liquidity issues.

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 adjustment relating to the realization of its assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern.

## 2.2 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 these condensed interim financial statements covering annual periods, beginning on or after the following dates:

### 2.2.1 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, 2019 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, except for the following:

#### a) IFRIC 23, 'Uncertainty over Income Tax Treatments'

This interpretation became effective for annual periods beginning on or after January 1, 2019. The IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. In particular, it explains that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information. The IFRIC further explains that the entity should

reflect the effect of the uncertainty in its income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment using either the most likely amount or the amount determined using the expected value method. The application of the interpretation does not have any material impact on the amounts recognized in the special purpose financial statements of the Company.

b) **IFRS 16, ‘Leases’**

Effective January 1, 2019, the Company has adopted IFRS 16, “Leases” which replaces existing guidance on accounting for leases, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an arrangement contains a Lease’, SIC-15 ‘Operating Leases- Incentive’ and SIC-27 ‘Evaluating the substance of transactions involving the legal form of a Lease’. IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term and low value leases.

The Company has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for the year ended December 31, 2018, as permitted under the specific transitional provisions in the standard. Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 16 on the condensed interim financial statements of the Company.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company’s annual accounting periods beginning on or after October 01, 2020, but has not early adopted the Company:

<b>Standards or Interpretation</b>	<b>Effective date (accounting periods beginning on or after)</b>
Amendments to IAS 1 and IAS 8 - Definition of materiality	January 1, 2020
Amendments to IFRS 3 - Definition of a Business	January 1, 2020
Amendments to IFRS 7, IFRS 9 and IAS 39 - Interest Rate Benchmark Reform	January 1, 2020
Revised Conceptual Framework for Financial Reporting	January 1, 2020

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.



## 4. CONTINGENCIES AND COMMITMENTS

### 4.1 Contingencies

There is no significant change in contingencies since the date of preceding published annual financial statements, except the following:

- (i) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 1.96 million along with default surcharge of Rs 1.85 million vide order under section 161/205 dated December 31, 2019 on account of short deduction and payment of withholding tax on certain payments made during the year in respect of tax year 2014. Being aggrieved the Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these condensed interim financial statements.
- (ii) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 16.47 million along with a penalty of Rs 16.37 million on account of input tax claimed on invoices issued by blacklisted vendors, inadmissible input tax claimed and non payment of further tax vide order dated July 30, 2019. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated November 11, 2019 resulting in reduction of demand to Rs 2.03 million with the penalty being recalculated at the time of the appeal effect. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these condensed interim financial statements.
- (iii) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 2.86 million along with default surcharge of Rs 2.22 million on account of non deduction of tax on certain payments vide order under section 161 (1A) dated January 31, 2020 for the tax year 2015. Being aggrieved, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these condensed interim financial statements.

### 4.2 Commitments

The Company has commitments in respect of:

- (i) Letters of credit for purchase of raw and packing material Rs. 38.06 million (September 30, 2019: 13.34 million).
- (ii) Agreement with Bank Al Habib relating to vehicles obtained under Ijarah arrangement amounting to Rs 19.83 million (September 30, 2019: Rs 40.80 million).

		Un-audited June 30 2020 Rupees	Audited September 30 2019 Rupees
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	- note 5.1	581,946,710	595,452,993
Capital work-in-progress		294,534	-
		582,241,244	595,452,993
<b>5.1 Operating fixed assets at net book value</b>			
Opening book value		595,452,993	642,853,800
Add: Additions during the period / year at cost	- note 5.1.1	20,246,185	8,603,314
		615,699,178	651,457,114
Less: Disposals during the period / year at book value	- note 5.1.2	(709,555)	(8,438,960)
Depreciation charged during the period / year		(33,042,913)	(47,565,161)
		(33,752,468)	(56,004,121)
Closing book value		581,946,710	595,452,993
<b>5.1.1 Detail of additions during the period / year</b>			
Building on freehold land		-	-
Plant and machinery		15,876,255	7,289,477
Vehicles		3,855,670	664,375
Furniture and fittings		-	-
Electric installations		279,000	508,932
Computer hardware		235,260	140,530
		20,246,185	8,603,314

### 5.1.2 Detail of disposals during the period / year

	Un-audited June 30 2020 Rupees	Audited September 30 2019 Rupees
Building on freehold land	-	-
Plant and machinery	-	587,956
Vehicles	112,889	7,027,851
Furniture and fittings	2,879	235,191
Electric installation	453,633	568,348
Computer hardware	140,154	19,614
	<u>709,555</u>	<u>8,438,960</u>

### 6. SALES

	Period ended June 30	
	2020 Un-audited Rupees	2019 Un-audited Rupees
Gross Sales - Local	1,621,239,204	1,564,174,479
Less: Sales returns	45,148,872	67,579,659
Rebates	185,602,855	163,250,534
Trade promotion and incentives	51,783,317	50,431,167
	<u>282,535,045</u>	<u>281,261,360</u>
Net sales - Local	1,338,704,160	1,282,913,119
- Export sales	290,960,090	249,549,705
	<u>1,629,664,250</u>	<u>1,532,462,824</u>

### 7. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transactions		
Post employment benefit plan	Gratuity expense	5,468,489	4,340,118
Others	Donation paid	0	250,000
	Purchase of goods	4,293,315	7,800,562
	Rent expense	1,912,544	2,283,777
	Payment made on behalf of related party	1,755,111	1,537,940
	Key management personnel	13,854,170	11,693,150
		<u>27,283,629</u>	<u>27,905,547</u>

	Period ended June 30	
	2020 Un-audited Rupees	2019 Un-audited Rupees
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit / (loss) before tax	(7,499,592)	3,456,888
Adjustment for:		
- Depreciation on property, plant and equipment	33,250,577	33,552,095
- Amortization on intangibles	749,025	613,755
- Unwinding of deferred income	(239,359)	(265,955)
- Loss/ (Gain) on disposal of property, plant and equipment	466,784	(887,632)
- Provision for unsaleable return	45,148,872	3,656,615
- Provision for doubtful debts	464,691	-
- Material write off	-	-
- Loss / (Gain) on revaluation and disposal of life stock	434,616	-
- Provision for slow moving stock	746,842	3,031,853
- Retirement and other benefits accrued	25,105,086	22,747,943
- Loss/ (Gain) on revaluation of live stock	-	1,791,600
- Loss on disposal of biological assets	-	-
- Exchange (Gain)/loss	(991,815)	(3,051,251)
- Finance cost	61,294,959	55,077,477
<b>Profit before working capital changes</b>	<b>158,930,686</b>	<b>119,723,388</b>
Effect on cash flow due to working capital changes:	14,907,471	(4,277,673)
- Decrease/(Increase) in stores, spares and loose tools	21,632,473	179,210,094
- Decrease/(Increase) in stock-in-trade	117,557	(18,527,232)
- Decrease/(Increase) in trade debts	-	-
- (Increase)in advances, deposits prepayments and other receivables	(10,915,423)	13,960,541
- Increase/(Decrease) in creditors, accrued and other liabilities	(36,269,235)	(157,474,484)
	(10,527,156)	12,891,246
<b>Cash generated from operations</b>	<b>148,403,529</b>	<b>132,614,634</b>

	Un-audited June 30 2020 Rupees	Un-audited June 30 2019 Rupees
9. CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,260,196	11,654,235
Finances under markup arrangements - secured	(605,370,946)	(659,165,934)
	<u>(595,110,750)</u>	<u>(647,511,699)</u>

#### 10. DATE OF AUTHORIZATION

These condensed interim financial information were authorised for issue on July 28, 2020 by the board of directors of the company.

#### 11. CORRESPONDING FIGURES

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

Najam Aziz Sethi  
Chairman

Nauman Munawar  
Chief Financial Officer

Mujeeb Rashid  
Chief Executive Officer



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