Contents

Annual Report 2014

MITCHELL'S®

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
Jamal Nasim	Non Executive Director (NIT Nominee)

AUDIT COMMITTEE

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

COMPANY SECRETARY/CFO
Atif Fayyaz

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
Phone: (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
Phone: (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
Phone: (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
Phone: (021) 35212112, 35212712
& 35219675
Fax: (021) 35673588
E-Mail: rsos@mitchells.com.pk

Annual Report 2014

MITCHELL'S®

Vision & Mission Statement

1. To be a leader in the markets we serve by providing quality products to our consumers while learning from their feedback to set even higher standards.

2. To be a company that continuously enhances its superior technological skills to remain internationally competitive in this day and age of increasing challenges.

3. To be a company that attracts and retains competent people by creating a culture that fosters innovation, promotes individual growth and rewards initiative and performance.

4. To be a company which optimally combines its people, technology, management systems, and market opportunities to achieve profitable growth while providing fair returns to its shareholders.

5. To be a company that endeavours to set the highest standards in corporate ethics.

6. To be a company that fulfills its social responsibility.


Annual Report 2014
MITCHELL'S

From the Most Wholesome Tomatoes

Mitchell's Tomato Paste is made from 100% pure tomatoes by removing skin & seeds in order to make it more healthy for everyday consumption. it helps to enhance the taste & color of every dish. Our delicious ketchup and sauces are made from handpicked, farm fresh ripe tomatoes. Richer than any other ketchup; Mitchell's tomato ketchup has come forward with Pakistan since 1953 guarantying healthy farm fresh goodness to its people.

Ketchup & Sauces

The joy of
Togetherness.

MITCHELL'S®

Notice of Annual General Meeting

Notice is hereby given that the 82nd Annual General Meeting of Mitchell's Fruit Farms Limited will be held on January 31, 2015 on Saturday at 11:00 a.m. at the Registered Office of the Company at 40-A, Zafar Ali Road, Gulberg- V, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last General Meeting held on January 31, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2014 together with the Directors' and Auditors' reports thereon.
3. To approve payment of cash dividend @ 50% as recommended by the Board of Directors.
4. To appoint auditors for the year ending September 30, 2015 and to fix their remuneration as suggested by the audit committee to the Board of Directors. The retiring auditors namely Messers A. F. Ferguson & Co. Chartered Accountants, being eligible, offer themselves for re-appointment.

OTHER BUSINESS

1. To transact any other business which may be placed before the meeting with the permission of the chair.

BY ORDER OF THE BOARD

Lahore,
January 09, 2015

Atif Fayyaz
Company Secretary

NOTES

1. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade , 1-K (Commercial) , Model Town , Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.
2. The share transfer book of the Company will remain closed from January 23, 2015 to January 31, 2015 (both days inclusive) for entitlement of final cash dividend for the year ended September 30, 2014. Transfers received in order (including deposit requests under CDS) at our Registrar's office Corplink (Private) Limited, Wings Arcade, 1-K (Commercial) Model Town, Lahore up to 01:00 p.m. on January 22, 2015 will be considered in time.
3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the time meeting is scheduled for.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (40-A, Zafar Ali Road, Gulberg V, Lahore) at least 48 hours before the time of the meeting.
5. Shareholders are requested to immediately notify the change in their address, if any.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

Directors' Report

The year ended September 30, 2014 was marked by several macro-economic hindrances including slow economic growth, continuing energy crises, political uncertainties and lesser availability of credit in the general trade that shifted purchasing preferences more towards necessities.

Overall grocery sales registered double digit growth in several product categories however Confectionery sales suffered mainly due to our decision during the year to discontinue the very low priced items that adversely affected volumes sold in that category.

Gross profit at Rs. 521 million against Rs 537 million last year, shows that growth in other categories with higher operating margins compensated for much of the decline in low priced Confectionery items.

Profit from operations at Rs.158 million against Rs. 204 million last year was affected by the general inflationary increase in fixed cost. Increase of financial cost and depreciation on account of new pulping plant and boiler resulted in profit before tax of Rs. 119 million compared to Rs. 180 million last year.

After tax profit of Rs. 107 million against Rs. 132 million of last year was helped by lower taxation impact.

NEW INVESTMENTS

During the year the Company's two important investments in the Fruit Pulping Line and Coal fired Boiler were completed and successfully started. Thus Tomatoes, Mangoes and Apples that are used by the Company in making its products were processed on this most modern, hygienic and Food safe plant with higher efficiency and lower energy consumption. Some of the Fruit Pulps manufactured are already being shipped to export markets.

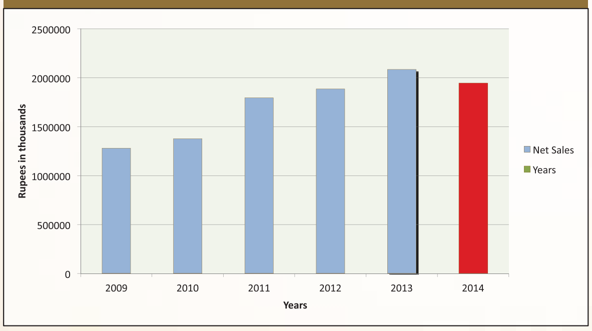
HUMAN RESOURCE DEVELOPMENT

Whereas on the job training continued in all our functional disciplines for continuous improvement in our Operations, several of our technical staff were trained in the operation of new technologies introduced at our plant both locally by foreign trainers as well as abroad.

CORPORATE SOCIAL RESPONSIBILITY

The operations of our Effluent Treatment Plant were optimized during the year to ensure that our

Net Sales

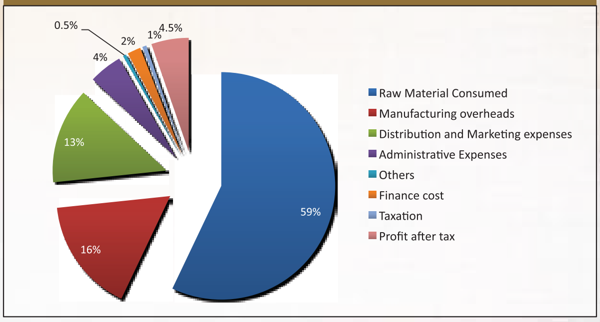


factory effluents will remain within the limits allowed by the law.

Business ethics are an integral part of our policies and procedures. We have strict measures in place to avoid any corruption.

While continuing with our efforts towards

Distribution of Revenue



promotion of high quality education during the year we have contributed Rs. 1 million to Anjuman e Khuddam e Rasullullah (AKRA) and Rs. 0.10 million to Pak Turk International Cag Foundation.

Donations were also given to Prime Minister's Baluchistan Earthquake Relief Fund.

The company contributed Rs.261 million (13% of net sales) to the National Exchequer on account of various government levies including customs duty, sales tax and income tax.

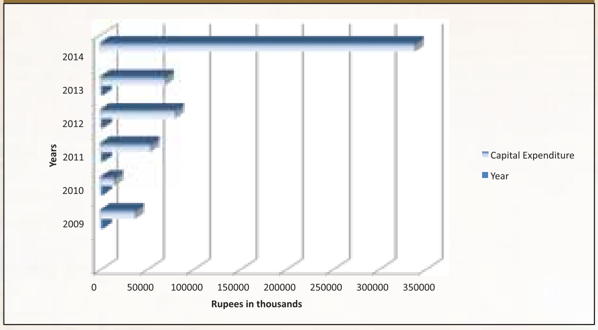
Furthermore foreign exchange of Rs. 235 million was generated through our exports.

FUTURE OUTLOOK

The Company will continue to focus on providing high quality products to consumers that have been processed from fresh farm produce. Our products will be designed to improve the quality of life of consumers both in terms of convenience and pleasure.

We will continue to enhance our mutually beneficial relationships with the farming communities surrounding our factory thus improving their economic wellbeing.

Capital Expenditure



EMOLUMENTS OF CHIEF EXECUTIVE OFFICER

During the year the Board approved 25% increase in emoluments of Chief Executive Officer.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of account of the company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon the company's ability to continue as a going concern.

- A statement regarding key financial data for the last six years is annexed to this report.

BOARD OF DIRECTORS

During the year four meetings of the Board of Directors were held. Attendance by each Director was as follows:-

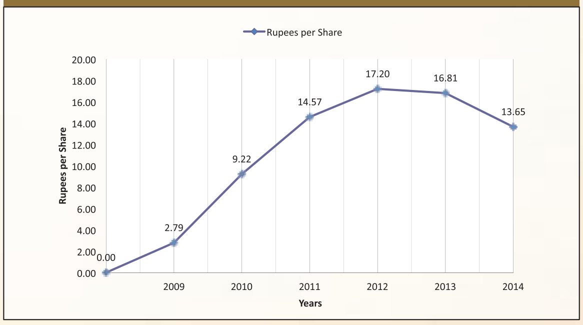
Name of Director	Attendance
S.M.Mohsin	3
Mujeeb Rashid	4
Sitwat Mohsin	4
Moaz Mohiuddin	3
Jamal Nasim	3
Mehdi Mohsin	2
Faisal Imam	2
Umme Kulsum Imam	1

Leave of absence was granted to directors who could not attend the board meetings.

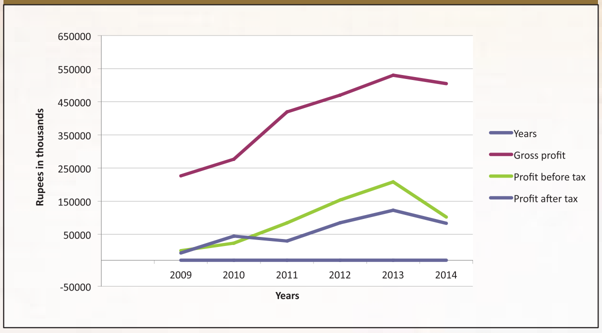
AUDIT COMMITTEE

During the year four meetings of the audit committee were held. Attendance by each Director was as follows:-

Earnings Per Share



Gross Profit, Profit before and After Tax



Name of Director	Attendance
Moaz Mohiuddin	3
S.M.Mohsin	3
Faisal Imam	2

Leave of absence was granted to directors who could not attend the audit committee meetings.

HUMAN RESOURCE & REMUNERATION COMMITTEE

During the year one meeting of the HR and Remuneration committee was held. Attendance by each Director was as follows:-

Name of Director	Attendance
Mrs.Sitwat Mohsin	1
Mujeeb Rashid	1
Umme Kulsum Imam	0

Leave of absence was granted to director who could not attend the HR and Remuneration committee meeting.

CORPORATE GOVERNANCE

The statement of compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING

The information under this head is annexed.

RELATED PARTIES

The transactions between the related parties were made at arm's length prices, determined in accordance with the comparable uncontrolled prices method.

EARNINGS PER SHARE

Basic and diluted earnings per share for the year under report is Rs. 13.65 as compared to the last year figure of Rs. 16.81.

DIVIDEND

The Board proposed cash dividend of Rupees 5 per share for the year under review.

AUDITORS

M/s A.F. Ferguson & Company, Chartered Accountants, Lahore, retire, and being eligible have offered themselves for re-appointment. The Audit Committee has also recommended their re-appointment.

ACKNOWLEDGEMENTS

The board of directors would like to express their gratitude to all employees for their strong contribution in successfully overcoming adverse circumstances faced by the company during the year.

For and on behalf of
The Board of Directors

Lahore,
January 05, 2015

Mujeeb Rashid
Chief Executive Officer

From the Farm, into the Bottle

A real fruit refreshment that gives you the swing no other fruit drink can. Mitchell's squashes have been a source of energy and nourishment for decades.

Squashes and Juices


Made with
Real Fruit.
MITCHELL'S®

Vertical Analysis of Financial Statements

Statement of Financial Position

	2014		2013	
Balance Sheet	Rs. In '000	%	Rs. In '000	%
Non-current Assets	698,362	49.83	404,567	43.72
Current Assets	703,215	50.17	520,756	56.28
Total Assets	1,401,577	100.00	925,323	100.00
Equity	578,913	41.30	519,920	56.19
Non-current Liabilities	306,366	21.86	118,420	12.80
Current Liabilities	516,298	36.84	286,983	31.01
Total equity and Liabilities	1,401,577	100.00	925,323	100.00
Profit and Loss Account				
Net Sales	1,945,126	100.00	2,084,262	100.00
Cost of Sales	(1,423,777)	(73.20)	(1,546,796)	(74.21)
Gross Profit	521,349	26.80	537,466	25.79
Selling and Distribution expenses	(95,153)	(4.89)	(82,852)	(3.98)
Administrative expenses	(275,836)	(14.18)	(248,432)	(11.92)
	150,360	7.73	206,182	9.89
Other operating expense	(9,398)	(0.48)	(14,221)	(0.68)
Other operating income	17,105	0.88	12,534	0.60
	158,067	8.13	204,495	9.81
Financial expenses	(38,591)	(1.98)	(17,558)	(0.84)
Profit before tax	119,476	6.14	186,937	8.97
Taxation	(12,012)	(0.62)	(54,533)	(2.62)
Profit for the year	107,464	5.52	132,404	6.35

2012		2011		2010		2009	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
375,503	46.13	332,169	43.51	312,945	47.68	329,522	45.27
438,583	53.87	431,253	56.49	343,442	52.32	398,386	54.73
814,086	100.00	763,421	100.00	656,387	100.00	727,908	100.00
429,183	52.72	359,495	47.09	306,230	46.65	269,842	37.07
96,395	11.84	79,710	10.44	75,820	11.55	50,479	6.93
288,508	35.44	324,216	42.47	274,337	41.80	407,587	55.99
814,086	100.00	763,421	100.00	656,387	100.00	727,908	100.00
1,884,503	100.00	1,794,248	100.00	1,376,861	100.00	1,255,064	100.00
(1,421,736)	(75.44)	(1,400,132)	(78.03)	(1,073,514)	(77.97)	(1,020,067)	(81.28)
462,768	24.56	394,117	21.97	303,348	22.03	234,997	18.72
(84,568)	(4.49)	(66,739)	(3.72)	(60,991)	(4.43)	(49,421)	(3.94)
(206,796)	(10.97)	(183,404)	(10.22)	(135,993)	(9.88)	(124,570)	(9.93)
171,404	9.10	143,974	8.02	106,364	7.73	61,006	4.86
(12,104)	(0.64)	(8,374)	(0.47)	(7,057)	(0.51)	(1,948)	(0.16)
16,024	0.85	10,907	0.61	7,513	0.55	12,963	1.03
175,324	9.30	146,507	8.17	4	0.00	72,021	5.74
(22,964)	(1.22)	(38,360)	(2.14)	(37,613)	(2.73)	(53,487)	(4.26)
152,359	8.08	108,146	6.03	69,208	5.03	18,534	1.48
(44,009)	(2.34)	(34,721)	(1.94)	(22,740)	(1.65)	(4,482)	(0.36)
108,350	5.75	73,425	4.09	46,468	3.37	14,052	1.12

Horizontal Analysis of Financial Statements

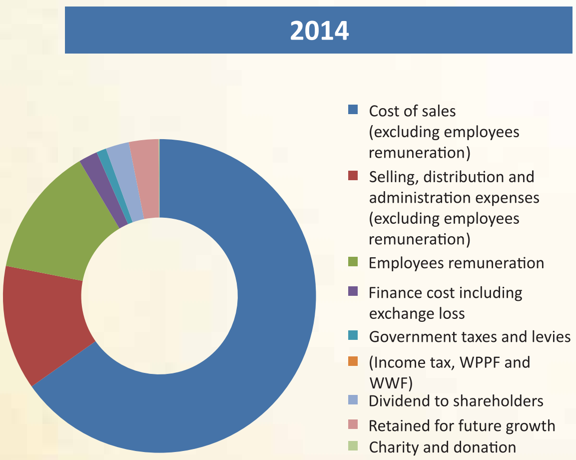
Statement of Financial Position

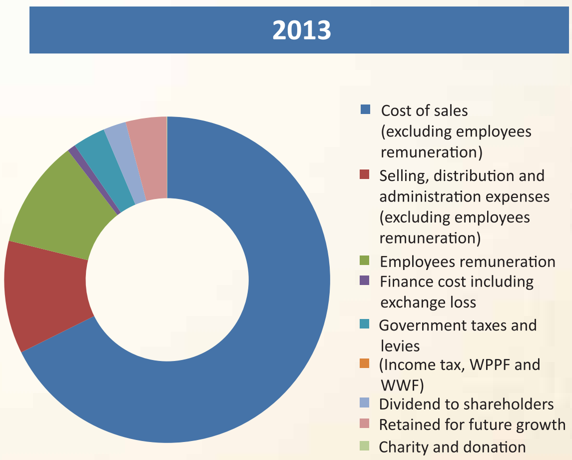
Balance Sheet	2014 Rs. In '000	2013 Rs. In '000	2012 Rs. In '000	2011 Rs. In '000
Non-current Assets	698,362	404,567	375,503	332,169
Current Assets	703,215	520,756	438,583	431,253
Total Assets	1,401,577	925,323	814,086	763,421
Equity	578,913	519,920	429,183	359,495
Non-current Liabilities	306,366	118,420	96,395	79,710
Current Liabilities	516,298	286,983	288,508	324,216
Total equity and Liabilities	1,401,577	925,323	814,086	763,421
Profit and Loss Account				
Net Sales	1,945,126	2,084,262	1,884,503	1,794,248
Cost of Sales	(1,423,777)	(1,546,796)	(1,421,736)	(1,400,132)
Gross Profit	521,349	537,466	462,768	394,117
Administrative expenses	(95,153)	(82,852)	(84,568)	(66,739)
Selling and Distribution expenses	(275,836)	(248,432)	(206,796)	(183,404)
	150,360	206,182	171,404	143,974
Other operating expenses	(9,398)	(14,221)	(12,104)	(8,374)
Other operating income	17,105	12,534	16,024	10,907
	158,067	204,495	175,324	146,507
Financial expenses	(38,591)	(17,558)	(22,964)	(38,360)
Profit before tax	119,476	186,937	152,359	108,146
Taxation	(12,012)	(54,533)	(44,009)	(34,721)
Profit for the year	107,464	132,404	108,350	73,425
Summary of Cash Flows				
Net cash flows from operating activities	(21,763)	171,462	120,891	85,407
Net cash flows from investing activities	(329,398)	(64,648)	(73,851)	(47,951)
Net cash flows from financing activities	112,804	(37,483)	(34,457)	(20,183)
Net change in cash and cash equivalents	(238,357)	69,331	12,582	17,273

2010 Rs. In '000	2009 Rs. In '000	% increase/ (decrease) over preceding year 2014	2013	2012	2011	2010	2009
312,945	329,522	0.73	0.08	0.13	0.06	(0.05)	(0.00)
343,442	398,386	0.35	0.19	0.02	0.26	(0.14)	0.02
656,387	727,908	0.51	0.14	0.07	0.16	(0.10)	0.01
306,230	269,842	0.11	0.21	0.19	0.17	0.13	0.03
75,820	50,479	1.59	0.23	0.21	0.05	0.50	(0.11)
274,337	407,587	0.80	(0.01)	(0.11)	0.18	(0.33)	0.01
656,387	727,908	0.51	0.14	0.07	0.16	(0.10)	0.01
1,376,861	1,255,064	(0.07)	0.11	0.05	0.30	0.10	0.21
(1,073,514)	(1,020,067)	(0.08)	0.09	0.02	0.30	0.05	0.20
303,348	234,997	(0.03)	0.16	0.17	0.30	0.29	0.24
(60,991)	(49,421)	0.15	(0.02)	0.27	0.09	0.23	0.21
(135,993)	(124,570)	0.11	0.20	0.13	0.35	0.09	0.15
106,364	61,006	(0.27)	0.20	0.19	0.35	0.74	0.49
(7,057)	(1,948)	(0.34)	0.17	0.45	0.19	2.62	0.27
7,513	12,963	0.36	(0.22)	0.47	0.45	(0.42)	1.12
106,820	72,021	(0.23)	0.17	0.20	0.37	0.48	0.59
(37,613)	(53,487)	1.20	(0.24)	(0.40)	0.02	(0.30)	0.65
69,208	18,534	(0.36)	0.23	0.41	0.56	2.73	0.41
(22,740)	(4,482)	(0.78)	0.24	0.27	0.53	4.07	(0.06)
46,468	14,052	(0.19)	0.22	0.48	0.58	2.31	0.69
156,022	36,674	(1.13)	0.42	0.42	(0.45)	3.25	(1.72)
(10,042)	(26,466)	4.10	(0.12)	0.54	3.78	(0.62)	(0.68)
(10,014)	(26,861)	(4.01)	0.09	0.71	1.02	(0.63)	0.08
135,966	(16,653)	(4.44)	4.51	(0.27)	(0.87)	(9.16)	(0.90)

Value Addition and its Distribution

	2014		2013	
Wealth Generated	Rs. In '000	%	Rs. In '000	%
Net slaes	1,945,126	99.13	2,084,262	99.40
Other operating income	17,105	0.87	12,534	0.60
	1,962,231	100.00	2,096,796	100.00
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration and other duties)	1,279,561	65.21	1,418,636	67.66
Selling, distribution and administration expenses (excluding employees remuneration and other duties)	252,513	12.87	234,646	11.19
Employees remuneration	262,692	13.39	224,798	10.72
Finance cost including exchange loss	38,591	1.97	17,558	0.84
Government taxes and levies	19,845	1.01	67,754	3.23
(Income tax, WPPF and WWF)	-		-	
Dividend to shareholders	39,375	2.01	47,250	2.25
Retained for future growth	68,090	3.47	85,154	4.06
Charity and donation	1,564	0.08	1,000	0.05
	1,962,231	100	2,096,796	100





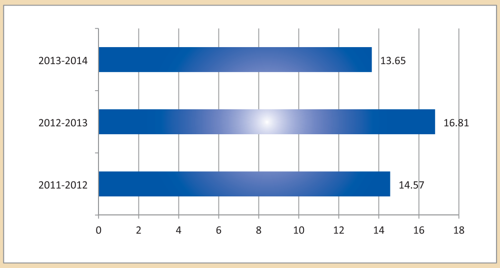
Stakeholder Information

Financial Ratios

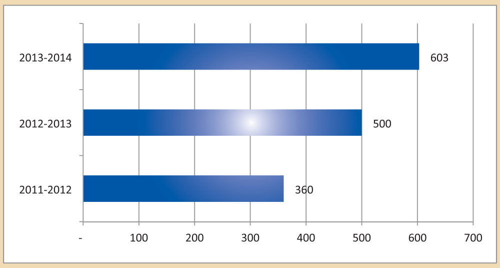
	Unit	2014	2013	2012	2011	2010	2009
Rate of return							
Return on assets	%	7.67	14.31	13.31	9.62	7.08	1.93
Return on equity	%	18.56	25.47	25.25	20.42	15.17	5.21
Return on capital employed	%	17.86	32.04	33.36	33.36	0.00	22.48
Interest cover	Times	4.10	11.65	7.63	3.82	0.00	1.35
Gross profit margin	%	26.80	25.79	24.56	21.97	22.03	18.72
Net profit to sales	%	5.52	6.35	5.75	4.09	3.37	1.12
EBITDA	Rs	208,146	242,030	210,578	177,648	29,548	102,231
EBITDA margin to sales	%	10.70	11.61	11.17	9.90	2.15	8.15
Liquidity							
Current ratio		1.36	1.81	1.52	1.33	1.25	0.98
Quick ratio		0.58	0.67	0.33	0.37	0.41	0.34
Financial Gearing							
Debt-Equity ratio	Times	1.42	0.78	0.90	1.12	1.14	1.70
Debt to assets	%	58.70	43.81	47.28	52.91	53.35	62.93
Capital Efficiency							
Debtor turnover/No. of days in receivables	Days	18	10	12	13	11	17
Inventory turnover/ No. of days in inventory	Days	104	77	88	81	79	93
Creditor turnover/ No.of days in payables	Days	43	44	38	44	35	31
Operating cycle	Days	79	43	62	51	54	79
Fixed assets turnover ratio	Times	2.84	5.30	5.36	5.81	4.55	3.97
Total assets turnover	Times	1.39	2.25	2.31	2.35	2.10	1.72

Shareholder Information

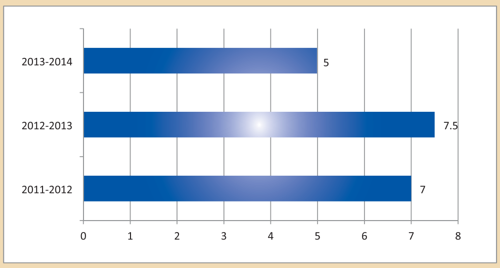
Earnings per share (Rupees)



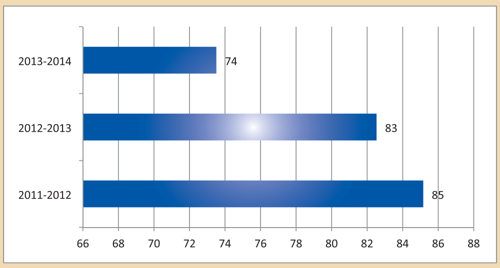
Year Closing Stock Price (As 30 September) (Rupees)



Dividend History (%)



Break-up value of Shares (Rupees)



Pattern of Shareholding
As at September 30, 2014

No of Shareholders	From	To	Total Shares Held
310	1	100	11,648
330	101	500	84,368
69	501	1,000	53,464
128	1,001	5,000	224,015
9	5,001	10,000	52,680
4	10,001	15,000	47,762
4	15,001	20,000	68,178
2	25,001	30,000	54,325
1	30,001	35,000	32,531
2	35,001	40,000	73,004
1	60,001	65,000	64,248
1	65,001	70,000	65,275
1	75,001	80,000	76,116
1	80,001	85,000	80,050
1	85,001	90,000	86,983
2	125,001	130,000	252,675
1	165,001	170,000	169,581
1	170,001	175,000	171,320
1	290,001	295,000	292,738
1	420,001	425,000	424,763
1	705,001	710,000	708,000
1	790,001	795,000	791,216
1	1,010,001	1,015,000	1,010,608
1	1,265,001	1,270,000	1,269,626
1	1,705,001	1,710,000	1,709,826
875			7,875,000

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	4,548,772	57.7622%
Associated Companies, undertakings and related parties.	-	0.0000%
NIT and ICP	-	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions.	17,429	0.2213%
Insurance Companies	292,738	3.7173%
Modarabas and Mutual Funds	797,641	10.1288%
Shareholders holding 10% or more	5,211,976	66.1838%
General Public		
a. Local	2,108,648	26.7765%
b. Foreign		
Others (to be specified)		
Joint Stock Companies	43,269	0.5494%
Pension Funds	64,248	0.8158%
Others	2,255	0.0286%

Categories of Shareholders as required under C.C.G.
As at September 30, 2014

SR. NO.	NAME	Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties (Name Wise Detail):	-	-
	Mutual Funds (Name Wise Detail)		
1	CDC - TRUSTEE FIRST HABIB STOCK FUND (CDC)	6,250	0.0794%
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	791,216	10.0472%
	Directors and their Spouse and Minor Children (Name Wise Detail):		
1	S.M MOHSIN	1,709,826	21.7121%
2	MEHDI MOHSIN	1,016,545	12.9085%
3	FAISAL IMAM	125,325	1.5914%
4	UMME KULSUM IMAM	1,125	0.0143%
5	MOAZ MOHIUDDIN	781	0.0099%
6	JAMAL NASIM (NIT NOMINEE)	--	--
7	MUJEEB RASHID (CDC)	781	0.0099%
8	SITWAT MOHSIN	1,694,389	21.5161%
	Executives:	450	0.0057%
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	374,590	4.7567%

Shareholders holding five percent or more voting interest:

S. No.	Name	Share Held	Percentage
1	S.M MOHSIN	1,709,826	21.7121%
2	SITWAT MOHSIN	1,694,389	21.5161%
3	MEHDI MOHSIN	1,016,545	12.9085%
4	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	791,216	10.0472%
5	AMINA WADALAWALA	708,000	8.9905%

All trades in the shares of the company, carried out by its Directors:

S.No	NAME	Sale	Purchase	Bonus
1	S.M MOHSIN			341,965
2	MOHAMMAD MEHDI MOHSIN			203,308
3	FAISAL IMAM			25,065
4	UMME KULSUM IMAM			225
5	MOAZ MOHIUDDIN			156
6	MUJEEB RASHID (CDC)			156
7	SITWAT MOHSIN			338,877

Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of chapter (XI) of the listing regulations of Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.
The company has applied the principles contained in the CCG in the following manner:

1 The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Moaz Mohiuddin
Executive Directors	Mujeeb Rashid and Mehdi Mohsin
Non-Executive Directors	S.M. Mohsin, Sitwat Mohsin, Syed Faisal Imam, Umme Kulsum Imam and Jamal Nasim

The independent director meets the criteria of independence under clause I (b) of the CCG.

2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3 All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4 No casual vacancy occurred in the Board during the year.

5 The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6 The Board has developed a vision & mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8 The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9 All directors of the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.

10 No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year.

11 The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12 The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13 The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14 The Company has complied with all the corporate and financial reporting requirements of the CCG.

15 The Board has formed an audit committee. The committee consists of three members of whom all are non-executive directors and the chairman of the committee is an independent director.

16 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17 The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.

18 The Board has set-up an effective internal audit function, members of which are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21 The 'closed period', prior to the announcement of interim / final results and business decisions which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23 We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore,
January 05, 2015

Mujeeb Rashid
Chief Executive Officer

Review Report to the Members

On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Mitchell's Fruit Farms Limited ("the Company") to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (x) of Listing Regulation 35 notified by the Karachi, Lahore and Islamabad Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2014.

A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Amer Raza Mir

Lahore,
January 05, 2015

From the Oldest Chocolate Makers to You

Give in to your sweet cravings and gratify your senses with Mitchell's chocolates. Whether it's Pakistan's favorite jubilee chocolate or the seductive sweetness of desire, Mitchell's has been making your life sweet for generations.

Chocolates

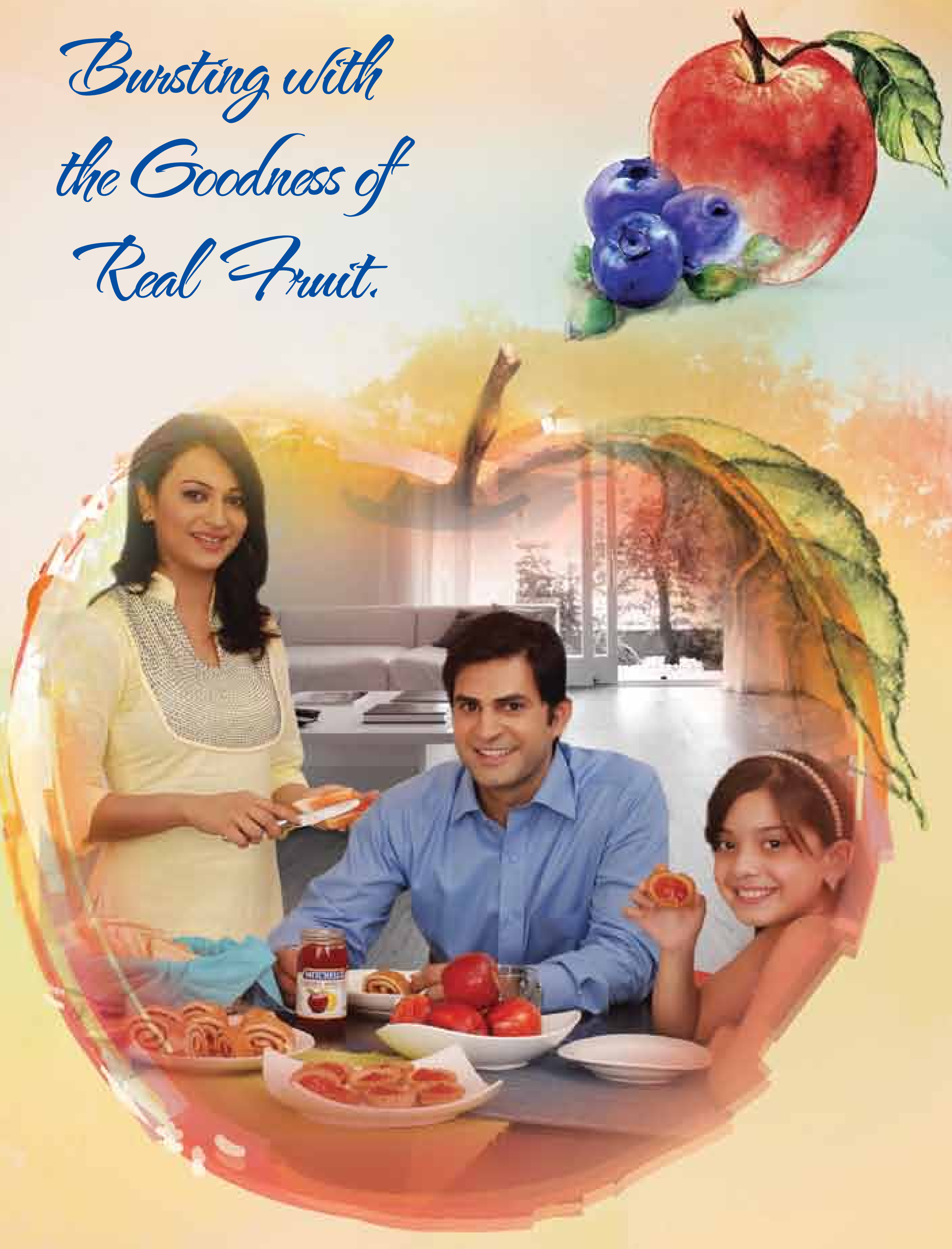

The joy of
Fulfilling your
Desires...
Desire
MITCHELL'S®

From the Farm, Into the Jar

Made with the goodness of real farm-fresh fruits, Mitchell's jam, jellies and marmalade are full of nutrition and nourishment. So give your day a healthy start with Mitchell's range of preserves.

Jam, Jellies and Marmalade

Bursting with
the Goodness of
Real Fruit.



MITCHELL'S®

From the First Bite to the Last; Sugary Delight

What could be more joyous than a treat of crunchy, juicy candies that melt in your mouth or soft, milky toffees making every child and adult alike, smile with pleasure. Mitchell's sweets provide the best sugar rush.

Sugar Confectionery

The joy of
Growing up

MITCHELL'S®

Auditors' Report to the Members

We have audited the annexed balance sheet of Mitchell's Fruit Farms Limited ("the Company") as at September 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b)in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change in accounting policy referred to in note 4.2.1, with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2014 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Amer Raza Mir

Lahore,
January 05, 2015

Financial Statements

As at 30 September 2014

Balance Sheet
As at September 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)	2012 Rupees (Restated)
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorised capital 20,000,000 (2013: 20,000,000 and 2012: 10,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000	100,000,000
Issued, subscribed and paid up capital 7,875,000 (2013: 6,300,000 and 2012: 5,040,000) ordinary shares of Rs. 10 each	5	78,750,000	63,000,000	50,400,000
Reserves	6	9,635,878	9,635,878	9,635,878
Unappropriated profit		490,527,386	447,284,403	369,146,978
		578,913,264	519,920,281	429,182,856
NON-CURRENT LIABILITIES				
Deferred liabilities	7	157,033,057	118,420,311	96,395,108
Long term finance	8	149,333,333	-	-
		306,366,390	118,420,311	96,395,108
CURRENT LIABILITIES				
Current portion of long term finance		10,666,667	-	-
Short term running finances-secured	9	331,973,482	97,102,844	140,987,776
Creditors, accrued and other liabilities	10	164,653,092	188,394,095	146,322,898
Accrued finance cost on short term running finances		9,004,225	1,485,143	1,197,065
		516,297,466	286,982,082	288,507,739
CONTINGENCIES AND COMMITMENTS	11			
		1,401,577,120	925,322,674	814,085,703

The annexed notes 1 to 37 form an integral part of these financial statements.

	Note	2014 Rupees	2013 Rupees (Restated)	2012 Rupees (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	12	684,798,311	393,166,181	364,711,648
Intangible assets	13	2,247,136	1,077,596	1,285,370
Biological assets	14	9,341,334	9,573,000	9,505,667
Long term receivables		1,974,780	750,000	-
		698,361,561	404,566,777	375,502,685
CURRENT ASSETS				
Stores, spares and loose tools	15	19,457,038	15,026,848	12,491,433
Stock in trade	16	405,756,555	327,371,490	342,532,608
Trade debts	17	96,601,581	56,548,807	59,816,430
Advances, deposits, prepayments and other receivables	18	147,086,354	84,008,075	11,387,684
Cash and bank balances	19	34,314,031	37,800,677	12,354,863
		703,215,559	520,755,897	438,583,018
		1,401,577,120	925,322,674	814,085,703

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Profit and Loss Account

For the year ended September 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Sales	20	1,945,126,430	2,084,261,537
Cost of sales	21	(1,423,776,984)	(1,546,795,615)
Gross profit		521,349,446	537,465,922
Administration expenses	22	(95,153,037)	(82,852,434)
Distribution and marketing expenses	23	(275,836,084)	(248,431,685)
Other expenses	24	(9,397,863)	(14,221,178)
Other income	25	17,104,796	12,534,263
Profit from operations		158,067,258	204,494,888
Finance cost	26	(38,590,614)	(17,557,660)
Profit before tax		119,476,644	186,937,228
Taxation	27	(12,012,022)	(54,532,742)
Profit for the year		107,464,622	132,404,486
Earnings per share - Basic and diluted	33	13.65	16.81

The annexed notes 1 to 37 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Statement of Comprehensive Income
For the year ended September 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Profit for the period	107,464,622	132,404,486
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit - net of tax	(1,221,639)	(3,867,061)
Items that may be reclassified to profit or loss	-	-
Total comprehensive income for the year	106,242,983	128,537,425

The annexed notes 1 to 37 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Cash Flow Statement

For the year ended September 30, 2014

	Note	2014 Rupees	2013 Rupees
Cash flows from operating activities			
Cash generated from operations	31	75,683,606	329,008,425
Finance cost paid		(31,071,532)	(17,269,582)
Net income tax paid		(60,878,383)	(133,921,266)
Retirement benefits paid		(5,496,243)	(6,356,075)
Net cash (used in)/generated from operating activities		(21,762,552)	171,461,502
Cash flows from investing activities			
Fixed capital expenditure		(337,548,934)	(68,196,513)
Purchase of intangible assets		(1,606,150)	(58,000)
Sale proceeds of property, plant and equipment		9,592,326	2,824,222
Net increase in long term security deposits		(1,224,780)	(750,000)
Purchase of biological assets		(1,236,440)	-
Proceeds from sale of biological assets		2,625,700	1,532,200
Net cash used in investing activities		(329,398,278)	(64,648,091)
Cash flows from financing activities			
Dividend paid		(47,196,454)	(37,482,665)
Long term loans obtained		160,000,000	-
Net cash generated from/(used in) financing activities		112,803,546	(37,482,665)
Net (decrease)/increase in cash and cash equivalents		(238,357,284)	69,330,746
Cash and cash equivalents at the beginning of the year		(59,302,167)	(128,632,913)
Cash and cash equivalents at the end of the year	32	(297,659,451)	(59,302,167)

The annexed notes 1 to 37 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Statement of Changes in Equity
For the year ended September 30, 2014

	Share capital	Share premium	General reserve	Accumulated profit	Total
	-----------------------------------		Rupees	-----------------------------	
Balance as at September 30, 2012	50,400,000	9,335,878	300,000	372,529,248	432,565,126
Effect of retrospective change in accounting policy -net of tax (Note 4.2.1)	-	-	-	(3,382,270)	(3,382,270)
Balance as at September 30, 2012 - restated	50,400,000	9,335,878	300,000	369,146,978	429,182,856
Transfer to reserve for issuance of bonus shares	-	-	12,600,000	(12,600,000)	-
Issuance of bonus shares	12,600,000	-	(12,600,000)	-	-
Final dividend for the year ended September 30, 2012 at Rs. 7.5 per share	-	-	-	(37,800,000)	(37,800,000)
Total comprehensive income for the year	-	-	-	128,537,425	128,537,425
Balance as at September 30, 2013 - restated	63,000,000	9,335,878	300,000	447,284,403	519,920,281
Transfer to reserve for issuance of bonus shares	-	-	15,750,000	(15,750,000)	-
Issuance of bonus shares	15,750,000	-	(15,750,000)	-	-
Final dividend for the year ended September 30, 2013 at Rs. 7.5 per share	-	-	-	(47,250,000)	(47,250,000)
Total comprehensive income for the year	-	-	-	106,242,983	106,242,983
Balance as at September 30, 2014	78,750,000	9,335,878	300,000	490,527,386	578,913,264

The annexed notes 1 to 37 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Notes to the Financial Statements
For the year ended September 30, 2014

1. Legal status and nature of business

Mitchell's Fruit Farms Limited ("the Company") was incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is located in Lahore.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Amendments and interpretations to published standards effective in current year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

Standards and interpretations	Effective date (accounting periods beginning on or after)
Annual improvements 2011; IFRS 1, 'First-time Adoption'. IAS 1, 'Financial Statement Presentation'. IAS 16, 'Property, Plant and Equipment'. IAS 32, 'Financial Instruments: Presentation'. IAS 34, Interim Financial Reporting'. The application of these amendments have no material impact on the Company's financial statements.	January 01, 2013
IAS 19 (Amendments), 'Employee Benefits' eliminate the corridor approach and calculate finance costs on a net funding basis. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact of change in accounting policy on the Company's financial statements has been explained in note 4.2.1.	January 01, 2013

2.2.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable/relevant to the Company's operations

Standards and interpretations		Effective date (accounting periods beginning on or after)
- IFRS 7	Financial Instruments: Disclosure	January 01, 2013
- IFRS 10	Consolidated Financial Statements	January 01, 2013
- IFRS 12	Disclosures of Interests in Other Entities	January 01, 2013
- IFRS 13	Fair Value Measurement	January 01, 2013
- IAS 32	Financial Instruments: Presentation	January 01, 2013
- IAS 27	Separate Financial Statements	January 01, 2013
- IAS 28	Investments in Associates and Joint Ventures	January 01, 2013

2.2.3 Standards, amendments and interpretation to existing standards that are not yet effective

Standards and interpretations		Effective date (accounting periods beginning on or after)
- IAS 32,	'Financial Instruments: Presentation, on offsetting financial asset and financial liabilities'	January 01, 2014
- IFRS 9,	'Financial Instruments'	January 01, 2015
-IFRS 14,	'Regulatory Deferral Accounts'	January 01, 2016
-IFRS 15,	'Revenue from Contracts with Customers'	January 01, 2017
-IAS 19,	'Employee Benefits'	July 01, 2014
-IFRS 10,	'Consolidated Financial Statements'	January 01, 2015
-IFRS 11,	'Joint Arrangements'	January 01, 2015
-IFRS 12,	'Disclosure of Interests in Other Entities'	January 01, 2015
-IAS 36	(Amendment), 'Impairment of Assets'	January 01, 2014
-IAS 39	(Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives and hedge accounting'	January 01, 2014
-IFRIC 21,	'Levies'	January 01, 2014
-Annual improvements 2012; IFRS 2, 'Share-based Payment'. IFRS 3, 'Business Combinations'. IFRS 8, 'Operating Segments'. IFRS 13, 'Fair Value Measurement'. IAS 16, 'Property, Plant and Equipment'. IAS 38, 'Intangible Assets'		July 01, 2014

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments, biological assets and agricultural produce at fair values as referred to in notes 4.5 and recognition of certain employee retirement benefits at present value as referred to in note 4.2.

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

b) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

c) Useful lives and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with the corresponding effect on the depreciation charge and impairment.

d) Biological assets

The Company bases its valuation upon yield assessment performed by an independent agricultural expert and computes fair value less estimated point of sales cost to arrive at its valuation. The fair value less estimated point of sales cost is based on factors mentioned in note 4.5.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity, respectively.

4.2 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

(a) Defined benefit plans

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service . Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at September 30, 2014. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

- Discount rate: 13.5 percent per annum (2013: 11.5 percent per annum).
- Expected rate of increase in salary level: 12.5 percent per annum (2013: 10.5 percent per annum).
- Average expected remaining working life time of employees: 9 years (2013: 11 years).

(b) Accumulating compensated absences

The Company provides accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences.

Provisions are made annually to cover the obligation for accumulating compensated absences for executives based on actuarial valuation and are charged to profit.

The latest actuarial valuation was carried out as at September 30, 2014. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences.

- Discount rate: 14 percent per annum (2013: 11.5 percent per annum).
- Expected rate of increase in salary level: 13 percent per annum (2013: 10.5 percent per annum).
- Average expected remaining working life time of employees: 12 years (2013: 14 years).

Actuarial gains and losses arising during the year are recognised immediately in accordance with the provisions of IAS 19 “Employee Benefits”.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

4.2.1 Change in accounting policy

During the year, in accordance with IAS 19 - 'Employee Benefits' (revised), the Company has changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current year, the Company has recognised actuarial gains and losses immediately in other comprehensive income; immediately recognised all past service costs in profit and loss account; and replaced interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset. This change has removed the corridor method and eliminated the ability for the Company to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which was previously allowed under IAS 19.

The change has been accounted for in accordance with IAS 19 - 'Employee Benefits' (Revised) and IAS 8 - 'Accounting Policies, Change in Accounting Estimates and Errors'. In accordance with requirements of IAS 8, the Company has applied the change in accounting policy retrospectively and IAS 1 - 'Presentation of Financial Statements' (Revised), the Company has presented balance sheet as at the beginning of the earliest comparative period i.e., October 01, 2012.

The effect of the change in accounting policy on the current and prior period financial statements have been summarised below:

	September 30, 2014 Rupees	September 30, 2013 Rupees	September 30, 2012 Rupees
Impact on balance sheet			
Increase in deferred liabilities	370,685	3,867,061	3,382,270
(Decrease) in unappropriated profit	(370,685)	(3,867,061)	(3,382,270)

	September 30, 2014 Rupees	September 30, 2013 Rupees
Impact on profit and loss account		
Decrease in cost of sales	(212,739)	(24,506)
Decrease in administration expenses	(425,476)	(15,478)
Decrease in distribution and marketing expenses	(212,739)	(24,506)
Increase in profit	850,954	64,490
Impact on other comprehensive income		
Remeasurement of actuarial losses/gains on retirement benefit plan	(1,221,639)	(3,867,061)

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing cost as referred to in note 4.15.

Depreciation on all operating fixed assets is charged to profit on the reducing balance method so as to write off the depreciable amount of an asset over its estimated useful life at the annual rates mentioned in note 12.1, after taking into account the impact of their residual values, if considered significant.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if the impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at September 30, 2014 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as mentioned in note 4.6.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Fixed assets received as a grant are debited to the property, plant and equipment account at fair value and a corresponding amount credited to the deferred income account in the balance sheet. Such items are thereafter depreciated as per the policy of the company while a corresponding amount is transferred from the deferred income to the profit and loss account.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.4 Intangible assets

Intangible assets represent the cost of computer software acquired and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the reducing balance method at the rate of 20% so as to write off the cost of an asset over its estimated useful life.

Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as mentioned in note 13.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as mentioned in note 4.6.

4.5 Biological assets and agriculture produce

Biological assets comprise of livestock and trees. These are measured at fair value less estimated point-of-sale costs with any resultant gain/loss being recognised in the profit and loss account. Fair value of livestock is determined on the basis of market prices of livestock of similar age, breed and genetic merit. Fair value of trees is determined on the basis of market prices of similar items in local areas. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

The Company held 107 animals (2013: 119) including cows, calves, horses and sheep and estimates to beneficially own 767 (2013: 829) trees of various kinds including mango, jamboline, kachnar, ceruse, amla, spikenard, borh and sheesham etc. as on September 30, 2014.

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation/ amortisation and are tested annually for impairment. Assets that are subject to depreciation/ amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.7 Leases

4.7.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.8 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for slow moving stores based on management's best estimate.

4.9 Stock in trade

Stock of raw materials, except for those in transit, and finished goods are valued principally at the lower of moving average cost and net realizable value.

Cost of raw material signifies average direct material cost.

Finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's best estimate.

4.10 Financial instruments

4.10.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.10.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.10.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

4.13 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.15 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they arise.

4.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.18 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not designate derivatives as cash flow hedges.

4.19 Revenue recognition

Revenue from sales is recognised on dispatch of goods to customers.

Return on deposits is recognised on a time proportion basis taking into account the amounts outstanding and the rates applicable thereon.

4.20 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.21 Dividend

Dividend distribution to the Company's members is recognised as a liability in the period in which the dividends are approved.

5. Issued, subscribed and paid up capital

2014	2013		2014	2013
(Number of Shares)			Rupees	Rupees
1,417,990	1,417,990	Ordinary shares of Rs. 10 each fully paid in cash	14,179,900	14,179,900
44,020	44,020	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	440,200	440,200
6,412,990	4,837,990	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	64,129,900	48,379,900
7,875,000	6,300,000		78,750,000	63,000,000

6. Reserves

	Note	2014 Rupees	2013 Rupees
Composition of reserves is as follows:			
Capital Reserve			
- Share premium	6.1	9,335,878	9,335,878
Revenue			
- General reserve		300,000	300,000
		9,635,878	9,635,878

6.1 This reserve can be utilised by the company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

7. Deferred liabilities

	Note	2014 Rupees	2013 Rupees
These are composed of:			
Deferred taxation	7.1	58,163,723	46,825,225
Retirement and other benefits	7.2	90,762,217	71,595,086
Deferred income	7.3	8,107,117	-
		157,033,057	118,420,311

7.1 Deferred taxation

The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation & amortization		99,543,647	74,032,798
Retirement benefits		(28,431,264)	(23,429,017)
Other provisions		(7,024,455)	(3,778,556)
Unused tax credits		(5,924,205)	-
		58,163,723	46,825,225

7.2 Retirement and other benefits

Staff gratuity	7.2.1	78,517,165	63,174,475
Accumulating compensated absences		12,245,052	8,420,611
		90,762,217	71,595,086

	2014 Rupees	2013 Rupees (Restated)
7.2.1 Staff gratuity		
Liability at start of the year	63,174,475	47,653,965
Charge to profit and loss account	17,118,989	14,315,766
Contributions by the Company	(3,555,169)	(4,744,580)
Remeasurement chargeable in other comprehensive income	1,778,870	5,949,324
Liability at end of the year	78,517,165	63,174,475
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at the start of the year	63,174,475	47,653,965
Service cost	10,454,722	9,073,385
Interest cost	6,664,267	5,242,381
Benefits paid	(3,555,169)	(4,744,580)
Remeasurements Loss	1,778,870	5,949,324
Present value of defined benefit obligation at the end of the year	78,517,165	63,174,475

The present value of defined benefit obligation and the experience adjustment on obligation is as follows:

As at September 30	2014	2013	2012	2011	2010
		(Rupees in thousands)			
		(Restated)	(Restated)	(Restated)	(Restated)
Present value of defined benefit obligation	78,517	63,174	47,654	39,978	31,865
Experience adjustment on obligation	1,779	5,949	(1,200)	963	958

7.3. Deferred income

These represent assets donated to the Company, recognised and amortised in accordance with the Company's policy. The movement in the deferred income in the current period is as follows:

	Note	2014 Rupees	2013 Rupees
Opening balance		-	-
Additions during the year		8,459,600	-
Amortization during the year		(352,483)	-
Closing balance		8,107,117	-

8. Long term finance

	Note	2014 Rupees	2013 Rupees
Long term finance-secured	8.1	160,000,000	-
Less: Current maturity		(10,666,667)	-
		149,333,333	-

8.1 The long term finance has been obtained during the period from Habib Bank Limited. Under the arrangement, principal amount of Rs. 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.

The loan is secured by first joint pari-passu charge on plant and machinery of the company having a value of Rs 214 million.

Lender	Amount of loan outstanding Rupees	Rate of interest/ mark-up per annum	Remaining number of installments	Interest/Mark-up payable
Habib Bank Limited	160,000,000	3 months KIBOR plus 1.00%	15 equal quarterly installments commencing from September 27, 2015	Quarterly
Total	160,000,000			

9. Short term running finances - secured

Short term running finances, available from commercial banks under mark-up arrangements amount to Rs. 410 million (2013: Rs. 385 million). The rates of mark-up range from 10.43% to 11.36% per annum (2013: 10.33% to 11.70%) on the balance outstanding and is payable quarterly.

Of the aggregate facility of Rs. 120 million (2013: Rs. 145 million) for opening letter of credits and Rs. 22 million (2013: Rs. 22 million) for guarantees, the amount utilised at September 30, 2014 was Rs. 82.561 million (2013: Rs. 130 million) and Rs. 17.20 million (2013: Rs. 17.20 million) respectively. The guarantees of Rs. 22 million are a sub-facility of the running finance facility obtained i.e. Rs. 410 million.

The aggregate short term facilities are secured by a hypothecation of stores and spares, stock in trade, trade debts and a charge on the present and future fixed assets of the company.

10. Creditors, accrued and other liabilities

	Note	2014 Rupees	2013 Rupees
Trade creditors		73,714,194	86,929,927
Accrued liabilities		28,289,403	39,832,002
Advances from customers		20,670,837	13,182,250
Interest free deposits repayable on demand		110,000	110,000
Due to related parties	10.1	176,602	-
Sales tax payable		11,376,272	15,023,587
Workers' profit participation fund	10.2	6,365,492	9,835,407
Workers' welfare fund		5,514,768	7,035,052
Unclaimed dividends		2,742,572	1,467,387
Provision for duties payable		9,973,566	9,973,566
Others		5,719,386	5,004,917
		164,653,092	188,394,095

	Note	2014 Rupees	2013 Rupees
10.1 Due to related parties			
Lessee		176,602	-
		176,602	-

These relate to normal business of the company and are interest free.

10.1.2 Ageing of related party balance

	Note	2014 Rupees	2013 Rupees
One to six months		176,602	-
Total		176,602	-

10.2 Workers' profit participation fund

	Note	2014 Rupees	2013 Rupees
Opening balance		9,835,407	8,015,261
Provision for the year	24	6,365,492	9,835,407
Interest for the year	26	112,296	217,432
		16,313,195	18,068,100
Less: Payments made during the year		(9,947,703)	(8,232,693)
Closing balance		6,365,492	9,835,407

11. Contingencies and commitments

11.1 Contingencies

The Company has issued a guarantee in favour of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs. 17.2 million (2013: Rs. 17.2 million).

The Company has issued post dated cheques amounting to Rs. 89 million (2013: Rs. 89 million) to Collector of Customs Lahore Dry Port on account of taxes and duty which might become payable against Duty and Tax Remission on Export under SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

11.2 Commitments

Letters of credit including capital expenditure are Rs. 28.6 million (2013: Rs 130.0 million).

	Note	2014 Rupees	2013 Rupees
12. Property, plant and equipment			
Operating fixed assets	12.1	641,698,700	386,610,321
Capital work-in-progress	12.2	43,099,611	6,555,860
		684,798,311	393,166,181

12.1 Property, plant and equipment

	Land	Buildings							
	Freehold	On freehold land	On leasehold land	Plant and machinery	Vehicles	Furniture and Fittings	Electric Installations	Computer Hardware	Total
	(Rupees)								
Net carrying value basis									
Year ended September 30, 2014									
Opening net book value (NBV)	15,547	63,056,282	2,723,016	278,047,127	21,961,962	1,546,564	17,271,878	1,987,945	386,610,321
Additions (at cost)	-	12,158,907	5,436,959	269,165,752	15,372,469	1,118,047	5,860,022	352,627	309,464,783
Disposals / Write off (at NBV)	-	(838)	-	-	(4,675,894)	-	(26,681)	(30,625)	(4,734,038)
Adjustments	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(6,881,676)	(1,217,815)	(32,671,935)	(2,833,147)	(443,200)	(5,159,106)	(435,487)	(49,642,366)
Closing net book value (NBV)	15,547	68,332,675	6,942,160	514,540,944	29,825,390	2,221,411	17,946,113	1,874,460	641,698,700
Gross carrying value basis									
As at September 30, 2014									
Cost	15,547	120,752,089	8,354,476	832,138,005	39,713,653	5,693,761	51,376,096	8,410,003	1,066,453,630
Accumulated depreciation	-	(52,419,414)	(1,412,316)	(317,597,061)	(9,888,263)	(3,472,350)	(33,429,983)	(6,535,543)	(424,754,930)
Net book value (NBV)	15,547	68,332,675	6,942,160	514,540,944	29,825,390	2,221,411	17,946,113	1,874,460	641,698,700
Depreciation rate % per annum	-	10	20	10	20	20	20-33.33	20	
Net carrying value basis									
Year ended September 30, 2013									
Opening net book value (NBV)	15,547	25,514,917	980,252	284,807,171	20,174,001	1,061,443	16,950,813	1,925,582	351,429,726
Additions (at cost)	-	41,433,710	2,917,518	17,127,068	5,967,770	748,983	6,209,257	518,269	74,922,575
Disposals / Write off (at NBV)	-	-	(906,734)	-	(1,506,446)	-	(57,904)	(1,500)	(2,472,584)
Adjustments	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(3,892,345)	(268,020)	(23,887,112)	(2,673,363)	(263,862)	(5,830,288)	(454,406)	(37,269,396)
Closing net book value (NBV)	15,547	63,056,282	2,723,016	278,047,127	21,961,962	1,546,564	17,271,878	1,987,945	386,610,321
Gross carrying value basis									
As at September 30, 2013									
Cost	15,547	108,717,802	2,917,517	562,972,253	33,210,915	4,575,714	45,569,572	8,105,563	766,084,883
Accumulated depreciation	-	(45,661,520)	(194,501)	(284,925,126)	(11,248,953)	(3,029,150)	(28,297,694)	(6,117,618)	(379,474,562)
Net book value (NBV)	15,547	63,056,282	2,723,016	278,047,127	21,961,962	1,546,564	17,271,878	1,987,945	386,610,321
Depreciation rate % per annum	-	10	20	10	20	20	20-33.33	20	

12.1.1 The cost of fully depreciated assets which are still in use as at September 30, 2014 is Rs. 23.59 million (2013: Rs. 23.41 million).

12.1.2 The depreciation charge for the year has been allocated as follows:

	Note	2014 Rupees	2013 Rupees
Cost of sales	21	40,771,426	28,047,476
Administration expenses	22	2,921,211	1,894,789
Distribution and marketing expenses	23	5,949,729	7,327,131
		49,642,366	37,269,396

12.1.3 Disposal of operating fixed assets

Detail of operating fixed assets sold during the year is as follows:

		2014				
Particulars of assets	Sold to/Transferred to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
		---------------------- Rupees	-------------------			
Vehicles	Employees					
	Mr. Shahzad Ahmad	537,490	202,441	335,049	252,568	Company policy
	Mr. Ramzan Bhatti	1,323,000	446,668	876,332	681,372	Company policy
	Mr. Junaid Javed	846,340	392,376	453,964	273,300	Company policy
	Outsiders					
	Mr. Shabbir Hussain	494,830	246,121	248,709	472,786	Negotiation
	Mr. Liaqat Ali	3,361,582	1,793,139	1,568,443	4,040,000	Negotiation
	Mr. Safoor Amjad Bajwa	822,900	347,953	474,947	796,000	Auction
Other assets with book value less than Rs. 50,000		1,709,895	933,300	776,594	3,076,300	
		9,096,037	4,361,998	4,734,038	9,592,326	

Detail of operating fixed assets sold during the year is as follows:

		2013				
Particulars of assets	Sold to/Transferred to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
		---------------------- Rupees	-------------------			
Vehicles						
	Outsiders					
	Mr. Naeem Iqbal	1,355,780	720,134	635,646	1,532,000	Negotiation
	Mr. Murtaza Khan	504,000	184,208	319,792	422,222	Negotiation
	Phoola Auto Service	316,969	199,269	117,700	83,500	Negotiation
	Ismail Karyana Store	1,053,000	619,692	433,308	720,000	Negotiation
On leasehold land						
	General Public	869,125	441,878	427,247	25,000	Negotiation
	Write off	3,297,722	2,818,235	479,487	-	
Other assets with book value less than Rs. 50,000		176,049	116,645	59,404	41,500	
		7,572,645	5,100,061	2,472,584	2,824,222	

	Note	2014 Rupees	2013 Rupees
12.2 Capital work-in-progress			
Civil Works		38,589,069	1,380,444
Plant and machinery		4,510,542	5,175,416
		43,099,611	6,555,860

13. Intangible Assets

	Note	2014 Rupees	2013 Rupees
Net carrying value basis			
Year ended September 30, 2014			
Opening net book value (NBV)		1,077,596	1,285,370
Additions at cost		1,606,150	58,000
Deletions at NBV		-	-
Amortisation charge		(436,610)	(265,774)
Closing net book value (NBV)		2,247,136	1,077,596
Gross carrying value basis			
Cost		6,832,827	5,226,677
Accumulated amortization		(4,585,691)	(4,149,081)
Net book value (NBV)		2,247,136	1,077,596
Amortization rate % per annum		20	20

13.1 The amortization charge for the year has been allocated as follows:

	Note	2014 Rupees	2013 Rupees
Cost of sales	21	67,948	84,935
Administration expenses	22	147,571	180,839
Distribution and marketing expenses	23	221,091	-
		436,610	265,774

14. Biological assets

	Note	2014 Rupees	2013 Rupees
Livestock		7,449,667	7,536,333
Trees		1,891,667	2,036,667
		9,341,334	9,573,000

15. Stores, spares and loose tools

	Note	2014 Rupees	2013 Rupees
General stores		5,386,924	4,097,770
Engineering stores		20,332,997	17,191,961
		25,719,921	21,289,731
Less: Provision for obsolete items - Engineering store	15.2	(6,262,883)	(6,262,883)
		19,457,038	15,026,848

15.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2014 Rupees	2013 Rupees
15.2 Provision for obsolete items - Engineering store			
Opening balance		6,262,883	4,885,025
Add: Provision for the year	21	-	1,377,858
Closing balance		6,262,883	6,262,883
16. Stock in trade			
Raw materials [including in transit Rs. 16.65 million (2013: Rs. 5.57 million)]		144,920,021	112,503,512
Packing materials [including in transit Rs. 42.56 million (2013: Rs. 19.88 million)]		134,589,411	146,210,553
Finished goods		132,295,347	74,579,020
		411,804,779	333,293,085
Less: Provision for obsolete items			
- Raw material	16.1	(6,048,224)	(5,921,595)
		405,756,555	327,371,490
16.1 Provision for obsolete items - Raw material			
Opening balance		5,921,595	7,734,633
Add: Provision for obsolete items	21	126,629	(1,813,038)
Closing balance		6,048,224	5,921,595
17. Trade debts			
Considered good		96,601,581	56,548,807
Considered doubtful		2,008,225	473,330
		98,609,806	57,022,137
Less: Provision for doubtful debts	17.1	(2,008,225)	(473,330)
		96,601,581	56,548,807
17.1 Provision for doubtful debts			
Opening balance		473,330	2,442,918
Add: Provision for the year	23	1,534,895	(323,561)
		2,008,225	2,119,357
Less: Bad debts written off against provision		-	(1,646,027)
Closing balance		2,008,225	473,330

	Note	2014 Rupees	2013 Rupees
18. Advances, deposits, prepayments and other receivables			
Advances - considered good			
- To employees	18.1	2,692,186	2,945,323
- To suppliers		3,836,955	2,775,538
Prepayments		1,929,125	524,502
Letters of credit - margins, deposits, opening charges, etc.		2,947,992	1,111,135
Claims recoverable from the government			
- Income tax refundable		134,880,713	74,118,623
- Sales tax		-	-
Due from related parties	18.2	-	136,748
Other receivables		799,383	2,396,206
		147,086,354	84,008,075

18.1 The maximum aggregate amount at the end of any month during the year due from the Chief Executive is Rs. 113,660 (2013: Rs. 21,483) and Directors Rs. 782,102 (2013: Rs. 280,775). No amounts are due at the year end (2013: Nil).

	2014 Rupees	2013 Rupees
18.2 Due from related parties		
Anjuman-e-Khuddam-e-Rasool Allah	-	2,450
Lessee	-	134,298
	-	136,748

These relate to normal business of the company and are interest free.

	2014 Rupees	2013 Rupees
18.3 Ageing of related party balance		
One to six months	-	136,748
Total	-	136,748
19. Cash and bank balances		
Balances at banks on current accounts	30,810,855	35,987,261
Special account related to dividend payable	2,742,572	1,467,387
Cash in hand	760,604	346,029
	34,314,031	37,800,677

20. Sales

	Note	2014 Rupees	2013 Rupees
Gross sales			
- Local		2,005,832,398	2,237,588,424
Less: Sales returns		42,965,840	56,653,491
Rebates		230,257,241	254,939,611
Trade promotion		22,093,618	30,326,637
		295,316,699	341,919,739
Add: - Export sales		234,610,731	188,592,852
		1,945,126,430	2,084,261,537

Local sales are exclusive of sales tax of Rs. 328 million (2013: Rs. 347.103 million).

21. Cost of sales

	Note	2014 Rupees	2013 Rupees (Restated)
Raw and packing material consumed		1,152,710,874	1,214,509,613
Salaries, wages and other benefits	21.1	144,215,653	128,160,395
Furnace oil consumed		41,445,651	45,900,267
Freight and octroi		315,412	117,118
Travelling and vehicle running		3,329,425	2,269,333
Repairs and maintenance		26,208,875	24,281,635
Power, Water and Gas		54,925,207	62,840,287
Insurance		4,389,372	3,373,272
Rent, rates and taxes		1,791,967	1,737,167
Depreciation on property, plant and equipment	12.1	40,771,426	28,047,476
Amortization of intangible assets	13.1	67,948	84,935
Provision for/(Reversal of provision) of obsolete stock	16.1	126,629	(1,813,038)
Provision for obsolete stores and spares	15.2	-	1,377,858
Other expenses		11,194,872	23,223,208
Cost of goods manufactured		1,481,493,311	1,534,109,526
Opening finished goods		74,579,020	87,265,109
Closing finished goods		(132,295,347)	(74,579,020)
		(57,716,327)	12,686,089
		1,423,776,984	1,546,795,615

21.1 Salaries, wages and other benefits include the following in respect of gratuity:

	2014 Rupees	2013 Rupees
Current service cost	3,535,488	3,268,656
Interest cost for the year	2,387,441	1,992,105
	5,922,929	5,260,761

In addition to the above, Rs. 3.624 million (2013: Rs. 2.831 million) have been charged in respect of the Company's contribution towards staff compensated absences.

22. Administration expenses

	Note	2014 Rupees	2013 Rupees (Restated)
Salaries, wages and other benefits	22.1	54,497,622	47,143,358
Travelling and vehicle running		4,655,008	4,064,697
Entertainment		1,094,927	969,246
Repairs and maintenance		1,443,701	2,063,955
Insurance		627,890	580,283
Rent, rates and taxes		3,860,309	3,104,382
Power, water and gas		2,511,808	2,132,995
Printing and stationery		1,561,097	1,188,333
Postage and telephone expenses		2,106,506	1,885,717
Professional services	22.3	5,612,023	5,719,281
Depreciation on property, plant and equipment	12.1	2,921,211	1,894,789
Amortization of intangible assets	13.1	147,571	180,839
Dairy expenses		9,809,556	7,850,097
Other expenses		4,303,808	4,074,462
		95,153,037	82,852,434

22.1 Salaries, wages and other benefits include the following in respect of gratuity:

	2014 Rupees	2013 Rupees (Restated)
Current service cost	2,981,060	2,536,073
Interest cost for the year	1,574,258	1,258,171
	4,555,318	3,794,244

In addition to the above, Rs. 0.764 million (2013: Rs. 0.736 million) have been charged in respect of the Company's contribution towards staff compensated absences.

22.2 Number of employees

	2014		2013	
	As at 30 September	Average during the year	As at 30 September	Average during the year
Executives	60	57	53	54
Non- Executives	294	293	291	295

22.3 Professional services

The charges for professional services include the following in respect of auditors' services for:

	Note	2014 Rupees	2013 Rupees
Statutory audit		725,000	650,000
Half yearly review		400,000	275,000
Workers' profit participation fund's audit and sundry services		145,000	119,000
Out of pocket expenses		115,158	163,110
		1,385,158	1,207,110

23. Distribution and marketing expenses

	Note	2014 Rupees	2013 Rupees
Salaries, wages and other benefits	23.1	63,977,590	49,495,490
Travelling and vehicle running		11,672,018	13,334,906
Entertainment		393,739	351,500
Freight expenses		58,766,918	67,957,858
Export expenses		11,522,294	9,736,390
Advertisement		52,992,902	77,084,908
Trade promotion expenses		42,137,641	-
Repairs and maintenance		100,961	92,460
Insurance		835,395	(162,509)
Rent, rates and taxes		621,649	443,340
Power, Water and Gas		401,095	414,219
Printing and stationery		275,670	189,982
Postage and telephone		1,673,337	1,462,878
Depreciation on property, plant and equipment	12.1	5,949,729	7,327,131
Amortization of intangible assets	13.1	221,091	-
Service charges to distributors		5,631,678	2,591,704
Provision for doubtful debts	17.1	1,534,895	(323,561)
Other expenses		17,127,482	18,434,989
		275,836,084	248,431,685

23.1 Salaries, wages and other benefits include the following in respect of gratuity:

	2014 Rupees	2013 Rupees
Current service cost	3,938,174	3,268,656
Interest cost for the year	2,702,568	1,992,105
	6,640,742	5,260,761

In addition to the above, Rs. 1.378 million (2013: Rs. 1.263 million) have been charged in respect of the Company's contribution towards staff compensated absences.

	Note	2014 Rupees	2013 Rupees
24. Other expenses			
Workers' profit participation fund		6,365,492	9,835,407
Workers' welfare fund		1,467,705	3,385,771
Donations - Anjuman-e-Khuddam-e-Rasool Allah, Shergarh, District Okara		1,000,000	1,000,000
Donations - Others		220,000	-
Exchange loss		344,666	-
		9,397,863	14,221,178
25. Other income			
Profit on sale of property, plant and equipment		4,858,288	351,638
Profit on sale and revaluation of live stock		913,034	1,524,766
Profit on sale and revaluation of trees		244,560	74,767
Exchange gain		-	2,271,072
Scrap sales		8,808,597	7,572,442
Amortization of deferred income		352,483	-
Others		1,927,834	739,578
		17,104,796	12,534,263
26. Finance cost			
Interest and mark-up on			
- Short term running finances-secured		28,891,341	13,897,146
- Long term loan		5,974,707	-
- Workers' profit participation fund		112,296	217,432
Bank and other charges		3,612,270	3,443,082
		38,590,614	17,557,660
27. Provision for taxation			
Current tax			
- Current year		-	52,961,354
- Prior year		116,293	(3,796,977)
		116,293	49,164,377
Deferred tax		11,895,729	5,368,365
		12,012,022	54,532,742

27.1 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	2014 %	2013 %
Applicable tax rate	33.00	34.00
Tax effect of amounts that are:		
- Exempt for tax purposes	(0.32)	(0.30)
-Tax credits	(21.86)	(0.80)
Tax effect under presumptive tax regime and others	(0.87)	(1.70)
Effect of change in prior tax year	0.10	(2.00)
	(22.95)	(4.80)
Average effective tax rate charged to profit and loss account	10.05	29.20

28. Transactions with related parties

The related parties comprise associated undertakings and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 29. Other significant transactions with related parties are as follows:

Description	2014 Rupees	2013 Rupees
Purchase of goods	7,844,292	5,010,304
Donations	1,000,000	1,000,000
Rent	2,151,300	1,848,000
	10,995,592	7,858,304

All transactions with related parties have been carried out on mutually agreed terms and conditions.

29. Remuneration of Chief Executive, Directors and Executives

29.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, directors and executives of the Company is as follows:

	Chief Executive 2014	Chief Executive 2013	Directors 2014 Non Executive Directors	Directors 2014 Executive Directors	Directors 2013 Non Executive Directors	Directors 2013 Executive Directors	Executive 2014	Executive 2013
	Rupees							
Managerial remuneration	13,565,438	10,852,350	-	2,482,764	-	2,482,764	23,752,753	13,882,425
Retirement benefits	3,757,814	2,665,322	-	-	-	-	13,970,056	9,224,386
House rent allowance	4,846,990	3,877,588	-	1,117,236	-	1,117,236	10,685,118	7,119,950
Utilities	1,202,327	861,688	-	366,206	-	492,093	2,373,661	2,693,261
Club expenses	28,675	17,624	-	130,931	-	219,923	11,909	-
Bonus	-	-	-	713,794	-	764,037	6,086,621	7,395,133
	23,401,244	18,274,572	-	4,810,931	-	5,076,053	56,880,118	40,315,155
Number of persons	1	1	6	1	6	1	27	18

The Company also provides the Chief Executive, directors and certain employees with free use of Company maintained cars.

The Chief Executive and employees are entitled to reimbursement of medical expenses up to an amount equal to three basic salaries.

29.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 8 directors (2013: 8 directors) is Rs. 160,000 (2013: Rs. 160,000).

30. Capacity and production

The capacity of the plant is not determinable as it is a multi product plant capable of producing several interchangeable products.

	Actual production 2014	Actual production 2013
	In cartons	
Groceries	1,508,817	1,220,396
Confectioneries	525,511	713,362

	Note	2014 Rupees	2013 Rupees
31. Cash generated from operations			
Profit before tax		119,476,644	186,872,738
Adjustments for:			
Depreciation on operating fixed assets		49,642,366	37,269,396
Amortization of deferred income		(352,483)	-
Amortization on intangibles		436,610	265,774
Profit on sale of property, plant and equipment		(4,858,288)	(351,638)
Provision for retirement benefits		24,106,143	19,210,342
Profit on revaluation of biological assets		(1,157,594)	(1,599,533)
Provision for doubtful debts - trade		1,534,895	(323,561)
Provision for obsolete stock		126,629	(1,813,038)
Stock in trade written off		797,623	12,504,280
Provision for obsolete stores and spares		-	1,377,858
Finance cost		38,590,614	17,557,660
Profit before working capital changes		228,343,159	270,970,278
Effect on cash flow due to working capital changes			
- (Increase)/Decrease in stores, spares and loose tools		(4,430,190)	(3,913,273)
- (Increase)/Decrease in stock in trade		(79,309,317)	4,469,876
- (Increase)/Decrease in trade debts		(41,587,669)	3,591,184
- (Increase)/Decrease in advances, deposits, prepayments and other receivables		(2,316,189)	1,498,232
- (Decrease)/Increase in creditors, accrued and other liabilities		(25,016,188)	52,392,128
		(152,659,553)	58,038,147
Cash generated from operations		75,683,606	329,008,425
32. Cash and cash equivalents			
Cash and bank balances	19	34,314,031	37,800,677
Short term running finances-secured		(331,973,482)	(97,102,844)
		(297,659,451)	(59,302,167)

33. Earnings per share

33.1 Basic earnings per share

		2014	2013
Net profit for the year	Rupees	107,464,622	132,404,486
Weighted average number of ordinary shares	Number	7,875,000	7,875,000
Basic earnings per share	Rupees	13.65	16.81

33.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.

34. Financial risk management

34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities. The Company's exposure to currency risk at the reporting date is as follows:

	2014	2013
Trade debts - USD	505,496	208,755

The following significant exchange rates were applied during the year:

Rupees per USD		
Average rate	101.69	105.14
Reporting date rate	102.70	105.30

If the functional currency, at reporting date, had fluctuated by 5% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 2,598,249 (2013: Rs. 1,100,139) higher/lower, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing assets. The Company's interest rate risk arises from long term and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2014 Rupees	2013 Rupees
Floating rate instruments		
Financial liabilities		
Long Term Finances	(160,000,000)	-
Short term running finances-secured	(331,973,482)	(97,102,844)
Net exposure	(491,973,482)	(97,102,844)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term finances and short term running finance, at the year end date, fluctuate by 1% higher/lower with all other variables held constant, profit before taxation for the year would have been Rs. 4.92 million (2013: Rs. 0.97 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from amounts receivable from customers of the Company, deposits with banks and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 Rupees	2013 Rupees
Trade debts	98,609,806	57,022,137
Loans, advances, deposits, prepayments and other receivables	6,439,561	6,589,412
Cash and bank balances	33,553,427	37,454,648
	138,602,794	101,066,197

The age of trade receivables and related impairment loss at balance sheet date is as follows:

	2014 Rupees	2013 Rupees
The age of trade receivables		
Past due but not impaired		
- Not past due	34,246,615	42,930,818
- Past due 0 - 180 days	60,027,985	13,738,096
- Past due 181 - 365 days	2,326,981	237,154
- Over 365 days	2,008,225	116,069
	98,609,806	57,022,137

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Long term	Rating Agency	2014 (Rupees)	2013 (Rupees)
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,133,410	303,420
MCB Bank Limited	A1+	AAA	PACRA	837,106	836,106
Habib Bank Limited	A-1+	AAA	JCR-VIS	31,582,911	36,315,122
				33,553,427	37,454,648

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At September 30, 2014, the Company had Rs. 410 million available borrowing limits from financial institutions and Rs. 34.31 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at September 30, 2014:

	Carrying amount	Less than one year	One to five years	More than five years
			Rupees	
Trade and other payables	141,396,560	141,396,560	-	-
Accrued finance cost	9,004,225	9,004,225	-	-
	150,400,785	150,400,785	-	-

The following are the contractual maturities of financial liabilities as at September 30, 2013:

	Carrying amount	Less than one year	One to five years	More than five years
			Rupees	
Trade and other payables	156,500,049	156,500,049	-	-
Accrued finance cost	1,485,143	1,485,143	-	-
	157,985,192	157,985,192	-	-

34.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

34.3 Financial instruments by categories

	Loans and receivables	
	2014 Rupees	2013 Rupees
Assets as per balance sheet		
Long term loans and deposits	-	-
Trade debts	98,609,806	57,022,137
Loans, advances, deposits, prepayments and other receivables	6,439,561	6,589,412
Cash and bank balances	33,553,427	37,454,648
	138,602,794	101,066,197

	Financial liabilities at amortised cost	
	2014 Rupees	2013 Rupees
Liabilities as per balance sheet		
Trade and other payables	141,396,560	156,500,049
Accrued finance cost	9,004,225	1,485,143
	150,400,785	157,985,192

34.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 8, less cash and cash equivalents as disclosed in note 32. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The gearing ratio as at September 30, 2014 and September 30, 2013 is as follows:

	Note	2014 Rupees	2013 Rupees
Long term finance	8	160,000,000	-
Short term borrowings net of cash at bank and in hand	32	(297,659,451)	(59,302,167)
Net debt		457,659,451	59,302,167
Total equity		578,913,264	519,920,281
Total capital		1,036,572,715	579,222,448
Gearing ratio	Percentage	44%	10%

35. Date of authorisation

These financial statements were authorised for issue on January 5, 2015 by the Board of Directors of the Company.

36. Events after the balance sheet date

The Board of Directors have proposed a final dividend for the year ended September 30, 2014 of Rs. 5 (2013: Rs. 7.5) per share, amounting to Rs. 39,375,000 (2013: Rs. 47,250,000) and bonus shares of Nil (2013: 25%) at their meeting held on January 5, 2015 for approval of the members at the Annual General Meeting to be held on January 31, 2015. These financial statements do not reflect this dividend payable.

37. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made except for restatement made in accordance with IAS 19, 'Employee Benefits' (Revised).

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Proxy Form

Mitchell's Fruit Farms Limited

82nd Annual General Meeting

I/We ____

of ____

being a member of Mitchell's Fruit Farms Limited, hereby appoint

____

(Name)

of ____

or failing him/her ____

____

(Name)

of ____

another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 82nd Annual General Meeting of the Company to be held on January 31, 2015 at the Registered Office of the Company located at 40-A, Zafar Ali Road, Gulberg V, Lahore.

Signed this ______________________ day of __________ 2015

Please affix revenue stamp

Please quote folio number

Signature of Member

IMPORTANT:

This instrument, appointing a proxy, duly completed, must be received at the Registered Office of the Company located at 40-A, Zafar Ali Road, Gulberg V, Lahore not later than 48 hours before the scheduled time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Mitchell's Fruit Farms Limited
40-A, Zafar Ali Road, Gulberg V,
Lahore.