



06th May 2022

The General Manager
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road,
Karachi.

SUBJECT: TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED 31st MARCH 2022.

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended 31 March 2022 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Please note that MFFL has been attempting to upload the financial accounts for the quarter ended March 31, 2022 on the PUCARS portal on 29th April 2022, however, due to a holiday at the Exchange we remain unable to do so.

Now the Quarterly Report is being uploaded on the first working day i.e. 6th May 2022.

Yours Sincerely,


Mehboob Ellahi Khan
Company Secretary





CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Nine Months Period
Ended 31 March 2022

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Company Information

BOARD OF DIRECTORS

Mr. Najam Aziz Sethi.....	Chairman
Ms. Naila Bhatti	Chief Executive Officer
Mr. Syed Mohammad Mehdi Mohsin.....	Non - Executive Director
Ms. Umme Kulsum Imam	Non - Executive Director
Mr. Abdul Hamid Dagia	Non - Executive Director
Mr. Shazad Ghaffar	Non - Executive Director
Mr. Aamir Amin	Independent Director
Mr. Syed Manzar Hassan.....	Independent Director
Mr. Rizwan Bashir	Independent Director

AUDIT COMMITTEE

Mr. Rizwan Bashir	Chairman
Mr. Shazad Ghaffar	Member
Mr. Aamir Amin.....	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Manzar Hassan	Chairman
Ms. Umme Kulsum Imam	Member
Mr. Aamir Amin.....	Member
Ms. Naila Bhatti	Member

CHIEF FINANCIAL OFFICER

Badar M. Khan, FCA

COMPANY SECRETARY

Mehboob Ellahi Khan

AUDITORS

A.F. Ferguson & Company
Chartered Accountants

LEGAL ADVISORS

Cornelius, Lane & Muffi
Nawa-e-Waqt House,
4 Shahr-e-Fatima Jinnah, Lahore 54000
Phone: 042 36360868

BANKERS

Habib Bank Limited
Askari Bank Limited
Allied Bank Limited
JS Bank Limited
Bank Al Habib Limited

SHARE REGISTRAR

Corplink (Private) Limited,
Wings Arcade, 1-K (Commercial
Model Town, Lahore
Phone : (042) 35839182, 35887262
Fax: (042) 35869037

CORPORATE OFFICE

72-FCC Gulberg IV, Lahore
Phones: (042) 35872392-96,
Fax: (042) 35872398
E-Mail: ho@mitchells.com.pk
Website: www.mitchells.com.pk

FACTORY & FARMS

Renala Khurd, District Okara, Pakistan
Phones: (044) 2635907-8, 2622908
Fax: (044) 2621416
E-Mail: rnk@mitchells.com.pk

REGIONAL SALES OFFICES

Islamabad

Office # 43, 3rd Floor,
Rose-1 Plaza, I-8 Markaz- Islamabad
Phones: (051) 4443824-6
Fax: (051) 4443827
E-Mail: rson@mitchells.com.pk

Karachi

Office # 411, 4th Floor, The Forum,
Khayaban-e-Jami, Block 9 Clifton, Karachi.
Phones: 0307-1058969
E-Mail: rsos@mitchells.com.pk

Directors' Report

The Directors of the company are pleased to present their report on the condensed half yearly interim financial statement of the Company for the period ended March 31, 2022. After last year's change of financial year end to June from September, this is the first time that nine months results are prepared for the period ended 31 March otherwise this period used to close at 30th June.

Key financial highlights for the subject period are as under:

	March 31 2022	March 31 2021
	Rupees in Million	
Sales Revenue	1,959	1,985
Gross Profit	394	435
Net Profit/(Loss) before tax	(166)	44
Profit/(Loss) after tax	(193)	18
Profit/(Loss) Per Share	(8.44)	0.8

Even though the current financial year has been very tough for the company, the last three months have shown a positive trajectory in terms of sales & financial performance. However, the company is still facing following challenges:

- Increase in prices of major inputs of raw & packing materials and other costs like labor, power and freight (local & international).
- Machinery breakdowns.
- Lack of strategic buying of Raw Material due to cash flow crunch.
- Delayed import deliveries due to international supply chain issues post covid.

Keeping in view of the above challenges certain measures have been taken to minimize the impact:

- Optimizing and replenishing the engineering store with parts to minimize delays during breakdowns.
- Revising the payment terms with maximum time limit for payment for business continuity.
- Procurement of Raw and Packing material is being done on minimum order quantities.
- Capacity enhancement at the production end.
- SKU rationalization in our major categories.
- Price increase has been taken where the market showed flexibility.
- Set up a modern laboratory at the factory to optimize the process of product innovation and development
- Continuous train the trainer program for factory employees to bring them up to speed on industry best practices.
- Enhanced focus on growth categories and introduction of new products in confectionary and Chocolates.
- Portfolio diversification by introducing the category of Recipe mix.
- New packaging and standardization of all categories
- Strict controls on material wastage and losses by maintaining it at below 2%.

Going forward, the coming quarter is very critical for our success as this also includes the month of Ramzan which has a high lift. However, this quarter has brought an industry challenge for the production of Tomato Ketchup as the south tomato crop is delayed, which has shifted Mitchell's from pulping to procurement of tomato paste. The availability of paste is scarce and with cash crunch it does not allow us go for bulk buying further slowing down our production. We are focusing on enhancing our export market by adding products like Recipe mix to our basket. Within the chocolate category we aim to continue and focus on our North Market meanwhile we have seen success with our squashes which has helped to fill the sales loss due to unavailability of tomato paste.

In order to meet working capital requirements, the company is under negotiations with various banks for fresh financing facilities with the help of additional security. During the third quarter, one of the sponsors has extended a fresh loan of PKR 25 Million to the company.

Due to the nature of our operations, there is no negative impact upon the environment. Over the past decades, company has developed massive plantation upon its factory land that provides a healthy working atmosphere to its staff. Additionally, we are also exploring the possibility of utilizing solar energy to meet our factory requirements. Capacity enhancement and upgradation of our plant facilities is ongoing.

With regard to activities undertaken by the company for corporate social responsibility, the company undertook projects with Shaukat Khanum Hospital for fighting and creating awareness in bone cancer, collaborated with Akhuwat's Clothing Bank for a clothing charity drive, we also paired with Strive to Inspire by helping less fortunate families with our products in Ramzan.

During the period, the composition of Board remained unchanged as reported in last Annual Report 2021.

For and on behalf of the Board of Directors


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Lahore: April 28, 2022

ڈائریکٹرز رپورٹ

ڈائریکٹران، تیسری سہ ماہی جو کہ 31 مارچ 2022 کو ختم ہوا، اس دورانیے کے لیے اپنی رپورٹ پیش کرتے ہیں جو کہ اس مدت کے لیے تیار شدہ مختصر مالیاتی حسابات پر مشتمل ہے۔ پچھلے سال مالیاتی سال کی تبدیلی (جو کہ ستمبر سے جون پر منتقل کی گئی) کے بعد پہلا موقع ہے کہ تیسری سہ ماہی کے حسابات 31 مارچ کی تاریخ کو تیار کیے گئے ہیں، ورنہ اس سے پیشتر یہ 30 جون کو تیار کیے جاتے تھے۔

کمپنی کا مختصر مالیاتی جائزہ زیر نظر ہے:

(روپے ملین میں)

31 مارچ 2021	31 مارچ 2022	
1,985	1,959	کمپنی مصنوعات کی فروخت
435	394	کل منافع
44	(166)	ٹیکس سے پہلے کا (خسارہ)/منافع
18	(193)	ٹیکس کے بعد کا خسارہ/منافع
0.80	(8.44)	فی شیئر خسارہ/منافع

اس کے باوجود کہ رواں مالی سال کمپنی کے لیے بہت مشکل ثابت ہو رہا ہے، آخری تین مہینوں میں مصنوعات کی فروخت اور مالیاتی کارکردگی میں کچھ بہتری دیکھنے میں آئی ہے، اس کے علاوہ کمپنی کو مندرجہ ذیل مشکلات کا سامنا کرنا پڑ رہا ہے:

- خام مال، پیکیجنگ میٹریل اور دوسری پیداواری لاگوں میں اضافہ جیسا کہ مزدوری، بجلی اور قومی اور بین الاقوامی کرایوں میں اضافہ
- مشینوں کا رک جانا
- پیسوں میں کمی کی وجہ سے خام مال کی تجز واتی بروقت خرید
- درآمدی خام مال کی دیر سے آمد جو کہ کورونا کے بعد بین الاقوامی مسئلہ بن گیا تھا

ان مشکلات کا ادراک کرتے ہوئے مندرجہ ذیل اقدامات کیے گئے ہیں تاکہ ان کا ازالہ ہو سکے:

- انجینئرنگ سنور میں مکمل اور بروقت تمام پرزہ جات کی فراہمی تاکہ مشینوں کا بریک ڈاؤن کم سے کم ہو
- کاروبار کو جاری رکھنے کے واسطے ادائیگی کی شرطوں کو آسان بنانا
- خام مال اور پیکیجنگ میٹریل کی خرید چھوٹے پیمانے پر کی جارہی ہے
- کمپنی کی پیداواری صلاحیت میں اضافہ کرنا
- مصنوعات کے فروخت کے یونٹ کو بہتر سطح پر لے جانا
- جہاں مارکیٹ میں گنجائش تھی وہاں پر مصنوعات کی قیمتوں میں اضافہ کیا گیا
- فیکٹری میں ایک جدید لیبارٹری کا قیام تاکہ مصنوعات کے معیار میں اضافہ کیا جاسکے
- فیکٹری کے ملازمین کے لیے مستقل بنیادوں پر تربیت کا انعقاد تاکہ وہ انڈسٹری میں ہونے والی تمام پیش رفت کے بارے میں معلومات رکھ سکیں
- کٹیفیکیشنری اور چاکلیٹ کی مصنوعات کی فروخت اور بروقتی پر توجہ مرکوز کرنا
- مصالحوں جات کی مصنوعات کا اضافہ
- تمام مصنوعات کی پیکیجنگ اور معیار میں اضافہ
- دوران پیداوار ہونے والے نقصان کو 2% سے نیچے رکھنا

آگے بڑھتے ہوئے، آنے والی سہ ماہی جو اس مالی سال کی آخری سہ ماہی ہوگی، نہایت اہم ہوگی کیونکہ اس میں ماہ رمضان کی سبزی بھی شامل ہوں گی جو کہ عام مہینوں سے تھوڑی زیادہ ہوتی ہیں۔ لیکن اس سہ ماہی میں ٹماٹر کے کچپ کی پیداوار متاثر ہوگی کیونکہ جنوبی علاقے کے ٹماٹر کی فصل اس دفعہ دیر سے ہے جس کی وجہ سے کمپنی کو اپنے پلانٹ پر پلپنگ کرنے کے بجائے بازار سے ٹماٹر کا پیسٹ خریدنا پڑ رہا ہے۔ ٹماٹر پیسٹ مارکیٹ میں کم مقدار میں ہے اور ہمارے پیسوں کی صورت حال اس چیز کی اجازت نہیں دیتی کہ ہم بڑی مقدار میں خرید کر سکیں جس کی وجہ سے فیکٹری کی پیداوار متاثر ہو رہی ہے۔ مزید برآں ہم اپنی توجہ برآمدات کو بڑھانے پر بھی مرکوز کر رہے ہیں اور اس سلسلے میں ہم نے نئی مصنوعات کو بھی برآمد کرنے کے لیے اضافہ کیا ہے۔ چاکلیٹ کی مصنوعات کی شمالی علاقے کی مارکیٹ میں فروخت کرنے کے اوپر بھی ہماری توجہ مرکوز ہے۔ اس کے علاوہ ہماری اسکوائش کی مصنوعات کی فروخت بھی بہتر رہی ہے جس کی وجہ سے ٹماٹر کے کچپ کی کم فروخت سے ہونے والے نقصان کو کم کرنے میں مدد ملی ہے۔


کاروبار میں سرمایہ کی مزید ضروریات کے لیے کمپنی مختلف مالیاتی اداروں کے ساتھ مذاکرات میں مصروف ہے جس کے لیے مزید سیکیورٹی فراہم کی جائے گی۔ تیسری سہ ماہی کے دوران کمپنی کے ایک سپانسر نے 25 ملین روپے کا ایک نیا قرضہ بھی فراہم کیا ہے۔

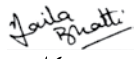
ہمارے کاروبار کی نوعیت ایسی نہیں کہ اس کی وجہ سے ماحولیات پر کوئی برا اثر پڑے۔ پھیلی کئی دھانیوں کے دوران کمپنی نے اپنے پلانٹ کی زمین پر بہت زیادہ شجر کاری کی ہے جس کی وجہ سے ماحول پر اس کا بہت مثبت اثر پڑا ہے اور اس کی وجہ سے ہمارے اسٹاف کو ایک بہت زیادہ صحت مند نامہ ماحول میسر آتا ہے۔ اس کے علاوہ ہم سٹشیا توانائی کی مدد سے اپنی بجلی پیدا کرنے کی کاوش میں بھی کوشاں ہیں۔ ہمارے پلانٹ کی پیداواری استعداد بڑھانے اور اس میں جدت لانے کا عمل بھی جاری ہے۔

کارپورٹ سوشل ذمہ داری کے تحت کمپنی نے شوکت خانم ہسپتال کے ساتھ کینسر کے مرض کے لیے آگاہی کی مہم میں حصہ لیا اور اس کے علاوہ اخوت فاؤنڈیشن کے ساتھ کپڑے اکٹھے کرنے کی مہم میں بھی حصہ لیا تاکہ نادار اور مستحق لوگوں کی مدد رمضان کے ماہ مقدس میں اپنی مصنوعات کی مدد سے بھی کی جا سکے۔

اس نصف سال کے عرصے کے دوران بورڈ آف ڈائریکٹرز میں کوئی تغیر رونما نہ ہوا اس کی ترتیب و تدوین وہی رہی جو کہ سالانہ رپورٹ 2021 کے جاری کرنے کے وقت تھی۔

بورڈ آف ڈائریکٹرز کی جانب سے


نجم عزیز سیٹھی
چیئر مین


نائلہ بیٹی
چیف ایگزیکٹو آفیسر/منیجنگ ڈائریکٹر

لاہور: 28 اپریل 2022

Condensed Interim Statement of Financial Position

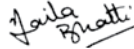
As at March 31, 2022 (Un-audited)

	Note	March 31 2022 Rupees Un-audited	June 30 2021 Rupees Audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital 40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital 22,875,000 (June 30, 2021: 22,875,000) ordinary shares of Rs 10 each		228,750,000	228,750,000
Reserves		414,585,795	607,668,057
		643,335,795	836,418,057
NON-CURRENT LIABILITIES			
Deferred liabilities		103,977,336	112,510,688
Long term finance - secured		21,920,794	12,732,774
Deferred grant		1,140,378	1,140,378
		127,038,508	126,383,840
CURRENT LIABILITIES			
Current portion of long term finance		5,954,232	30,675,616
Current portion of deferred grant		755,053	675,616
Finances under markup arrangements		334,360,950	134,393,274
Creditors, accrued and other liabilities		598,457,173	425,850,584
Loan from directors - unsecured		225,000,000	150,000,000
Accrued finance cost		8,944,728	2,255,383
Unclaimed dividends		2,004,183	2,004,183
		1,175,476,319	745,854,656
CONTINGENCIES AND COMMITMENTS			
	3	-	-
		1,945,850,622	1,708,656,553

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

	Note	March 31 2022 Rupees Un-audited	June 30 2021 Rupees Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	670,243,944	636,098,672
Intangible assets		12,200,704	12,262,568
Biological assets		1,500,000	37,790,000
Long term receivables		4,911,693	8,511,693
		688,856,341	694,662,933
CURRENT ASSETS			
Stores, spares and loose tools		45,382,751	35,291,224
Stock in trade		557,572,086	407,053,602
Trade debts		441,688,708	329,306,341
Advances, deposits, prepayments and other receivables		76,241,339	98,654,403
Income tax recoverable		115,937,270	131,061,071
Cash and bank balances		20,172,127	12,626,979
		1,256,994,281	1,013,993,620
		1,945,850,622	1,708,656,553


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Condensed Interim Statement of Profit or Loss

For the Three Months and Nine Months Period Ended March 31, 2022 (Un-audited)

	Note	Three months period ended		Nine months period ended	
		March 31 2022 Rupees	March 31 2021 Rupees	March 31 2022 Rupees	March 31 2021 Rupees
Sales	5.	690,528,812	799,897,575	1,959,301,394	1,985,170,169
Cost of sales		(555,269,325)	(634,058,970)	(1,564,859,957)	(1,550,046,707)
Gross profit		135,259,487	165,838,605	394,441,437	435,123,462
Administration expenses		(53,758,374)	(43,826,414)	(165,033,676)	(138,569,850)
Distribution and marketing expenses		(126,982,496)	(98,721,902)	(414,548,573)	(238,655,163)
Other operating expenses		(817,716)	(7,509,502)	(824,216)	(13,129,705)
Other operating income		5,257,141	23,191,380	45,601,644	34,142,545
Finance cost		(9,938,390)	(8,235,464)	(25,841,425)	(34,944,283)
(Loss) / profit before tax		(50,980,348)	30,736,703	(166,204,809)	43,967,006
Taxation		(11,524,874)	(10,650,363)	(26,877,453)	(25,699,626)
(Loss) / profit after tax		(62,505,222)	20,086,340	(193,082,262)	18,267,380
(Loss) / profit per share - basic and diluted		(2.73)	0.88	(8.44)	0.80

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

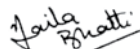
Condensed Interim Statement of Comprehensive Income

For the Three Months and Nine Months Period Ended March 31, 2022 (Un-audited)

	Three months period ended		Nine months period ended	
	March 31 2022 Rupees	March 31 2021 Rupees	March 31 2022 Rupees	March 31 2021 Rupees
(Loss) / profit after tax for the period	(62,505,222)	20,086,340	(193,082,262)	18,267,380
Other comprehensive income:				
-Items that will not be reclassified to profit or loss	-	-		
-Items that may be reclassified subsequently to profit or loss	-	-		
Total comprehensive (loss) / income for the period	(62,505,222)	20,086,340	(193,082,262)	18,267,380

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer



Najam Aziz Seethi
Chairman

Condensed Interim Statement of Changes in Equity

For the Three Months and Nine Months Period Ended March 31, 2022 (Un-audited)

	Share capital	Reserves		Total	
		Share premium	General reserve		Unappropriated loss
	Rupees				
Balance as on June 30, 2020 - un-audited	78,750,000	9,335,878	300,000	7,069,483	95,455,361
Profit for the period	-	-	-	20,086,340	20,086,340
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	20,086,340	20,086,340
Balance as on March 31, 2021 - un-audited	78,750,000	9,335,878	300,000	27,155,823	115,541,701
Balance as on June 30, 2021 - audited	228,750,000	609,335,878	300,000	(1,967,821)	836,418,057
Loss for the period	-	-	-	(193,082,262)	(193,082,262)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(193,082,262)	(193,082,262)
Balance as at March 31, 2022 - un-audited	228,750,000	609,335,878	300,000	(195,050,083)	643,335,795

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer



Najam Aziz Seethi
Chairman

Condensed Interim Statement of Cash Flows

For the Nine Months Period Ended March 31, 2022 (Un-audited)

	Note	Nine Months Period Ended	
		March 31 2022 Rupees	March 31 2021 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	7.	(169,251,060)	89,603,093
Finance cost paid		(19,168,983)	(46,819,760)
Taxes paid		(11,688,384)	(26,999,180)
Retirement benefits paid		(16,760,266)	(29,209,172)
Payment of accumulated compensated absences		(6,876,861)	(3,738,999)
Security deposit - net		3,600,000	(2,323,533)
Net cash used in operating activities		(220,145,554)	(19,487,551)
Cash flows from investing activities			
Fixed capital expenditure		(72,977,771)	(69,414,286)
Purchase of intangible assets		(61,864)	(191,850)
Proceeds from sale of biological assets		40,126,000	2,456,723
Transfer to CWIP		428,225	-
Proceeds from sale of property, plant and equipment		741,800	1,219,205
Net cash used in investing activities		(31,743,610)	(65,930,208)
Cash flows from financing activities			
Loan obtained from shareholder		75,000,000	50,000,000
Proceeds from long term finances-secured		-	60,000,000
Repayment of loan from directors - unsecured		-	(50,000,000)
Proceeds from issuance of shares		-	750,000,000
Repayment of long term finances - secured		(15,533,364)	(7,500,000)
Net cash generated from financing activities		59,466,636	802,500,000
Net (decrease) / increase in cash and cash equivalents		(192,422,528)	717,082,241
Cash and cash equivalents at the beginning of the period		(121,766,295)	(525,223,295)
Cash and cash equivalents at the end of the period		(314,188,823)	191,858,946

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Notes to and Forming Part of the Condensed Interim Financial Information

For the Nine Months Period Ended March 31, 2022 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

Mitchell's Fruit Farms Limited ("the Company") is a public limited company incorporated in Pakistan and the shares of the Company are listed on Pakistan Stock Exchange Limited.

It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is situated at House No. 72-FCC, Gulberg IV, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan. The Company also has one sales office in Islamabad and one in Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Change of financial year of the Company

During the period ended June 30, 2021, the Taxation Authority granted approval for change in the financial year end from September to June on February 11, 2021. The Company has changed its financial year end to align it with the normal tax year. Consequently, these condensed interim financial statements are prepared from the period from July 1, 2021 to March 31, 2022. The corresponding figures shown in condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows pertain to the period from July 1, 2020 to March 31, 2021.

2.3 Income tax expense is recognized based on management's best estimate of the weighted average income tax rate expected for the full financial year.

2.4 These condensed interim financial statements are un-audited and are being submitted to the members of the Company as required by Section 237 of the Companies Act, 2017 (the "Act"). These condensed interim financial statements do not include all the information

required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the period from October 1, 2020 to June 30, 2021.

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the period from October 1, 2020 to June 30, 2021. Furthermore, the basis of significant estimates are same as those that were applied to the preceding financial statements for the period from October 1, 2020 to June 30, 2021.

The financial statements have been prepared under the historic cost convention except certain employee benefits which are recognized on present value and investments which are measured at fair value. The financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

2.5 Initial application of standards, amendments or an interpretation of existing standards

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:

2.5.1 Standards, amendments to published standards and interpretations that are effective in current period and are relevant to the Company's operations

Certain standards, amendments and interpretations to the approved accounting standards are effective for the accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

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

Certain standards, amendments to the approved accounting standards and interpretations are mandatory for the Company's accounting periods beginning on or after January 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

3.1.1 Income Tax

There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2021 except the following:

- (i) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated June 30, 2021 in respect of tax year 2015, raised a demand of Rs 36.44 million on account of disallowance of certain expenditures under section 20 and section 21 of the Income Tax Ordinance 2001. Being aggrieved, the Company filed appeal before the Commissioner Inland Revenue (Appeals), which was partially decided in favour of the Company. Being aggrieved, the Company filed appeal before Appellate Tribunal Inland

Revenue ('ATIR'), which is pending for hearing. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

- (ii) The Deputy Commissioner Inland Revenue ('DCIR') raised demands amounting to Rs 19.5 million (June 30, 2021: 43.7 million) including default surcharge against the Company vide various orders issued relating to tax year 2007, 2008, 2009, 2011, 2012 and 2016 under section 161 of Income Tax Ordinance 2001 ('ITO 2001') on account of non-withholding of taxes while making certain payments. The Company filed appeals with the Commissioner Inland Revenue (Appeals) (CIR-A), which were partially decided against the Company. Being aggrieved the Company filed appeals before the Appellate Tribunal Inland Revenue ('ATIR') which are pending adjunction. Based on Legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these Financial Statements.

3.1.2 Sales Tax

Following are the various contingencies relating to Sales Tax matters:

- (i) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 16.47 million along with a penalty of Rs 16.37 million on account of input tax claimed on invoices issued by blacklisted vendors, inadmissible input tax claimed and non payment of further tax vide order dated July 30, 2019. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated November 11, 2019 resulting in reduction of demand to Rs 2.03 million with the penalty being recalculated at the time of the appeal effect and certain matters were remanded back. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication.

Furthermore, DCIR initiated the remand back proceedings and issued order on June 30, 2021 creating a demand of Rs. 2.68 million including default surcharge. The Company filed an appeal before Commissioner Inland Revenue Appeals, which was partially decided in favour of the Company resulting in reduction of demand to Rs. 1.51 million. Being aggrieved, the Company filed an appeal before ATIR. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

3.1.3 Others

- (i) The Company has issued post dated cheques amounting to Rs. 249.27 million (June 30, 2021: Rs 182.30 million) to Collector of Customs, Lahore on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO # 450 (I)/2001 dated June 30, 2001 and SRO # 492(1/2009) dated 13 June 2009 under the Customs Rules 2001.

3.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials Rs 3.05 million (June 30, 2021: Rs 36.32 million).
- (ii) The Company has entered into operating lease agreements, including Ijarah financing agreement with Bank Al Habib Limited in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	March 31 2022 Rupees Un-audited	June 30 2021 Rupees Audited
Not later than one year	4,632,491	5,899,480
Later than one year and not later than five years	5,274,244	3,448,391
	<u>9,906,735</u>	<u>9,347,871</u>
4. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - note 4.1	660,820,409	627,417,134
Capital work in progress	9,423,535	8,681,538
	<u>670,243,944</u>	<u>636,098,672</u>
4.1 Operating fixed assets - at net book value		
Opening book value	627,417,134	572,288,167
Add: Additions during the period at cost - note 4.1.1	61,699,982	92,049,570
	<u>689,117,116</u>	<u>664,337,737</u>
Less: Disposals during the period at book value - note 4.1.2	(721,040)	(3,371,524)
Depreciation charged during the period	(38,832,499)	(33,549,079)
Closing book value	<u>649,563,577</u>	<u>627,417,134</u>
4.1.1 Detail of additions during the period		
Leasehold improvements	2,900,287	19,676,818
Building - freehold	1,539,030	-
Plant and machinery	47,077,099	44,684,500
Vehicles	239,411	374,859
Furniture and fittings	1,806,473	5,703,298
Electric installations	3,881,477	15,271,237
Computer hardware	4,256,205	6,338,858
	<u>61,699,982</u>	<u>92,049,570</u>
4.1.2 Detail of disposals during the period		
Building on leasehold land	-	1,662,714
Plant and machinery	423,932	-
Vehicles	171,904	1,478,997
Furniture and fittings	204	-
Electric installation	125,000	80,005
Computer hardware	-	149,808
	<u>721,040</u>	<u>3,371,524</u>

	Three months period ended March 31		Nine months period ended March 31	
	2022 Un-audited Rupees	2021 Un-audited Rupees	2022 Un-audited Rupees	2021 Un-audited Rupees
5. SALES				
Gross sales - local	665,071,515	773,600,979	2,001,214,995	1,998,558,936
- Exports	157,927,469	171,023,926	357,041,870	334,366,717
	822,998,984	944,624,905	2,358,256,865	2,332,925,653
Less: Sales Returns, Rebates, Trade Promotions and Incentives	(132,470,172)	(144,727,330)	(398,955,471)	(347,755,484)
	690,528,812	799,897,575	1,959,301,394	1,985,170,169

6. Transactions with related parties

Relationship with the Company	Name and Percentage of Shareholding of Related Party	Transactions during the period	2022 Un-audited Rupees	2021 Un-audited Rupees
i. Chairman	Najam Sethi (Shareholding: 0.01%)	Obtained loan	50,000,000	-
ii. Spouse of Director	Syeda Matanat Ghaffar (Shareholding: 19.66%)	Obtained loan	25,000,000	-
iii. Director	Mr. Mehdi Mohsin (Shareholding: 19.65%)	Purchase of goods	3,242,719	5,383,052
		Rent expense	2,603,174	1,253,997
		Payment made on behalf of related party	1,518,744	1,726,121
iv. Spouse of Director	Syeda Maimanat Mohsin (Shareholding: 19.85%)	Purchase of goods	45,360	1,092,840
		Loan obtained	-	150,000,000
v. Other Related Parties	M/s Vanguard Books (Pvt) Ltd (Common Shareholding)	Rent expense	12,988,237	7,274,046
	Key Management personnel	Remuneration	52,006,617	25,721,624
	Others	Issuance of Right Shares	-	448,863,630

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

	Un-audited March 31 2022 Rupees	Audited June 30 2021 Rupees
Period end balances		
Loan from directors - unsecured	225,000,000	150,000,000
Payable to related parties	2,168,802	1,647,248

These balances are in the normal course of business.

7. CASH GENERATED FROM OPERATIONS

	2022 Un-audited Rupees	2021 Un-audited Rupees
(Loss) / profit before tax for the period	(166,204,809)	43,967,006
Adjustment for:		
- Depreciation on property, plant and equipment	38,832,499	33,759,537
- Amortization of deferred income	(199,266)	(1,753,315)
- Amortization of deferred grant	(1,085,555)	(1,513,957)
- Amortization of intangibles	490,089	55,482
- Loss on sale of property, plant and equipment	162,376	1,995,055
- Loss allowance	2,870,007	2,296,315
- Provision for gratuity and accumulated leaves	20,966,729	23,825,309
- (Reversal) / provision for sale return	(14,441,719)	43,866,293
- Profit on sale of biological assets	(3,836,000)	(1,867,072)
- Provision for obsolete stocks	1,800,631	4,030,831
- Provision for trade promotions and incentives	116,978,167	74,707,736
- Reversal for trade promotions and incentives	(1,815,108)	-
- Exchange loss / (gain)	760,514	1,141,065
- Finance cost	25,841,425	34,944,283
Profit before working capital changes	21,119,980	259,454,568
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(10,091,527)	8,929,887
- Increase in stock-in-trade	(153,388,491)	(177,373,381)
- Decrease/ (increase) in trade debts	(111,621,853)	(189,720,249)
- (Increase) / decrease in advances, deposits prepayments and other receivables	22,413,064	(14,024,551)
- Increase in creditors, accrued and other liabilities	62,317,767	202,336,819
	(190,371,040)	(169,851,475)
Cash (used in) / generated from operations	(169,251,060)	89,603,093

8. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's non financial assets that are measured at fair value at March 31, 2022:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Assets				
Trees	-	1,500,000	-	1,500,000
	-	1,500,000	-	1,500,000

The following table presents the Company's non financial assets that are measured at fair value at June 30, 2021:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Assets				
Recurring fair value measurements of biological assets				
Livestock and trees	-	37,790,000	-	37,790,000
	-	37,790,000	-	37,790,000

9. EVENTS AFTER THE REPORTING DATE

No significant events have occurred subsequent to March 31, 2022.

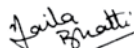
10. DATE OF AUTHORIZATION


These condensed interim financial statements were authorized for issue on April 28, 2022 by the board of directors of the Company.

11. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman



CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Nine Months Period Ended 31 March 2022

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-  Mitchell'sChocolates&Sweets