



# Quarterly Report 2009



**FIRST QUARTER**

## DIRECTORS' REVIEW

The directors are pleased to submit the un-audited financial statements of the company for the first quarter ended December 31, 2008.

The company's net sales recorded a growth of 46.12% rising from Rs. 167.264 million to Rs. 244.411 million. This rise was supported by groceries and confectionery sales showing an upward trend of 15.25% and 65.83%, respectively. Exports increased by 79.72% which is a good sign.

Operating-profit increased by 83% from Rs. 7.197 million to Rs. 13.163 million. However financial charges at Rs.12.018 million as compared to Rs. 5.005 million during comparative quarter, resulted in a decrease of 20.33% in profit before tax, from Rs. 2.51million to Rs. 1.996 million during the period under review.

The management of your company is conscious of inflationary pressures being exerted on the business with costs of raw material experiencing rapid escalation. We are trying to manage these pressures by undertaking better planning and adopting cost optimisation measures.

These combined factors place considerable strain on the company but we are glad to report that we are equal to this task and continue to strive to upgrade our process-efficiencies by enhancing automation and rationalising production-methods which should have a positive impact on the company's long term financial health.

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

For and on behalf of  
the Board of Directors

**Mehdi Mohsin**  
Chief Executive Officer

Lahore: January 29, 2009

# BALANCE SHEET

As at December 31, 2008 (Un-audited)

	<b>December 31 2008 Rupees</b>	<b>September 30 2008 Rupees</b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant & Equipment	315,586,259	304,357,015
Intangibles Assets	1,574,298	1,657,156
Capital Work in Progress	4,899,815	17,925,373
Long term loans and deposits	716,334	716,334
Biological Assets	4,912,400	5,132,000
	327,689,106	329,787,878
<b>CURRENT ASSETS</b>		
Stores and spares	14,422,662	13,305,761
Stock in trade	291,475,969	288,698,972
Trade debts	31,585,049	39,067,739
Advances, deposits, prepayments and other receivables	42,101,352	39,601,514
Cash and bank balances	9,163,089	10,909,851
	388,748,120	391,583,837
<b>CURRENT LIABILITIES</b>		
Current portion of long term loan	14,736,842	14,736,842
Short term running finances	291,920,456	288,711,025
Creditors, accrued and other liabilities	85,071,664	89,805,848
Mark up accrued on short term running finances	12,011,982	10,311,523
	403,740,944	403,565,238
	(14,992,824)	(11,981,401)
<b>TOTAL FUNDS EMPLOYED</b>	312,696,282	317,806,477
<b>NON-CURRENT LIABILITIES</b>		
Long-term Loan Secured	3,684,207	7,368,418
Deferred Liabilities	51,225,725	49,607,813
	54,909,932	56,976,231
<b>NET FUNDS EMPLOYED</b>	257,786,350	260,830,246
<b>REPRESENTED BY</b>		
Issued subscribed and paid up capital	50,400,000	50,400,000
Reserves	9,635,878	9,635,878
Unappropriated profit	197,750,472	200,794,368
	257,786,350	260,830,246

**S.M. Mohsin**  
Chairman

**Mehdi Mohsin**  
Chief Executive Officer

**PROFIT AND LOSS ACCOUNT**  
For the First Quarter Ended December 31, 2008 (Un-audited)

	<b>2008 Rupees</b>	<b>2007 Rupees</b>
Sales	244,410,978	167,263,873
Cost of Sales	203,661,831	136,436,587
<b>Gross Profit</b>	40,749,147	30,827,286
Selling and distribution expenses	19,031,399	16,806,041
Administrative expenses	8,555,252	6,823,974
	27,586,650	23,630,015
<b>Operating profit</b>	13,162,497	7,197,271
Other income	851,236	516,930
	14,013,733	7,714,201
Financial charges	12,017,629	5,005,482
Other charges	-	203,358
	12,017,629	5,208,840
<b>Profit before taxation</b>	1,996,104	2,505,361
Provision for taxation	-	-
<b>Profit after taxation</b>	1,996,104	2,505,361
Earnings per share	0.40	0.50

**S.M. Mohsin**  
Chairman

**Mehdi Mohsin**  
Chief Executive Officer

**CASH FLOW STATEMENT**  
For the First Quarter Ended December 31, 2008 (Un-audited)

	December 31 2008 Rupees	September 30 2008 Rupees
<b>Cash flow from operating activities</b>		
Profit before taxation	1,996,104	2,505,361
Add/(less) : Adjustment for non cash charges and other items		
Depreciation	6,625,527	5,884,103
Amortization	82,858	103,573
Provision for gratuity and leave salary	1,994,155	1,563,757
Financial charges	12,017,629	5,005,482
Profit before working capital changes	22,716,273	15,062,276
Effect on cash flow due to working capital changes		
(Increase) / decrease in stores and spares	(1,116,901)	1,454,608
(Increase) / decrease in stock in trade	(2,776,997)	(46,076,159)
(Increase) / decrease in trade debts	7,482,690	11,299,945
(Increase) / decrease in advances, deposits excluding income tax	(1,389,548)	23,707
Increase / (decrease) in creditors, accrued and other liabilities	(4,734,184)	(22,926,366)
	(2,534,939)	(56,224,265)
Cash generated from operations	20,181,333	(41,161,989)
Financial charges paid	(10,479,036)	(4,990,669)
Payment of Gratuity and leave salary	(376,244)	(310,404)
Taxes paid	(1,110,290)	(1,386,314)
Net cash inflow from operating activities	8,215,763	(47,849,376)
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(9,707,346)	(8,815,284)
Proceeds from sale of livestock	219,600	249,100
(Increase)/ decrease in long-term deposits	-	45,000
Net cash outflow from investing activities	(9,487,746)	(8,521,184)
<b>Cash flow from financing activities</b>		
Repayment of long term loan	(3,684,211)	(3,684,209)
Net cash out flow from financing activities	(3,684,211)	(3,684,209)
Net increase / (decrease) in cash and cash equivalents	(4,956,194)	(60,054,769)
Cash and cash equivalents at the beginning of the period	(277,801,174)	(119,195,134)
Cash and cash equivalents at the end of the period	(282,757,368)	(179,249,903)
Cash and cash equivalents at the end of the period		
Cash and bank balances	9,163,089	11,514,089
Short term running finances	(291,920,456)	(190,763,992)
	(282,757,367)	(179,249,903)

**S.M. Mohsin**  
Chairman

**Mehdi Mohsin**  
Chief Executive Officer

**STATEMENT OF CHANGE IN EQUITY**  
For the First Quarter Ended December 31, 2008 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Total Rupees
Balance as at September 30, 2007	50,400,000	9,335,878	300,000	202,536,828	262,572,706
Net profit for the quarter	-	-	-	2,505,361	2,505,361
Final dividend for the year ended September 30, 2007 Rs. 2 per share	-	-	-	(10,080,000)	(10,080,000)
Balance as at December 31, 2007	50,400,000	9,335,878	300,000	194,962,189	254,998,067
Net Profit for the nine months	-	-	-	5,832,179	5,832,179
Balance as at September 30, 2008	50,400,000	9,335,878	300,000	200,794,368	260,830,246
Net Profit for the quarter	-	-	-	1,996,104	1,996,104
Final dividend for the year ended September 30, 2008 Re. 1 per share	-	-	-	(5,040,000)	(5,040,000)
Balance as at December 31, 2008	50,400,000	9,335,878	300,000	197,750,472	257,786,350

**S.M. Mohsin**  
Chairman

**Mehdi Mohsin**  
Chief Executive Officer

## SELECTED NOTES TO THE ACCOUNTS

For the First Quarter Ended December 31, 2008 (Un-audited)

1. Mitchell's Fruit Farms Limited is a public company incorporated in Pakistan and listed on Lahore and Karachi Stock Exchanges. Its primary objective is to manufacture and sell various Farm and Confectionary products.
2. During the quarter, the impact of seasonal factors on sales remained minimal.
3. These accounts are unaudited and are being submitted to the shareholders, in accordance with the requirements of the Companies Ordinance, 1984.
4. The accounting policies adopted for the preparation of quarterly accounts for the period ended December 31, 2008 are the same which were applied in the preparation of preceding annual published accounts of the company.
5. The interim financial report has been prepared in compliance with International Accounting Standard No. 34, as applicable in Pakistan, in all material respects.
6. Provision in respect of taxation is based on estimated average annual effective income tax rate consistent with the annual assessment of taxes.
7. Provision in respect of Workers' Welfare Fund and Workers' Profit Participation Fund are estimated and these are subject to adjustment in the annual audited financial statements.
8. Previous period's figures have been restated, wherever necessary, for the purpose of comparison.

	December 31 2008 Rupees	September 30 2008 Rupees
<b>9. Cash and cash equivalents</b>		
Cash and bank balances	9,163,089	10,909,851
Short term running finances	(291,920,456)	(288,711,025)
	<u>(282,757,367)</u>	<u>(277,801,174)</u>

### 10. Contingencies and commitments

#### 10.1 Contingencies

There has been no significant change in contingencies since September 30, 2008.

#### 10.2 Commitments

Commitment in respect of capital expenditure is Rs. Nil (2007: Rs. 20.47 million).

11. The company purchased from associated undertakings, goods and services amounting to Rs. 4.935 million.

**S.M. Mohsin**  
Chairman

**Mehdi Mohsin**  
Chief Executive Officer

## COMPANY INFORMATION

<b>Board of Directors</b>	S. M. Mohsin Mehdi Mohsin Syed Babar Ali Sitwat Mohsin Moaz Mohiuddin Syed Faisal Imam Umme Kulsum Imam Jamal Nasim – NIT Nominee	- Chairman - Chief Executive Officer
<b>Audit Committee</b>	S. M. Mohsin Sitwat Mohsin Syed Faisal Imam	- Chairman - Member - Member
<b>Company Secretary/CFO</b>	Atif Fayyaz	
<b>Auditors</b>	A.F. Ferguson & Co. Chartered Accountants	
<b>Legal Advisors</b>	Minto & Mirza 78-Mozang Road, Lahore Phone: (042) 6315469-70 Fax: (042) 6361531	
<b>Bankers</b>	The Royal Bank of Scotland Citibank N.A. Askari Commercial Bank Limited MCB Bank Limited Allied Bank Limited	
<b>Share Registrar</b>	Corplink (Private) Limited Wings Arcade, 1-K (Commercial) Model Town, Lahore Phone : (042) 5839182, 5887262, Fax:(042) 5869037	
<b>Factory &amp; Farms</b>	Renala Khurd, District Okara, Pakistan Phones: (044) 2635907-8, 2622908 Fax: (044) 2621416 E-Mail: <a href="mailto:rnk@mitchells.com.pk">rnk@mitchells.com.pk</a>	
<b>Corporate Office</b>	39-A, D-1, Gulberg III Lahore Phones: (042) 5872392-96, Fax: (042) 5872398 E-Mail: <a href="mailto:ho@mitchells.com.pk">ho@mitchells.com.pk</a> Website: <a href="http://www.mitchells.com.pk">www.mitchells.com.pk</a>	
<b>Regional Sales Office (North)</b>	House No.22 ST. No.4, Main Park Road Gulshan e Al-Huda, Chattha Bakhtawar, Islamabad. Phones: (051) 2240020-21 Fax: (051) 2240023 E-Mail: <a href="mailto:rson@mitchells.com.pk">rson@mitchells.com.pk</a>	
<b>Regional Sales Office (Central)</b>	Syed House, Canal Berg, 13 K.M. Multan Road, Lahore Phones: (042) 5419350, 5423732 & 5425478 E-Mail: <a href="mailto:rsoc@mitchells.com.pk">rsoc@mitchells.com.pk</a>	
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## CONTENTS

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Company Information	2
Directors' Report	4
Review Report to the Members	5
Balance Sheet	6-7
Profit and Loss Account	8
Cash Flow Statement	9
Statement of Changes in Equity	10
Notes to the Accounts	11

## COMPANY INFORMATION

<b>Board of Directors</b>	S. M. Mohsin	- Chairman
	Mehdi Mohsin	- Chief Executive Officer
	Sitwat Mohsin	
	Moaz Mohiuddin	
	Syed Faisal Imam	
	Umme Kulsum Imam	
	Jamal Nasim – NIT Nominee	
<b>Audit Committee</b>	S. M. Mohsin	- Chairman
	Sitwat Mohsin	- Member
	Syed Faisal Imam	- Member
<b>Company Secretary/CFO</b>	Atif Fayyaz	
<b>Auditors</b>	A.F. Ferguson & Co. Chartered Accountants	
<b>Legal Advisors</b>	Minto & Mirza 78-Mozang Road, Lahore Phone: (042) 6315469-70 Fax: (042) 6361531	
<b>Bankers</b>	The Royal Bank of Scotland Citibank N.A. Askari Commercial Bank Limited MCB Bank Limited Allied Bank Limited Habib Bank Limited National Bank of Pakistan	
<b>Share Registrar</b>	Corplink (Private) Limited Wings Arcade, 1-K (Commercial) Model Town, Lahore Phone : (042) 5839182, 5887262, Fax:(042) 5869037	
<b>Factory &amp; Farms</b>	Renala Khurd, District Okara, Pakistan Phones: (044) 2635907-8, 2622908 Fax: (044) 2621416 E-Mail: <a href="mailto:rnk@mitchells.com.pk">rnk@mitchells.com.pk</a>	

**Corporate Office**

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**Regional Sales Office  
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House No.22 ST. No.4, Main Park Road  
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**Regional Sales Office  
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14 Air Line Society, Near Shaukat Khanum Hospital, Lahore  
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**Regional Sales Office  
(South)**

Mehran VIP II, Ground Floor,  
Plot 18/3 Dr. Dawood Pota Road, Karachi  
Phones: (021) 5212112, 5212712 & 5219675  
Fax: (021) 5673588  
E-Mail: rsos@mitchells.com.pk

## DIRECTORS' REVIEW

The directors are pleased to submit the un-audited financial statements of the company for the half year ended March 31, 2009.

The company's net sales recorded a growth of 38% rising from Rs. 428.705 million to Rs. 590.198 million. This rise was supported by groceries and confectionery sales showing an upward trend of 23.87% and 48.31%, respectively. Exports increased by 64.73% which is a positive development.

Operating-profit increased by 36.44% from Rs. 23.790 million to Rs. 32.459 million. However, financial charges of Rs.26.574 million, as compared to Rs. 13.165 million during corresponding period resulted a decrease of 44.615% in profit before tax, from Rs. 10.625 million to Rs. 5.884 million during the period under review.

The management of your company is conscious of inflationary pressures especially in the case of sugar which raised costs of raw material that had a direct impact on cost of sales of Rs 493.670 million as compared to corresponding period; Rs 349.366 million. We are trying to confront these challenges by undertaking better planning and adopting cost optimisation measures.

These combined factors place considerable financial strain on the company but we are glad to report that we are equal to the task and continue to strive to upgrade our process-efficiencies by enhancing automation and rationalising production-methods which should have a positive impact on the company's long-term financial-health.

We hope that the economic & political conditions will stabilise during the remaining part of the year which are imperative for progress. Provided there are no sudden adverse developments we hope to end the year with a reasonable profit.

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

For and on behalf of  
the Board of Directors

**Mehdi Mohsin**  
Chief Executive Officer

Lahore: May 29, 2009

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Mitchell's Fruit Farms Limited as at March 31, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended March 31, 2008 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2009.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended March 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore: May 29, 2009

**A. F. Ferguson & Co.**  
Chartered Accountants

**CONDENSED INTERIM BALANCE SHEET**

As at March 31, 2009 (Un-audited)

	Note	March 31 2009 Rupees	September 30 2008 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital 10,000,000 (September 30, 2008: 10,000,000) ordinary shares of Rs 10 each		100,000,000	100,000,000
Issued, subscribed and paid up capital			
5,040,000 (September 30, 2008: 5,040,000) ordinary shares of Rs 10 each		50,400,000	50,400,000
Reserves		9,635,878	9,635,878
Unappropriated profit		201,139,207	200,794,368
		261,175,085	260,830,246
<b>NON-CURRENT LIABILITIES</b>			
Long term loan - secured		-	7,368,418
Deferred liabilities		52,919,748	49,607,813
		52,919,748	56,976,231
<b>CURRENT LIABILITIES</b>			
Current portion of long term loan - secured		14,736,839	14,736,842
Short term running finances		318,261,795	288,711,025
Creditors, accrued and other liabilities		101,556,552	89,805,848
Accrued finance cost on short term running finances		13,266,321	10,311,523
		447,821,507	403,565,238
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	761,916,340	721,371,715

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

Chairman

		<b>March 31 2009 Rupees</b>	<b>September 30 2008 Rupees</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	313,593,621	304,357,015
Intangible Assets		1,491,440	1,657,156
Capital work in progress		10,509,941	17,925,373
Long term loans and deposits		1,061,250	716,334
Biological assets		5,921,666	5,132,000
		<u>332,577,918</u>	<u>329,787,878</u>
 <b>CURRENT ASSETS</b>			
Stores, spares and loose tools		14,706,033	13,305,761
Stock in trade		284,105,631	288,698,972
Trade debts		50,413,273	39,067,739
Advances, deposits, prepayments and other receivables		64,775,191	39,601,514
Cash and bank balances		15,338,294	10,909,851
		429,338,422	391,583,837
		<u>761,916,340</u>	<u>721,371,715</u>

Chief Executive Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
For the Quarter and Half Year Ended March 31, 2009 (Un-audited)

	January to March		October to March	
	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees
Sales	345,787,227	261,441,415	590,198,205	428,705,288
Cost of sales	290,008,803	212,929,511	493,670,634	349,366,098
<b>Gross profit</b>	55,778,424	48,511,904	96,527,571	79,339,190
Administration expenses	(12,236,041)	(11,233,507)	(20,791,293)	(18,057,481)
Distribution and marketing expenses	(31,488,186)	(22,413,402)	(50,519,585)	(39,219,443)
Other operating expenses	(727,140)	(784,694)	(727,140)	(988,052)
Other operating income	7,118,936	2,199,233	7,970,172	2,716,163
<b>Profit from operations</b>	18,445,993	16,279,534	32,459,725	23,790,377
Finance cost	(14,557,257)	(8,159,649)	(26,574,886)	(13,165,131)
<b>Profit before tax</b>	3,888,736	8,119,885	5,884,839	10,625,246
Taxation	(500,000)	(3,671,248)	(500,000)	(3,671,248)
<b>Profit for the period</b>	3,388,736	4,448,637	5,384,839	6,953,998
Earnings per share - Basic and diluted	0.67	0.88	1.07	1.38

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.



## CONDENSED INTERIM CASH FLOW STATEMENT

For the Half Year Ended March 31, 2009 (Un-audited)

	Note	October to March	
		2009 Rupees	2008 Rupees
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	41,162,303	(49,477,929)
Finance cost paid		(23,620,088)	(11,742,758)
Tax (paid)/refund		(13,982,489)	593,761
Retirement and other benefits paid		(891,015)	(935,544)
<b>Net cash generated from/(used in) operating activities</b>		2,668,711	(61,562,470)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(17,227,787)	(35,264,491)
Sale proceeds of property, plant and equipment		1,560,086	722,914
(Increase)/ decrease in long term loans and security deposits		(344,916)	230,000
Proceeds from sale of livestock		630,000	554,100
<b>Net cash used in investing activities</b>		(15,382,617)	(33,757,477)
<b>Cash flows from financing activities</b>			
Repayment of long term loans		(7,368,421)	(7,368,421)
Dividend paid		(5,040,000)	(10,080,000)
<b>Net cash used in financing activities</b>		(12,408,421)	(17,448,421)
<b>Net decrease in cash and cash equivalents</b>		(25,122,327)	(112,768,368)
<b>Cash and cash equivalents at beginning of the period</b>		(277,801,174)	(119,195,134)
<b>Cash and cash equivalents at end of the period</b>	9	(302,923,501)	(231,963,502)

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the Half Year Ended March 31, 2009 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Rupees Total
Balance as at September 30, 2007	50,400,000	9,335,878	300,000	202,536,828	262,572,706
Final dividend for the year ended September 30, 2007 Rs. 2 per share	-	-	-	(10,080,000)	(10,080,000)
Net profit for the period	-	-	-	6,953,998	6,953,998
Balance as at March 31, 2008	50,400,000	9,335,878	300,000	199,410,826	259,446,704
Net profit for the period	-	-	-	1,383,542	1,383,542
Balance as at September 30, 2008	50,400,000	9,335,878	300,000	200,794,368	260,830,246
Final dividend for the year ended September 30, 2008 Re. 1 per share	-	-	-	(5,040,000)	(5,040,000)
Net profit for the period	-	-	-	5,384,839	5,384,839
Balance as at March 31, 2009	50,400,000	9,335,878	300,000	201,139,207	261,175,085

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL INFORMATION**  
For the Quarter and Half Year Ended March 31, 2009 (Un-audited)

1. This condensed interim financial information is un-audited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
2. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30, 2008.
3. This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and have been reviewed by the auditors as required by the Code of Corporate Governance.
4. Income Tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

**5. Contingencies and commitments**

**5.1 Contingencies**

- (i) Included in advances, deposits, prepayments and other receivables under the head balance with statutory authorities is an amount of Rs 0.638 million (September 30, 2008: 0.638 million), representing sales tax Rs 0.632 million (September 30, 2008: Rs 0.632 million) and penalty Rs 0.005 million (September 30, 2008: Rs 0.005 million) on sweet corn.

The company has filed a writ petition with Lahore High Court in which the company has contended that as sweet corn is a vegetable, it stands exempted from payment of sales tax. The case is pending in the Lahore High Court and no adjustment has been made for the refunds recognised in the condensed interim financial information as the management is of the view that the petition will be decided in company's favour.

**5.2 Commitments**

- (i) Commitments in respect of capital expenditure are Rs Nil (September 30, 2008: Rs 1.93 million).

	<b>March 31 2009 Rupees</b>	<b>September 30, 2008 Rupees</b>
<b>6. Property, plant and equipment</b>		
Opening book value	304,357,015	263,400,019
Add: Additions during the period	6.1 24,568,983	68,327,872
	328,925,998	331,727,891
Less: Disposals during the period (at book value)	6.2 981,572	2,612,187
Depreciation charged during the period	14,350,805	24,758,689
	15,332,377	27,370,876
	313,593,621	304,357,015

	<b>March 31 2009 Rupees</b>	<b>September 30 2008 Rupees</b>
<b>6.1 Following is the detail of additions during the period</b>		
Building on freehold land	3,259,534	8,310,803
Plant and machinery	14,129,265	53,485,860
Vehicles	6,341,434	2,067,483
Furniture, fixture and office equipment	9,000	317,056
Electrical installations	618,875	3,886,720
Computer hardware	210,875	259,950
	24,568,983	68,327,872

<b>6.2 Following is the detail of disposals during the period</b>		
Plant and Machinery	44,855	650,000
Vehicles	913,217	1,369,304
Furniture and fittings	200	400,000
Electrical installations	23,300	192,883
	981,572	2,612,187

	<b>October to March 2009 Rupees</b>	<b>2008 Rupees</b>
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**7. Transactions with related parties**

<b>Relationship with the Company</b>	<b>Nature of transactions</b>		
i. Associated undertakings	Purchase of goods	6,148,180	39,202,328
	Insurance premium paid	4,730,659	4,785,279
	Insurance claim received	58,570	105,700
	Donations	281,140	281,140
ii. Post retirement benefits plans	Key management personnel compensation	-	3,062,392
	Expense charged in respect of staff retirement benefit plans	-	277,313
iii. Key management personnel	Loan from director	10,000,000	3,300,000
		<b>March 31 2009 Rupees</b>	<b>September 30 2008 Rupees</b>

**Period end balances**

Receivable from related parties	1,661,372	1,669,644
Payable to related parties	1,349,884	1,089,306

	<b>March 31 2009 Rupees</b>	<b>September 30 2008 Rupees</b>
<b>8. Cash generated from/ (used in) operations</b>		
Profit before tax	5,884,839	10,625,246
Adjustment for:		
- Depreciation on property, plant and equipment	14,350,805	11,800,407
- Amortization on intangibles	165,716	207,145
- Profit on disposal of property, plant and equipment	(583,678)	(29,027)
- Provision for doubtful debts	-	99,088
- Retirement and other benefits accrued	3,983,562	3,127,514
- Loss on sale of live stock	-	84,900
- Profit on revaluation of livestock	(1,340,266)	(209,900)
- Exchange gain	(1,919,249)	(54,550)
- Finance cost	26,574,886	13,165,131
	<hr/>	<hr/>
Profit before working capital changes	47,116,615	38,815,954
Effect on cash flow due to working capital changes:		
- (Increase)/ decrease in stores, spares and loose tools	(1,400,272)	72,974
- Decrease/ (Increase) in stock-in-trade	4,593,341	(64,761,532)
- (Increase)/ decrease in trade debts	(9,426,285)	18,258,898
- (Increase) in advances, deposits prepayments and other receivables	(11,471,800)	(23,353,910)
- Increase/ (decrease) in creditors, accrued and other liabilities	11,750,704	(18,510,313)
	<hr/>	<hr/>
	(5,954,312)	(88,293,883)
	<hr/>	<hr/>
	41,162,303	(49,477,929)
	<hr/> <hr/>	<hr/> <hr/>
	<b>March 31 2009 Rupees</b>	<b>March 31 2008 Rupees</b>
<b>9. Cash and cash equivalents</b>		
Cash and bank balances	15,338,294	4,328,204
Short term running finances	(318,261,795)	(236,291,706)
	<hr/>	<hr/>
	(302,923,501)	(231,963,502)
	<hr/> <hr/>	<hr/> <hr/>
<b>10. Date of authorisation</b>		
These condensed interim financial information were authorised for issue on May 29, 2009 by the board of directors of the company.		
<b>11. Corresponding figures</b>		
Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.		

## DIRECTORS' REVIEW

The directors are pleased to submit the un-audited financial statements of the company for the third quarter ended June 30, 2009.

The company's net sales recorded a growth of 28.42 % rising from Rs. 716.82 million to Rs. 920.55 million. This rise was supported by groceries and confectionery sales showing an upward trend of 27.28 % and 29.49 %, respectively. Exports increased by 101.13 % which is a positive development.

Operating-profit increased by 65.52 % from Rs. 33.37 million to Rs. 55.24 million. However, financial charges of Rs.40.61 million, as compared to Rs. 19.60 million during corresponding period last year, resulted a small increase of 6.18 % in profit before tax, from Rs. 13.778 million to Rs. 14.620 million during the period under review.

The management of your company is conscious of inflationary pressures especially in the case of sugar which raised costs of raw-material that had in turn a direct impact on cost of sales of Rs 762.855 million as compared to Rs 593.056 million for corresponding period last year. We are trying to confront these challenges by undertaking better planning and adopting cost optimisation measures.

These combined factors place considerable financial strain on the company but we are glad to report that we are equal to the task and continue to strive to upgrade our process-efficiencies by enhancing automation and rationalising production-methods and products which should have a positive impact on the company's long-term financial-health.

We hope that the economic & political conditions will stabilise during the remaining part of the year which are imperative for progress. Provided there are no sudden adverse developments we hope to end the year with a reasonable profit.

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

For and on behalf of  
the Board of Directors

**Mehdi Mohsin**  
Chief Executive Officer

Lahore: July 27, 2009

## BALANCE SHEET

As at June 30, 2009 (Un-audited)

	<b>June 30 2009 Rupees</b>	<b>September 30 2008 Rupees</b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant & Equipment	319,298,091	304,357,015
Intangible Assets	1,325,724	1,657,156
Capital Work in Progress	4,566,312	17,925,373
Long term loans and deposits	1,457,360	716,334
Biological Assets	5,833,366	5,132,000
	332,480,853	329,787,878
<b>CURRENT ASSETS</b>		
Stores and spares	13,740,413	13,305,761
Stock in trade	279,336,318	288,698,972
Trade debts	54,716,903	39,067,739
Advances, deposits, prepayments and other receivables	71,722,873	39,601,514
Cash and bank balances	17,005,344	10,909,851
	436,521,851	391,583,837
<b>CURRENT LIABILITIES</b>		
Current portion of long term loan	-	14,736,842
Short term running finances	348,166,450	288,711,025
Creditors, accrued and other liabilities	84,623,105	89,805,848
Mark up accrued on short term running finances	11,739,026	10,311,523
	444,528,581	403,565,238
	(8,006,730)	(11,981,401)
<b>TOTAL FUNDS EMPLOYED</b>	324,474,123	317,806,477
<b>NON-CURRENT LIABILITIES</b>		
Long-term Loan Secured	-	7,368,418
Deferred Liabilities	54,554,303	49,607,813
	54,554,303	56,976,231
<b>NET FUNDS EMPLOYED</b>	269,919,820	260,830,246
<b>REPRESENTED BY</b>		
Issued subscribed and paid up capital	50,400,000	50,400,000
Reserves	9,635,878	9,635,878
Unappropriated profit	209,883,942	200,794,368
	269,919,820	260,830,246

Chairman

Chief Executive Officer

**PROFIT AND LOSS ACCOUNT**  
For the Third Quarter Ended June 30, 2009 (Un-audited)

	April to June		October to June	
	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees
Sales	330,354,307	288,111,545	920,552,512	716,816,833
Cost of Sales	269,184,181	243,689,694	762,854,815	593,055,792
<b>Gross Profit</b>	61,170,126	44,421,851	157,697,697	123,761,041
Administration expenses	(11,565,815)	(8,416,550)	(32,357,108)	(26,474,031)
Distribution and marketing expenses	(27,663,773)	(26,820,104)	(78,183,358)	(66,039,547)
Other operating expenses	(141,570)	(49,015)	(868,710)	(1,037,067)
Other operating income	982,728	447,718	8,952,900	3,163,881
<b>Profit from operations</b>	22,781,696	9,583,900	55,241,421	33,374,277
Finance cost	(14,036,961)	(6,430,973)	(40,611,847)	(19,596,104)
<b>Profit before taxation</b>	8,744,735	3,152,927	14,629,574	13,778,173
Taxation	-	-	(500,000)	(3,671,248)
<b>Profit after taxation</b>	8,744,735	3,152,927	14,129,574	10,106,925
Earnings per share	1.74	0.63	2.80	2.01

Chairman

Chief Executive Officer



**CASH FLOW STATEMENT**  
For the Nine Months Ended June 30, 2009 (Un-audited)

	Note	2009 Rupees	2008 Rupees
<b>Cash flow from operating activities</b>			
Profit before taxation		14,629,574	13,778,173
Add/(less): Adjustment for non cash charges and other items			
Depreciation		20,825,976	17,700,611
Amortization		331,432	310,718
Profit on sale of fixed assets		(583,678)	(29,027)
Provision for gratuity and leave salary		4,727,102	4,627,515
Provision for Doubtful Debts		-	99,088
Exchange Gain		(1,919,249)	(54,550)
Profit on revaluation of livestock		(1,340,266)	(225,000)
Financial charges		40,611,847	19,596,104
Profit before working capital changes		77,282,738	55,803,632
Effect on cash flow due to working capital changes			
(Increase) / decrease in stores and spares		(434,652)	891,347
(Increase) / decrease in stock in trade		9,362,654	(99,961,346)
(Increase) / decrease in trade debts		(15,649,164)	17,603,746
(Increase) / decrease in advances, deposits excluding income tax		(12,146,744)	(13,553,307)
Increase / (decrease) in creditors, accrued and other liabilities		(5,182,743)	(20,740,985)
		(24,050,649)	(115,760,544)
Cash generated from operations		53,232,089	(59,956,912)
Financial charges paid		(39,184,344)	(18,109,852)
Payment of Gratuity and leave salary		(2,485,322)	(1,785,605)
Taxes paid		(16,313,495)	(191,339)
Net cash inflow from operating activities		(4,751,072)	(80,043,708)
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(23,463,474)	(43,183,178)
Proceeds from sale of fixed assets		2,102,000	722,914
Proceeds from sale of livestock		638,900	554,100
(Increase) / decrease in long-term deposits		(741,026)	230,000
Net cash outflow from investing activities		(21,463,600)	(41,676,164)
<b>Cash flow from financing activities</b>			
Dividend paid		(5,040,000)	(10,080,000)
Repayment of long term loan		(22,105,260)	(11,052,631)
Net cash out flow from financing activities		(27,145,260)	(21,132,631)
Net increase / (decrease) in cash and cash equivalents		(53,359,932)	(142,852,503)
Cash and cash equivalents at the beginning of the period		(277,801,174)	(119,195,134)
Cash and cash equivalents at the end of the period	9	(331,161,106)	(262,047,637)

Chairman

Chief Executive Officer

**STATEMENT OF CHANGES IN EQUITY**  
For the Nine Months Ended June 30, 2009 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profit	Rupees Total
Balance as at September 30, 2007	50,400,000	9,335,878	300,000	202,536,828	262,572,706
Net profit for nine months	-	-	-	10,106,925	10,106,925
Final dividend for the year ended September 30, 2007 Rs. 2 per share				(10,080,000)	(10,080,000)
Balance as at June 30, 2008	50,400,000	9,335,878	300,000	202,563,753	262,599,631
Net Profit for three months	-	-	-	(1,769,385)	(1,769,385)
Balance as at September 30, 2008	50,400,000	9,335,878	300,000	200,794,368	260,830,246
Net Profit for nine months	-	-	-	14,129,574	14,129,574
Final dividend for the year ended September 30, 2008 Re. 1 per share	-	-	-	(5,040,000)	(5,040,000)
Balance as at June 30, 2009	50,400,000	9,335,878	300,000	209,883,942	269,919,820

Chairman

Chief Executive Officer

**SELECTED NOTES TO THE ACCOUNTS**  
For the Nine Months Ended June 30, 2009 (Un-audited)

1. Mitchell's Fruit Farms Limited is a public company incorporated in Pakistan and listed on Lahore, Karachi and Islamabad Stock Exchanges. Its primary objective is to manufacture and sell various Farm and Confectionary products.
2. During the quarter, the impact of seasonal factors on sales remained minimal.
3. These accounts are unaudited and are being submitted to the shareholders in accordance with the requirements of the Companies Ordinance, 1984.
4. The accounting policies adopted for the preparation of quarterly accounts for the period ended June 30, 2009 are the same which were applied in the preparation of preceding annual published accounts of the company.
5. The interim financial report has been prepared in compliance with International Accounting Standard No. 34, as applicable in Pakistan, in all material respects.
6. Provision in respect of taxation is based on estimated average annual effective income tax rate consistent with the annual assessment of taxes.
7. Provision in respect of Workers' Welfar Fund and Workers' Profit Participation Fund are estimated and these are subject to final adjustment in the annual audited financial statements.
8. Previous period's figures have been restated, wherever necessary, for the purpose of comparison.

	<b>June 30 2009 Rupees</b>	<b>June 30 2008 Rupees</b>
<b>9. Cash and cash equivalents</b>		
Cash and bank balances	17,005,344	7,750,589
Short term running finances	(348,166,450)	(269,798,226)
	(331,161,106)	(262,047,637)
	(331,161,106)	(262,047,637)

**10. Contingencies and commitments**

**10.1 Contingencies**

There has been no significant change in contingencies since September 30, 2008.

**10.2 Commitments**

Commitment in respect of capital expenditure is Rs. Nil (2008: Rs. 108 million).

11. The company purchased from associated undertakings, goods and services amounting to Rs. 11.057 million (2008: Rs. 41.93 million).

## COMPANY INFORMATION

<b>Board of Directors</b>	S. M. Mohsin Mehdi Mohsin Sitwat Mohsin Moaz Mohiuddin Syed Faisal Imam Umme Kulsum Imam Jamal Nasim – NIT Nominee	- Chairman - Chief Executive Officer
<b>Audit Committee</b>	S. M. Mohsin Sitwat Mohsin Syed Faisal Imam	- Chairman - Member - Member
<b>Company Secretary/CFO</b>	Atif Fayyaz	
<b>Auditors</b>	A.F. Ferguson & Co. Chartered Accountants	
<b>Legal Advisors</b>	Minto & Mirza 78-Mozang Road, Lahore Phone: (042) 6315469-70 Fax: (042) 6361531	
<b>Bankers</b>	Habib Bank Limited Allied Bank Limited Askari Commercial Bank Limited MCB Bank Limited Citibank N.A. The Royal Bank of Scotland National Bank of Pakistan	
<b>Share Registrar</b>	Corplink (Private) Limited Wings Arcade, 1-K (Commercial) Model Town, Lahore Phone: (042) 5839182, 5887262, Fax:(044) 5869037	
<b>Factory, Regional Sales Office (Central) &amp; Farms</b>	Renala Khurd, District Okara, Pakistan Phones: (044) 2635907-8, 2622908 Fax: (044) 2621416 E-Mail: rnk@mitchells.com.pk, rsoc@mitchells.com.pk	
<b>Corporate Office</b>	39-A, D-1, Gulberg III Lahore Phones: (042) 5872392-96, Fax: (042) 5872398 E-Mail: ho@mitchells.com.pk Website: www.mitchells.com.pk	
<b>Regional Sales Office (North)</b>	House No.22 ST. No.4, Main Park Road Gulshan e Al-Huda, Chattha Bakhtawar, Islamabad. Phones: (051) 2240020-21 Fax: (051) 2240023 E-Mail: rson@mitchells.com.pk	
<b>Regional Sales Office (South)</b>	Mehran VIP II, Ground Floor, Plot 18/3 Dr. Dawood Pota Road, Karachi Phones: (021) 5212112, 5212712 & 5219675 Fax: (021) 5673588 E-Mail: rsos@mitchells.com.pk	