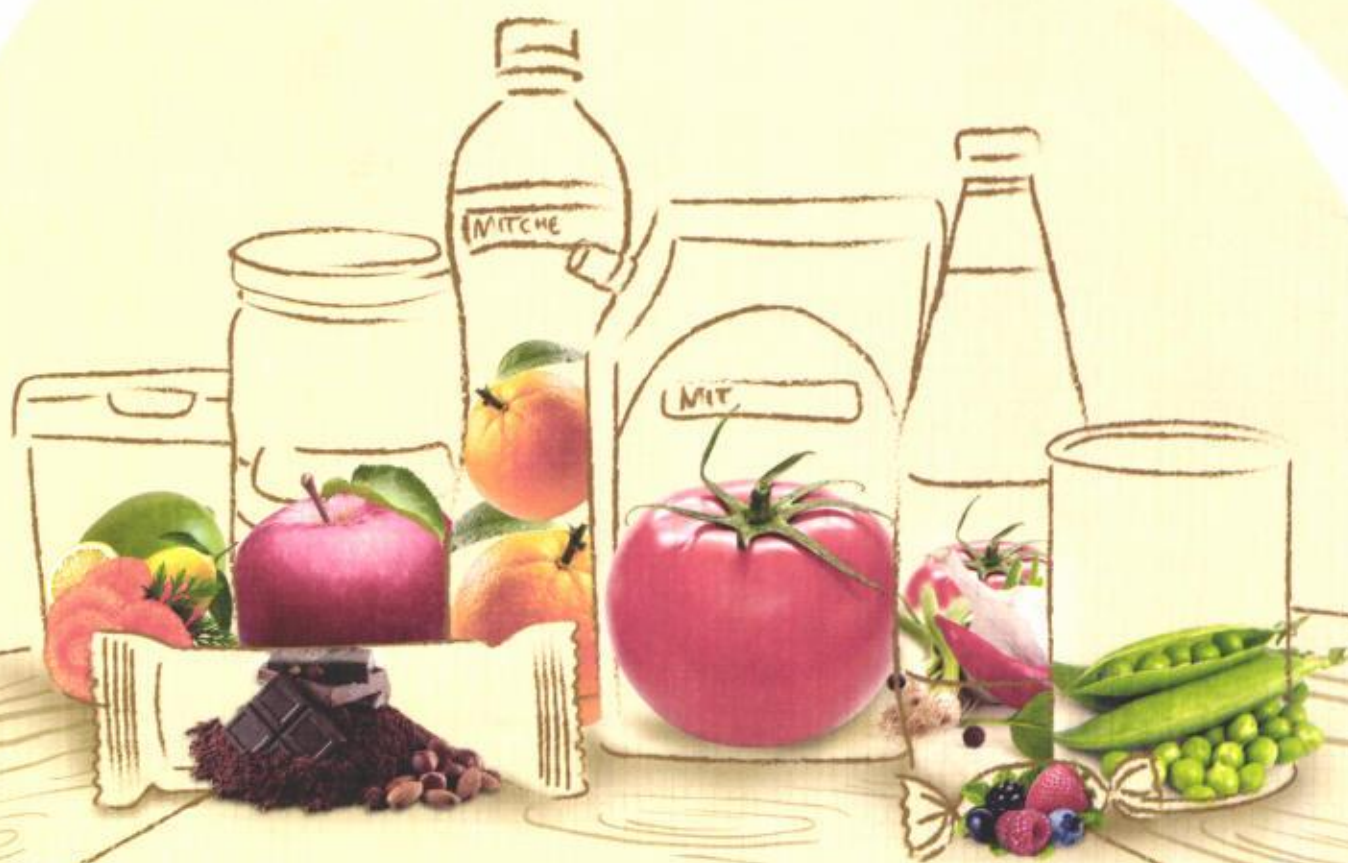




MITCHELL'S®

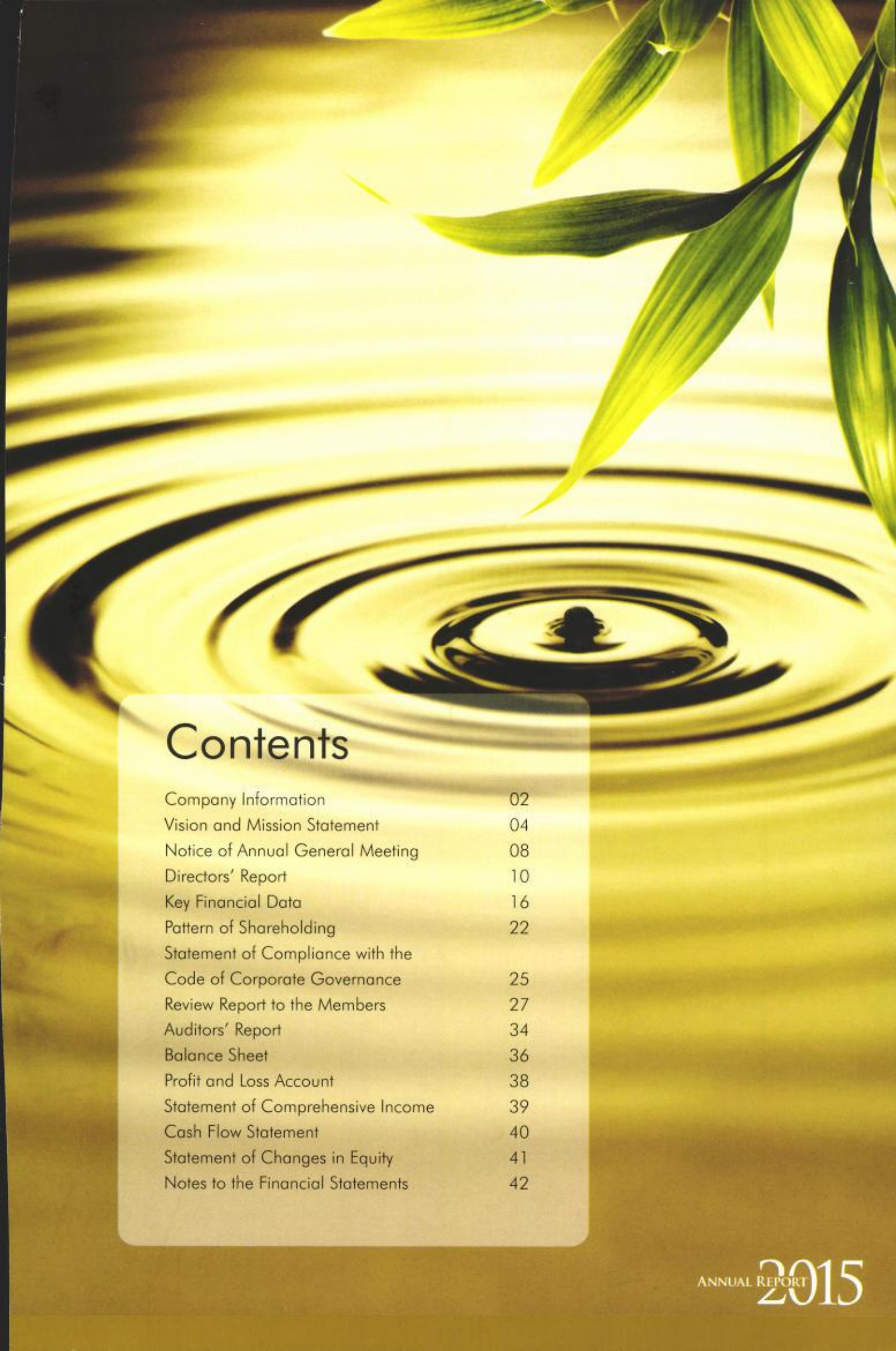
FARM TO FAMILY

FOR THE TASTE OF NATURAL GOODNESS



ANNUAL REPORT **2015**

WWW.MITCHELLS.COM.PK



Contents

Company Information	02
Vision and Mission Statement	04
Notice of Annual General Meeting	08
Directors' Report	10
Key Financial Data	16
Pattern of Shareholding	22
Statement of Compliance with the Code of Corporate Governance	25
Review Report to the Members	27
Auditors' Report	34
Balance Sheet	36
Profit and Loss Account	38
Statement of Comprehensive Income	39
Cash Flow Statement	40
Statement of Changes in Equity	41
Notes to the Financial Statements	42

Company Information

BOARD OF DIRECTORS

S.M. Mohsin

Mujeeb Rashid
Syeda Sitwat Mohsin
Mehdi Mohsin
Moaz Mohiuddin

Rizwan Bashir
Umme Kulsum Imam
Syeda Maimanat Mohsin
Shazad Ghaffar
Pervez Hayat Noon
Jamal Nasim

Syed Faisal Imam (Late)¹

AUDIT COMMITTEE

Pervez Hayat Noon
S. M. Mohsin
Jamal Nasim

Chairman
Non Executive Director
Chief Executive Officer
Non Executive Director
Executive Director
Independent,
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
(NIT Nominee)
Non Executive Director

Chairman
Member
Member

COMPANY SECRETARY/CFO

Nauman Munawar

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

¹ Syed Faisal Imam expired on October 02, 2015. Mr. Rizwan Bashir was appointed in his place in meeting of Board of Directors held on December 30, 2015.



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.



A decorative border at the bottom of the page featuring stylized yellow leaves and small butterflies on a white background.



MITCHELL'S®



CHOCOLATES

CELEBRATE THE SWEETER SIDE OF LIFE WITH THE RICH, CREAMY AND DELICIOUSLY SWEET MITCHELL'S CHOCOLATES THAT MAKE EVERY SPECIAL MOMENT EXTRA SPECIAL FOR YOU AND YOUR LOVED ONES. INDULGE IN THE SWEET TREATS AND CELEBRATE EVERY MOMENT TO THE FULLEST.



ANNUAL REPORT 2015

Notice of Annual General Meeting

Notice is hereby given that the 83rd Annual General Meeting of Mitchell's Fruit Farms Limited will be held on February 15, 2016 on Monday 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 Extraordinary General Meeting held on April 30, 2015.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2015 together with the Directors' and Auditors' reports thereon.
3. To approve payment of cash dividend @ 25% as recommended by the Board of Directors.
4. To appoint auditors for the year ending September 30, 2016 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.

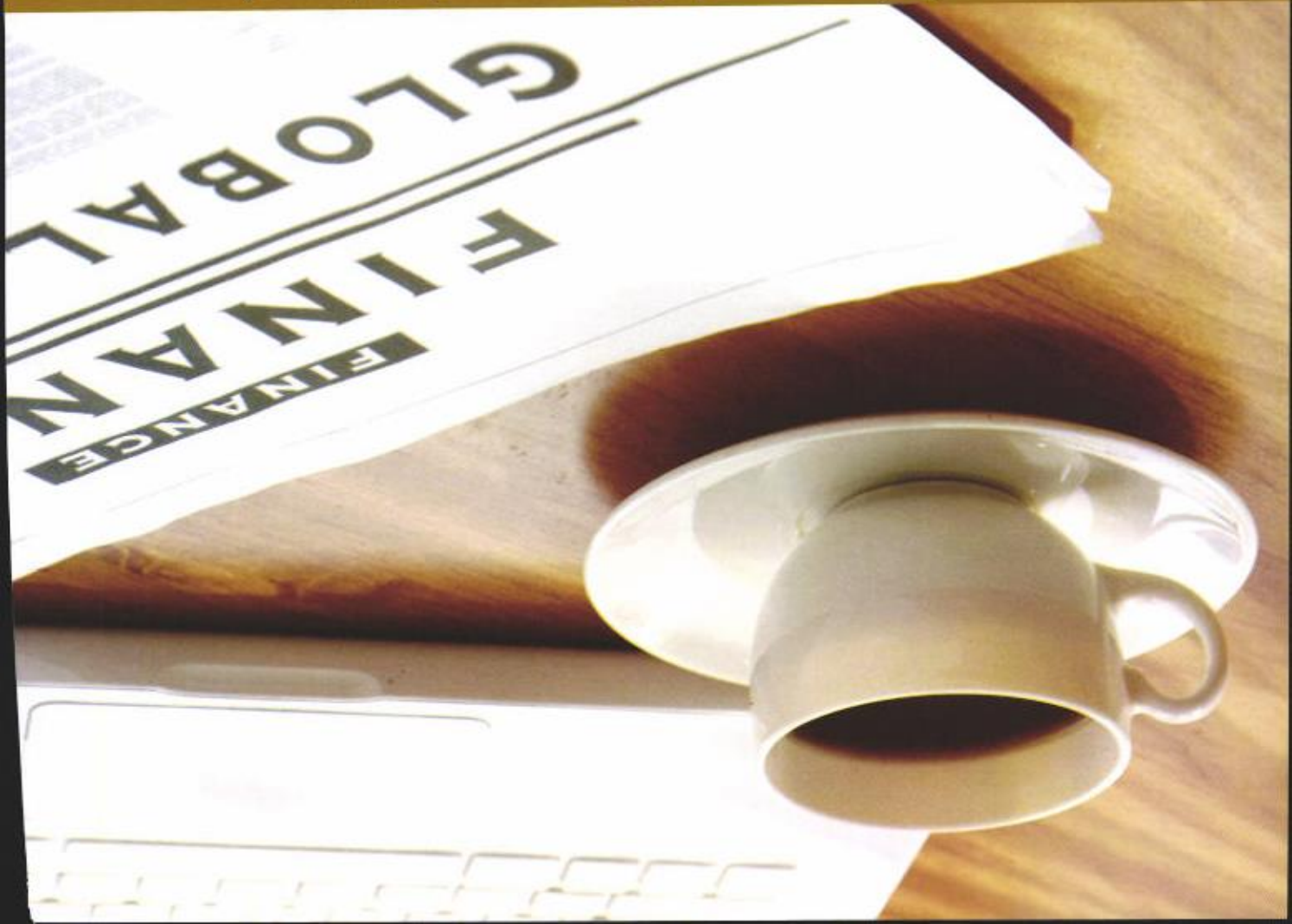
OTHER BUSINESS

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

BY ORDER OF THE BOARD

Nauman Munawar
Company Secretary

Lahore,
January 08, 2016





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 February 08, 2016 to February 15, 2016 (both days inclusive) for entitlement of final cash dividend for the accounting period ended September 30, 2015. 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 February 06, 2016 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.

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 30th September, 2015 was a difficult year for our company as slow economic growth in the country and resulting slowness in the 'trade' negatively impacted on product flows in the market.

Overall sales at Rs 1,696 million registered a decline of over 13% in revenue over the previous year due to several factors. Congestion of trade pipelines in the semi urban areas and a fierce fight for shelf space in the modern trade of bigger towns/cities created immense difficulties for our distributors. Additionally, strong discounting and lesser prices of our competitors at the trade level impacted the sales of our high quality premium priced grocery products.

After a careful review focused efforts were put into place during the year to overcome the weak geographical areas and strengthen our overall sales & distribution processes for adequately responding to ongoing competitive pressures.

Our Exports registered a handsome increase of 19% and were strongly supported by the introduction of Mango Pulp in cans (from our new fruit pulping line) to the European and North American Markets.

Gross profit at Rs. 404 million against Rs. 521 million last year mainly resulted from lower sales during the year despite considerable gains in productivity and efficiency achieved in our operations as a result of the continuous improvement in our manufacturing processes.

Profit from operations at Rs.74 million against Rs. 158 million last year was also affected by the general inflationary increase in fixed cost. After absorbing an increased amount of financial cost on our recent new investments coupled with full year's charge on the capitalization in the previous year the company made profit before tax of Rs. 26 million compared to Rs. 119 million last year.

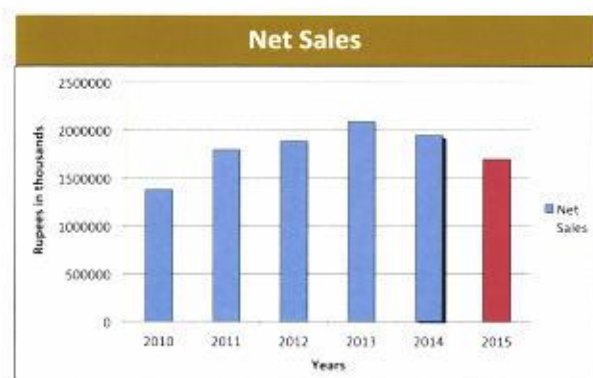
After tax profit of Rs. 27 million against Rs. 107 million of the previous year was helped by the impact of tax credits on account of investments made.

MANUFACTURING OPERATIONS

During the year the Company invested in new equipment to enhance productivity through greater automation. The improved processes ensuing from this investment also considerably strengthen our Quality Assurance and Food Safety procedures.

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 by foreign trainers. Training facilities at the plant have been upgraded to enhance the quality and impact of our training efforts.



CORPORATE SOCIAL RESPONSIBILITY

The operations of our Effluent Treatment Plant were further optimized during the year with the help of experts in this field to ensure that our 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 promotion of high quality education during the year we have supported Anjuman e Khuddam e Rasullullah (AKRA) that runs schools as well as offers medical facilities for under privileged in the rural areas.

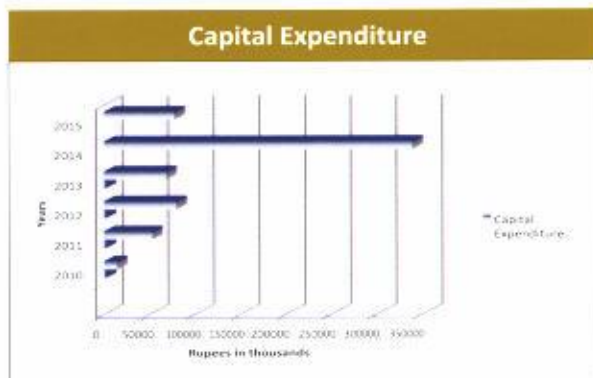
The company contributed Rs.211 million to the National Exchequer on account of various government levies including customs duty, sales tax and income tax.

Furthermore foreign exchange of Rs.281 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 develop and enhance mutually beneficial relationships with the farming communities surrounding our factory thus improving their economic well being. Our efforts will be focused on collaboration with the farmers to help them achieve higher farm produce by encouraging them to use high yielding seeds and



offer adequate support prices to make their endeavors profitable.

EMOLUMENTS OF CHIEF EXECUTIVE OFFICER

There is no change change in the emolument of Chief Executive Officer during the financial year.

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

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

New Directors on the Board

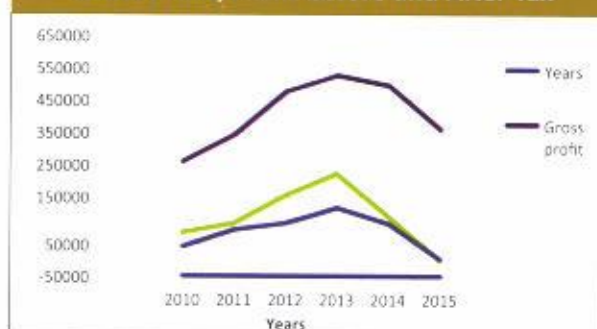
Syeda Maimanat Mohsin	2
Pervez Hayat Noon	1
Shazad Ghaffar	1
Rizwan Bashir	0

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



¹ Syed Faisal Imam expired on October 02, 2015. Mr. Rizwan Bashir was appointed in his place in meeting of Board of Directors held on December 30, 2015.

Gross Profit, Profit before and After Tax



AUDIT COMMITTEE

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

Name of Director	Attendance
Moaz Mohiuddin	2
S.M.Mohsin	4
Faisal Imam	2
Pervez Hayat Noon	1

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

During the last business 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	1

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. 3.44 as compared to the last year figure of Rs. 13.65.

DIVIDEND

The Board proposed cash dividend of Rs.2.5 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

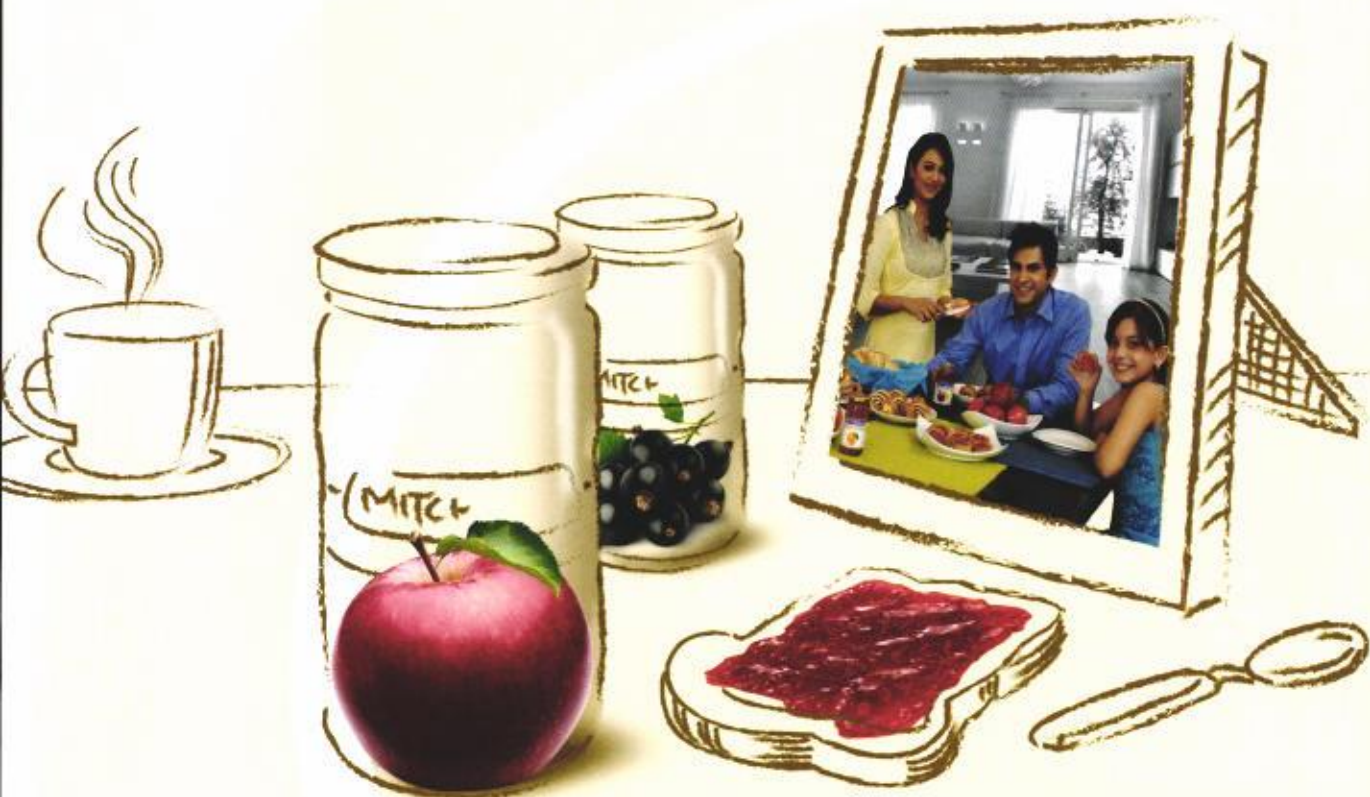
The board of directors would like to express their gratitude to all employees for their strong contribution in successfully overcoming adverse circumstances faced by the company during the year.

For and on behalf of
The Board of Directors

Mujeeb Rashid
Lahore,
January 08, 2016

Mujeeb Rashid
Managing Director &
Chief Executive Officer

Morning starts with
the goodness of real fruits



MITCHELL'S®

JAM, JELLIES AND MARMALADE

MADE WITH THE GOODNESS OF REAL FARM-FRESH FRUITS,
MITCHELL'S JAMS, JELLIES AND MARMALADES ARE
FLAVOURFULLY RICH BREAKFAST TREATS THAT GIVE YOUR
MORNINGS A HEALTHY AND NUTRITIOUS START.



ANNUAL REPORT **2015**

Vertical Analysis of Financial Statements

Statement of Financial Position

Balance Sheet	2015		2014	
	Rs. In '000	%	Rs. In '000	%
Non-current Assets	709,345	51.85	698,362	49.83
Current Assets	658,671	48.15	703,215	50.17
Total Assets	1,368,016	100.00	1,401,577	100.00
Equity	572,587	41.86	578,913	41.30
Non-current Liabilities	264,386	19.33	306,366	21.86
Current Liabilities	531,043	38.82	516,298	36.84
Total equity and Liabilities	1,368,016	100.00	1,401,577	100.00
Profit and Loss Account				
Net Sales	1,696,332	100.00	1,945,126	100.00
Cost of Sales	(1,292,628)	(76.20)	(1,423,777)	(73.20)
Gross Profit	403,704	23.80	521,349	26.80
Selling and Distribution expenses	(240,215)	(14.16)	(95,153)	(4.89)
Administrative expenses	(103,015)	(6.07)	(275,836)	(14.18)
	60,474	3.56	150,360	7.73
Other operating expense	(2,998)	(0.18)	(9,398)	(0.48)
Other operating income	16,866	0.99	17,105	0.88
	74,342	4.38	158,067	8.13
Financial expenses	(48,485)	(2.86)	(38,591)	(1.98)
Profit before tax	25,854	1.52	119,476	6.14
Taxation	1,215	0.07	(12,012)	(0.62)
Profit for the year	27,069	1.60	107,464	5.52



2013		2012		2011		2010	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
404,567	43.72	375,503	46.13	332,169	43.51	312,945	47.68
520,756	56.28	438,583	53.87	431,253	56.49	343,442	52.32
925,323	100.00	814,086	100.00	763,421	100.00	656,387	100.00
319,920	56.19	429,183	52.72	359,495	47.09	306,230	46.65
118,420	12.80	96,395	11.84	79,710	10.44	75,820	11.55
286,983	31.01	288,508	35.44	324,216	42.47	274,337	41.80
925,323	100.00	814,086	100.00	763,421	100.00	656,387	100.00
2,084,262	100.00	1,884,503	100.00	1,794,248	100.00	1,376,861	100.00
(1,546,796)	(74.21)	(1,421,736)	(75.44)	(1,400,132)	(78.03)	(1,073,514)	(77.97)
537,466	25.79	462,768	24.56	394,117	21.97	303,348	22.03
(82,852)	(3.98)	(84,568)	(4.49)	(66,739)	(3.72)	(60,991)	(4.43)
(248,432)	(11.92)	(206,796)	(10.97)	(183,404)	(10.22)	(135,993)	(9.88)
206,182	9.89	171,404	9.10	143,974	8.02	106,364	7.73
(14,221)	(0.68)	(12,104)	(0.64)	(8,374)	(0.47)	(7,057)	(0.51)
12,534	0.60	16,024	0.85	10,907	0.61	7,513	0.55
204,495	9.81	175,324	9.30	146,507	8.17	106,820	7.76
(17,558)	(0.84)	(22,964)	(1.22)	(38,360)	(2.14)	(37,613)	(2.73)
186,937	8.97	152,359	8.08	108,146	6.03	69,208	5.03
(54,533)	(2.62)	(44,009)	(2.34)	(34,721)	(1.94)	(22,740)	(1.65)
132,404	6.35	108,350	5.75	73,425	4.09	46,468	3.37

Horizontal Analysis of Financial Statements

Statement of Financial Position

	2015 Rs. In '000	2014 Rs. In '000	2013 Rs. In '000	2012 Rs. In '000	2011 Rs. In '000	2010 Rs. In '000
Balance Sheet						
Non-current Assets	709,345	698,362	404,567	375,503	332,169	312,945
Current Assets	658,671	703,215	520,756	438,583	431,253	343,442
Total Assets	1,368,016	1,401,577	925,323	814,086	763,421	656,387
Equity	572,587	578,913	519,920	429,183	359,495	306,230
Non-current Liabilities	264,386	306,366	118,420	96,395	79,710	75,820
Current Liabilities	531,043	516,298	286,983	288,508	324,216	274,337
Total equity and Liabilities	1,368,016	1,401,577	925,323	814,086	763,421	656,387
Profit and Loss Account						
Net Sales	1,696,332	1,945,126	2,084,262	1,884,503	1,794,248	1,376,861
Cost of Sales	(1,292,628)	(1,423,777)	(1,546,796)	(1,421,736)	(1,400,132)	(1,073,514)
Gross Profit	403,704	521,349	537,466	462,768	394,117	303,348
Administrative expenses	(103,015)	(95,153)	(82,852)	(84,568)	(66,739)	(60,991)
Selling and Distribution expenses	(240,215)	(275,836)	(248,432)	(206,796)	(183,404)	(135,993)
	60,474	150,360	206,182	171,404	143,974	106,364
Other operating expenses	(2,998)	(9,398)	(14,221)	(12,104)	(8,374)	(7,057)
Other operating income	16,866	17,105	12,534	16,024	10,907	7,513
	74,342	158,067	204,495	175,324	146,507	106,820
Financial expenses	(48,485)	(38,591)	(17,558)	(22,964)	(38,360)	(37,613)
Profit before tax	25,854	119,476	186,937	152,359	108,146	69,208
Taxation	1,215	(12,012)	(54,533)	(44,009)	(34,721)	(22,740)
Profit for the year	27,069	107,464	132,404	108,350	73,425	46,468
Summary of Cash Flows						
Net cash flows from operating activities	56,578	(21,763)	171,462	120,891	85,407	156,022
Net cash flows from investing activities	(71,489)	(329,398)	(64,648)	(73,851)	(47,951)	(10,042)
Net cash flows from financing activities	(50,855)	112,804	(37,483)	(34,457)	(20,183)	(10,014)
Net change in cash and cash equivalents	(65,766)	(238,357)	69,331	12,582	17,273	135,966

2015	2014	2013	% increase/ (decrease) over preceding year		
			2012	2011	2010
0.02	0.73	0.08	0.13	0.06	(0.05)
(0.06)	0.35	0.19	0.02	0.26	(0.14)
(0.02)	0.51	0.14	0.07	0.16	(0.10)
(0.01)	0.11	0.21	0.19	0.17	0.13
(0.14)	1.59	0.23	0.21	0.05	0.50
0.03	0.80	(0.01)	(0.11)	0.18	(0.33)
(0.02)	0.51	0.14	0.07	0.16	(0.10)
(0.13)	(0.07)	0.11	0.05	0.30	0.10
(0.09)	(0.08)	0.09	0.02	0.30	0.05
(0.23)	(0.03)	0.16	0.17	0.30	0.29
0.08	0.15	(0.02)	0.27	0.09	0.23
(0.13)	0.11	0.20	0.13	0.35	0.09
(0.60)	(0.27)	0.20	0.19	0.35	0.74
(0.68)	(0.34)	0.17	0.45	0.19	2.62
(0.01)	0.36	(0.22)	0.47	0.45	(0.42)
(0.53)	(0.23)	0.17	0.20	0.37	0.48
0.26	1.20	(0.24)	(0.40)	0.02	(0.30)
(0.78)	(0.36)	0.23	0.41	0.56	2.73
(1.10)	(0.78)	0.24	0.27	0.53	4.07
(0.75)	(0.19)	0.22	0.48	0.58	2.31
(3.60)	(1.13)	0.42	0.42	(0.45)	3.25
(0.78)	4.10	(0.12)	0.54	3.78	(0.62)
(1.45)	(4.01)	0.09	0.71	1.02	(0.63)
(0.72)	(4.44)	4.51	(0.27)	(0.87)	(9.16)

Value Addition and its Distribution

Wealth Generated	2015		2014	
	Rs. In '000	%	Rs. In '000	%
Net sales	1,696,333	99.02	1,945,126	99.13
Other operating income	16,866	0.98	17,105	0.87
	1,713,199	100.00	1,962,231	100.00

Distribution of Wealth

Cost of sales and services (excluding employees remuneration and other duties)	1,160,699	67.75	1,279,561	65.21
Selling, distribution and administration expenses (excluding employees remuneration and other duties)	213,226	12.45	252,513	12.87
Employees remuneration	261,940	15.29	262,692	13.39
Finance cost including exchange loss	48,486	2.83	38,591	1.97
Government taxes and levies (Income tax, WPPF and WWF)	693	0.04	19,845	1.01
Dividend to shareholders	39,375	2.30	47,250	2.41
Retained for future growth	(12,301)	(0.72)	60,215	3.07
Charity and donation	1,081	0.06	1,564	0.08
	1,713,199	100.00	1,962,231	100.00



Stakeholder Information

Financial Ratios

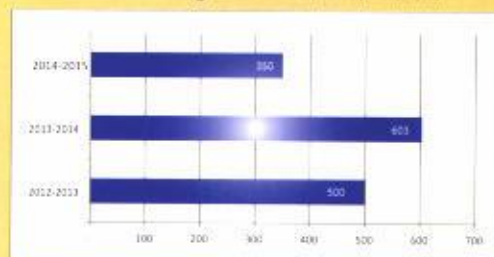
	Unit	2015	2014	2013	2012	2011	2010
Rate of return							
Return on assets	%	1.98	7.67	14.31	13.31	9.62	7.08
Return on equity	%	4.73	18.56	25.47	25.25	20.42	15.17
Return on capital employed	%	8.88	17.86	32.04	33.36	33.36	27.96
Interest cover	Times	1.53	4.10	11.65	7.63	3.82	2.84
Liquidity							
Current ratio		1.24	1.36	1.81	1.52	1.33	1.25
Quick Ratio		0.65	0.58	0.67	0.33	0.37	0.41
Financial Gearing							
Debt-Equity Ratio	Times	1.39	1.42	0.78	0.90	1.12	1.14
Debt to Assets	%	58.14	58.70	43.81	47.28	52.91	53.35
Capital Efficiency							
Debtor turnover/No. of days in receivables	Days	24	18	10	12	13	11
Inventory turnover/ No. of days in inventory	Days	88	104	77	88	81	79
Creditor turnover/ No. of days in payables	Days	47	43	44	38	44	35
Operating Cycle	Days	65	79	43	62	51	54
Fixed assets turnover ratio	Times	2.44	2.84	5.30	5.36	5.81	4.55
Total assets turnover	Times	1.24	1.39	2.25	2.31	2.35	2.10

Shareholder Information

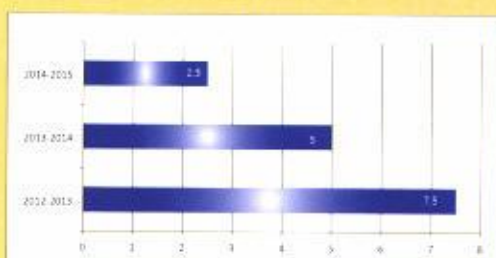
Earnings per share (Rupees)



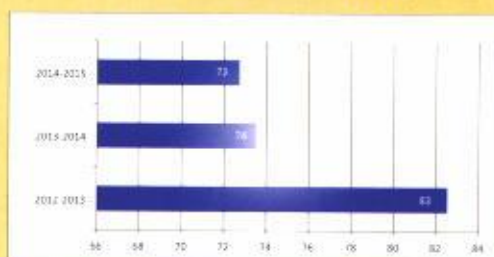
Year Closing Stock Price (As at 30 September) (Rupees)



Dividend History (%)



Break-up value of Shares (Rupees)





Pattern of Shareholding

As at September 30, 2015

No of Shareholders	From	To	Total Shares Held
385	1	100	17,497
436	101	500	117,603
102	501	1,000	80,001
147	1,001	5,000	261,727
8	5,001	10,000	51,232
3	10,001	15,000	36,812
3	15,001	20,000	50,882
1	25,001	30,000	27,675
3	35,001	40,000	108,987
1	45,001	50,000	45,250
2	60,001	65,000	129,023
1	75,001	80,000	76,116
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	765,001	770,000	769,566
1	1,015,001	1,020,000	1,016,545
1	1,270,001	1,275,000	1,270,198
1	1,705,001	1,710,000	1,709,826
1,104			7,875,000



Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	4,586,848	58.2457%
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	296,788	3.7687%
Modarabas and Mutual Funds	814,991	10.3491%
Share holders holding 10% or more	4,421,332	56.1439%
General Public a. Local	2,051,971	26.0568%
Others (to be specified)		
Joint Stock Companies	40,470	0.5139%
Pension Funds	64,248	0.8158%
Others	2,255	0.0286%

Categories of Shareholders as required under C.C.G. As at September 30, 2015

SR. NO.	NAME	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	769,566	9.7723%
2	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	45,250	0.5746%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	SYED MOHAMMAD MOHSIN	1,709,826	21.7121%
2	SYED MOHAMMAD MEHDI MOHSIN	1,016,545	12.9085%
3	SYED FAISAL IMAM	125,325	1.5914%
4	MST. UMME KULSUM IMAM	1,125	0.0143%
5	MR. MOAZ MOHIUDDIN	781	0.0099%
6	MR. JAMAL NASIM (NIT NOMINEE)	--	--
7	MR. MUJEEB RASHID (CDC)	781	0.0099%
8	SYEDA SITWAT MOHSIN	1,694,961	21.5233%
9	SYEDA MAIMNAT MOHSIN	36,504	0.4635%
10	MR. SHAHZAD GHAFAR	500	0.0063%
11	MR. PERVEZ HAYAT NOON	500	0.0063%
Executives:		450	0.0057%
Public Sector Companies & Corporations:			
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		378,640	4.8081%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	Name	Share Held	Percentage
1	SYED MOHAMMAD MOHSIN	1,709,826	21.7121%
2	SYEDA SITWAT MOHSIN	1,694,961	21.5233%
3	SYED MOHAMMAD MEHDI MOHSIN	1,016,545	12.9085%
4	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	769,566	9.7723%
5	MST. AMINA WADALAWALA	708,000	8.9905%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	Sale	Purchase
1	SYEDA SITWAT MOHSIN	-	572
2	SYEDA MAIMNAT MOHSIN	500	502
3	MR. SHAHZAD GHAFAR	-	500
4	MR. PERVEZ HAYAT	-	500



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, Maimanat Mohsin, Shazad Ghaffar, Pervez Hayat Noon, Rizwan Bashir 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 NBFIs 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 The Board has also approved the appointment of Acting Head of Internal Audit to act as coordinator between the Internal Auditors and the Board of Directors. The Board has also approved the appointment of Chief Financial Officer of the Company in compliance with CCG.
- 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.
- 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 08, 2016

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 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.

Regulation 35 (x) of the Listing Regulations 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, 2015.

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

Lahore,
January 08, 2016



Enjoy snack time with the
real taste of wholesome tomatoes



MITCHELL'S®

KETCHUP & SAUCES

MITCHELL'S TOMATO PASTES, KETCHUPS AND SAUCES, MADE FROM FRESHLY HANDPICKED, RIPENED AND JUICIEST OF TOMATOES, ARE PERFECTLY SEASONED TO GIVE YOU MAXIMUM PLEASURE. IT'S A PERFECT CONDIMENT TO ACCOMPANY YOUR SNACKS, MAKING SNACK TIME MORE FUN AND FLAVOURSOME!



Enjoy picnic time with
the goodness of fresh fruits



MITCHELL'S®



SQUASHES AND JUICES

PICNIC TIME HAS NEVER BEEN MORE FUN! MITCHELL'S SQUASHES ADD THAT FRUITY EXCITEMENT AND LEAVES YOU REFRESHED AND ENERGIZED, ENHANCING EVERY PICNIC MOMENT SPENT WITH YOUR FAMILY AND FRIENDS.



ANNUAL REPORT **2015**

Enjoy exciting times with
the goodness of delicious candies



MITCHELL'S®



SUGAR CONFECTIONARIES

A WIDE RANGE OF MITCHELL'S SUGAR CONFECTIONARIES IS MADE WITH HIGH QUALITY INGREDIENTS MAKING EACH ONE OF THEM EXTREMELY DELICIOUS AND MOUTHWATERING. CHOOSE THE FLAVOR ACCORDING TO YOUR MOOD AND MAKE EVERY MOMENT MORE EXCITING WITH THE GOODNESS OF MITCHELL'S SUGAR CONFECTIONARIES.



ANNUAL REPORT **2015**



Auditors' Report to the Members

We have audited the annexed balance sheet of Mitchell's Fruit Farms Limited ("the Company") as at September 30, 2015 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.

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

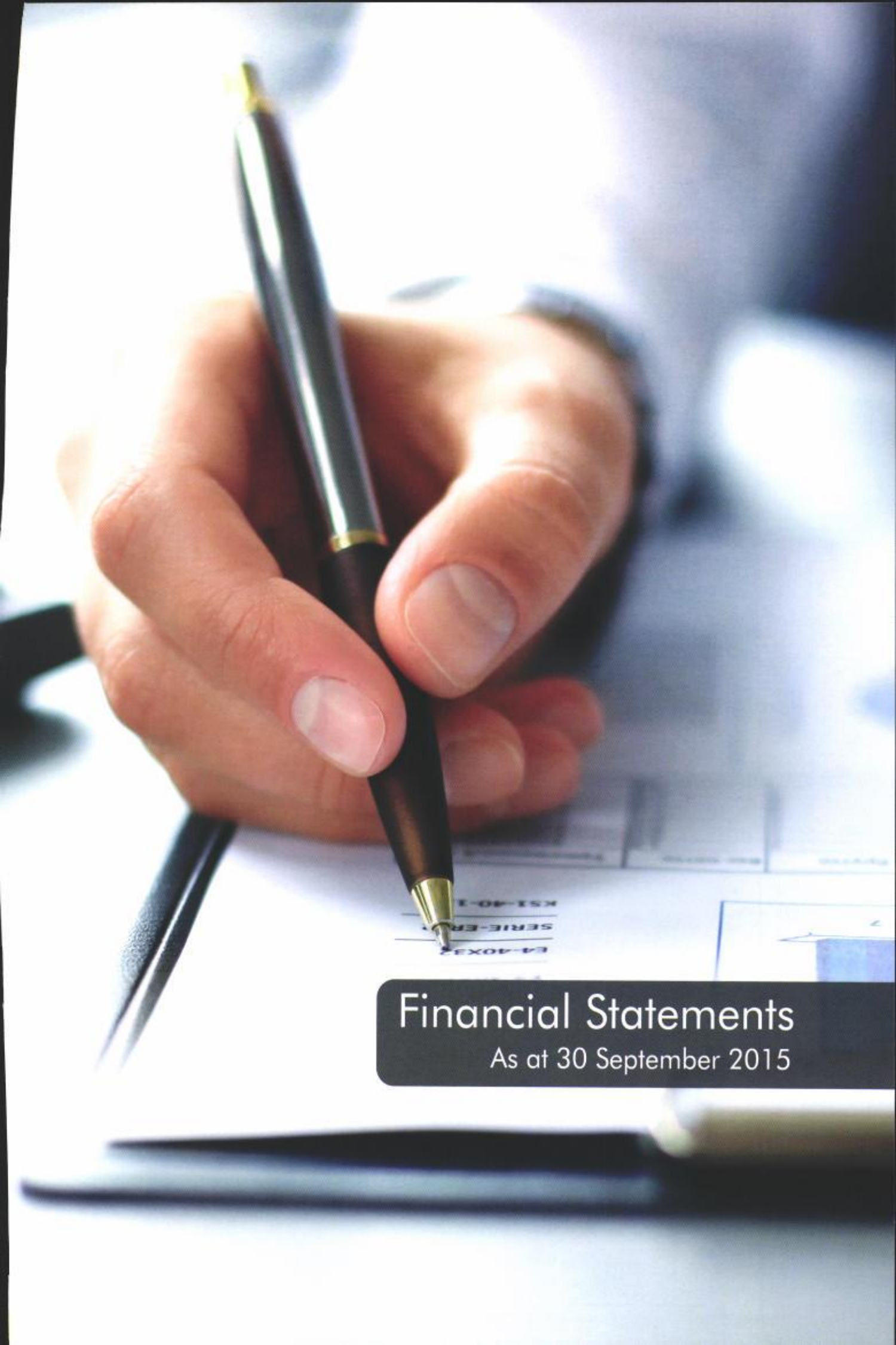
(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(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, 2015 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 08, 2016

A close-up photograph of a person's hand holding a dark pen with gold-colored accents. The hand is positioned over a document that appears to be a financial statement or ledger. The document has some text and a small bar chart visible. The background is blurred, showing what might be a computer screen or other office equipment. The lighting is bright, creating a professional and focused atmosphere.

Financial Statements

As at 30 September 2015

Balance Sheet

As at September 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 20,000,000 (2014: 20,000,000) ordinary shares of Rs 10 each		78,750,000	78,750,000
Issued, subscribed and paid up capital 7,875,000 (2014: 7,875,000) ordinary shares of Rs 10 each	5	78,750,000	78,750,000
Reserves	6	9,635,878	9,635,878
Unappropriated profit		484,201,186	490,527,386
		572,587,064	578,913,264
NON-CURRENT LIABILITIES			
Deferred liabilities	7	157,720,242	157,033,057
Long term finance	8	106,666,665	149,333,333
		264,386,907	306,366,390
CURRENT LIABILITIES			
Current portion of long term finance	8	42,666,668	10,666,667
Short term running finances-secured	9	376,641,761	331,973,482
Creditors, accrued and other liabilities	10	105,114,723	164,653,092
Accrued finance cost on short term running finances		6,620,240	9,004,225
		531,043,392	516,297,466
CONTINGENCIES AND COMMITMENTS			
	11	1,368,017,363	1,401,577,120

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

ASSETS

NON-CURRENT ASSETS

	Note	2015 Rupees	2014 Rupees
Property, plant and equipment	12	696,321,121	684,798,311
Intangible assets	13	2,254,228	2,247,136
Biological assets	14	8,795,333	9,341,334
Long term receivables		1,974,780	1,974,780
		<u>709,345,462</u>	<u>698,361,561</u>

CURRENT ASSETS

Stores, spares and loose tools	15	29,549,570	19,457,038
Stock in trade	16	313,067,277	405,756,555
Trade debts	17	109,963,834	96,601,581
Advances, deposits, prepayments and other receivables	18	192,875,011	147,086,354
Cash and bank balances	19	13,216,209	34,314,031
		<u>658,671,901</u>	<u>703,215,559</u>

1,368,017,363

1,401,577,120

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer

Profit and Loss Account

For the year ended September 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	20	1,696,332,638	1,945,126,430
Cost of sales	21	(1,292,628,532)	(1,423,776,984)
Gross profit		403,704,106	521,349,446
Administration expenses	22	(103,015,226)	(95,153,037)
Distribution and marketing expenses	23	(240,215,552)	(275,836,084)
Other expenses	24	(2,998,690)	(9,397,863)
Other income	25	16,866,190	17,104,796
Profit from operations		74,340,828	158,067,258
Finance cost	26	(48,485,951)	(38,590,614)
Profit before tax		25,854,877	119,476,644
Taxation	27	1,215,033	(12,012,022)
Profit for the year		27,069,910	107,464,622
Earnings per share - Basic and diluted	33	3.44	13.65

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, 2015

	2015 Rupees	2014 Rupees
Profit for the period	27,069,910	107,464,622
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit - net of tax	5,978,890	(1,221,639)
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	<u>33,048,800</u>	<u>106,242,983</u>

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 Cash Flows

For the year ended September 30, 2015

	Note	2015 Rupees	2014 Rupees
Cash flows from operating activities			
Cash generated from operations	31	143,876,211	75,683,606
Finance cost paid		(50,869,936)	(31,071,532)
Net income tax paid		(26,103,584)	(60,878,383)
Retirement benefits paid		(10,324,394)	(5,496,243)
Net cash generated from/(used in) operating activities		56,578,297	(21,762,552)
Cash flows from investing activities			
Fixed capital expenditure		(77,236,162)	(337,548,934)
Purchase of intangible assets		(489,130)	(1,606,150)
Purchase of Biological assets		(50,150)	(1,236,440)
Net increase in long term security deposits		-	(1,224,780)
Proceeds from sale of Biological assets		1,994,700	2,625,700
Proceeds from sale of property plant and equipment		4,291,727	9,592,326
Net cash used in investing activities		(71,489,015)	(329,398,278)
Cash flows from financing activities			
Dividend paid		(40,188,716)	(47,196,454)
Long term loans (repaid)/acquired		(10,666,667)	160,000,000
Net cash (used in)/generated from financing activities		(50,855,383)	112,803,546
Net (decrease) in cash and cash equivalents		(65,766,101)	(238,357,284)
Cash and cash equivalents at the beginning of the year		(297,659,451)	(59,302,167)
Cash and cash equivalents at the end of the year	32	(363,425,552)	(297,659,451)

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, 2015

	Share capital	Share premium	General reserve	Accumulated profit	Total
	Rupees				
Balance as at September 30, 2013	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
Transfer to reserve for issuance of bonus shares	-	-	-	-	-
Issuance of bonus shares	-	-	-	-	-
Final dividend for the year ended September 30, 2014 at Rs. 5.00 per share	-	-	-	(39,375,000)	(39,375,000)
Total comprehensive income for the year	-	-	-	33,048,800	33,048,800
Balance as at September 30, 2015	78,750,000	9,335,878	300,000	484,201,186	572,587,064

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, 2015

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 form 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)
IAS 36 (Amendment), 'Impairment of assets'	January 1, 2014
IAS 19 (Amendment), 'Employee benefits'	July 1, 2014
IAS 24 (Amendment), 'Related parties'	July 1, 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 1, 2014

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

Standards or interpretations	Effective date (accounting periods beginning on or after)
- IAS 32 Financial instruments: Presentation' on offsetting financial assets and financial liabilities	January 1, 2014
- IFRIC 21 Levies	January 1, 2014
IAS 39 (Amendment), 'Financial Instruments: Recognition and measurement' on novation of derivatives and hedge accounting	January 1, 2014
Annual improvements 2013; IFRS 1, 'First time adoption'. IFRS 3, 'Business combinations'. IFRS 13, 'Fair value measurement'. IAS 40, 'Investment property'	January 1, 2014

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

Standards or interpretations	Effective date (accounting periods beginning on or after)
IFRS 10, 'Consolidated financial statements'	January 1, 2015
IFRS 11, 'Joint arrangements'	January 1, 2015
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2015
IFRS 10, 12 and IAS 28 (Amendment), on exception to consolidation for investment entities	January 1, 2015
IFRS 13 (Amendment), 'Fair Value measurement' on scope of portfolio exception	January 1, 2015
IAS 27 (Amendment), 'Separate financial statements' on application of equity method in separate financial statements	January 1, 2016
IAS 41 (Amendment), 'Agriculture' on bearer plants	January 1, 2016
IFRS 10 and IAS 28 (Amendment), on sale or contribution of assets between an Investor and its associate or joint venture	January 1, 2016
IFRS 11 (Amendment), 'Joint arrangements' on acquisition of interest in joint operations	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Annual improvements 2014; IFRS 5, 'Non-current assets held for sale and discontinued operations'. IFRS 7, 'Financial instruments: disclosures'. IAS 19, 'Employee benefits'. IAS 34, 'Interim financial reporting'	January 1, 2016
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts'	January 1, 2018



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.

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, 2015. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

- Discount rate: 9.25 percent per annum (2014: 13.5 percent per annum).
- Expected rate of increase in salary level: 8.25 percent per annum (2014: 12.5 percent per annum).
- Average expected remaining working life time of employees: 8 years (2014: 9 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, 2015. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences.

- Discount rate: 10 percent per annum (2014: 14 percent per annum).
- Expected rate of increase in salary level: 9 percent per annum (2014: 13 percent per annum).
- Average expected remaining working life time of employees: 11 years (2014: 12 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.



4.3 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, 2015 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/donation 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 87 animals (2014: 107) including cows, calves, horses and sheep and estimates to beneficially own 747 (2014: 767) trees of various kinds including jamboline, kachnar, ceruse, amla, spikenard, borh and sheesham etc. as on September 30, 2015.

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 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 are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. 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 is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the despatch 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.

		2015 Rupees	2014 Rupees
5.	Issued, subscribed and paid up capital		
2015 (Number of Shares)	2014		
1,417,990	1,417,990	14,179,900	14,179,900
44,020	44,020	440,200	440,200
6,412,990	6,412,990	64,129,900	64,129,900
7,875,000	7,875,000	78,750,000	78,750,000



	Note	2015 Rupees	2014 Rupees
6. Reserves			
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
		<u>9,635,878</u>	<u>9,635,878</u>

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

	Note	2015 Rupees	2014 Rupees
7. Deferred liabilities			
These are composed of:			
Deferred taxation	7.1	52,492,282	58,163,723
Retirement and other benefits	7.2	97,931,555	90,762,217
Deferred income	7.3	7,296,405	8,107,117
		<u>157,720,242</u>	<u>157,033,057</u>

7.1 Deferred taxation

The liability for deferred taxation comprises temporary differences relating to:

Accelerated tax depreciation & amortization	86,420,099	99,543,647
Retirement benefits	(27,585,799)	(28,431,264)
Other provisions	(6,342,018)	(7,024,455)
Unused tax Credits	-	(5,924,205)
	<u>52,492,282</u>	<u>58,163,723</u>

7.2 Retirement and other benefits

Staff gratuity	7.2.1	82,872,995	78,517,165
Accumulating compensated absences		15,058,560	12,245,052
		<u>97,931,555</u>	<u>90,762,217</u>

7.2.1 Staff gratuity

	2015 Rupees	2014 Rupees
Liability at start of the year	78,517,165	63,174,475
Charge to profit and loss account	20,806,402	17,118,989
Contributions by the Company	(7,909,300)	(3,555,169)
Remeasurement chargeable in other comprehensive income	(8,541,272)	1,778,870
Liability at the end of the year	82,872,995	78,517,165
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	78,517,165	63,174,475
Service cost	11,470,153	10,454,722
Interest cost	9,336,249	6,664,267
Benefits paid	(7,909,300)	(3,555,169)
Remeasurements (gain)/loss	(8,541,272)	1,778,870
Present value of defined benefit obligation at the end of the year	82,872,995	78,517,165

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

As at September 30

	2015	2014	2013	2012	2011
	(Rupees in thousands)				
Present value of defined benefit obligation	85,435	78,517	63,174	47,654	39,978
Experience adjustment on obligation	(5,979)	1,779	5,949	(1,200)	963

	2015 Rupees	2014 Rupees
Year end sensitivity analysis on present value of defined benefit obligation:		
Discount rate + 100 bps	70,701,385	67,385,270
Discount rate - 100 bps	82,977,379	79,849,051
Increase in salary level + 100 bps	81,655,517	79,783,434
Increase in salary level - 100 bps	69,193,028	67,349,094

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:

	2015 Rupees	2014 Rupees
Opening balance	8,107,117	-
Additions during the year	-	8,459,600
Amortization during the year	(810,712)	(352,483)
Closing balance	7,296,405	8,107,117



	Note	2015 Rupees	2014 Rupees
8. Long term finance			
Long term finance-secured	8.1	149,333,333	160,000,000
Less: Current maturity		(42,666,668)	(10,666,667)
		<u>106,666,665</u>	<u>149,333,333</u>

8.1 The long term finance has been obtained in the last year ended September 30, 2014 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 on the outstanding amount thereof. Effective rate of interest ranged from 11.18% to 8.01% during the year (2014: 11.17% to 11.12%).

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

	Amount of loan outstanding	Rate of interest/ per annum	Date of commence- ment of installments	Remaining number of installments	Maturity date
Lender:	Rupees				
Habib Bank Limited	149,333,333	3 months KIBOR plus 1.00%	September 27, 2015	14 equal quarterly installments	March 27, 2019
Total	<u>149,333,333</u>				

9. Short term running finances - secured

Short term running finances, available from commercial banks under mark-up arrangements amount to Rs. 377 Million (2014: Rs. 420 million). The rates of mark-up range from 11.21% to 8.01% per annum (2014: 10.43% to 11.36%) on the balance outstanding and is payable quarterly.

Of the aggregate facility of Rs.120 million (2014: Rs. 120 million) for opening letter of credits and Rs. 32 million (2014: Rs. 22 million) for guarantees, the amount utilised at September 30, 2015 was Rs. 79.422 million (2014: Rs. 82.561 million) and Rs. 17.20 million (2014: Rs. 17.20 million) respectively. The guarantees of Rs. 22 million are a sub-facility of the running finance facility obtained i.e. Rs. 510 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.



	Note	2015 Rupees	2014 Rupees
10. Creditors, accrued and other liabilities			
Trade creditors		59,811,781	73,714,194
Accrued liabilities		11,073,212	28,289,403
Advances from customers		7,438,507	20,670,837
Interest free deposits repayable on demand		416,000	110,000
Due to related parties	10.1	-	176,602
Sales tax payable		-	11,376,272
Workers' profit participation fund	10.2	1,369,957	6,365,492
Workers' welfare fund		6,062,751	5,514,768
Unclaimed dividends		1,928,856	2,742,572
Provision for duties payables		9,973,566	9,973,566
Others		7,040,093	5,719,386
		<u>105,114,723</u>	<u>164,653,092</u>

10.1 Due to related parties

Lessee	-	176,602
	-	176,602

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

10.1.1 Aging of related party balance

One to six months	-	176,602
Total	-	176,602

10.2 Workers' profit participation fund

Opening balance		6,365,492	9,835,407
Provision for the year	24	1,369,957	6,365,492
Interest for the year	26	386,162	112,296
		<u>8,121,611</u>	<u>16,313,195</u>
Less: Payments made during the year		(6,751,654)	(9,947,703)
Closing balance		<u>1,369,957</u>	<u>6,365,492</u>

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 (2014: Rs. 17.2 million).

The Company has issued post dated cheques amounting to Rs. 118 million (2014: Rs. 89 million) to Collector of Customs Lahore Dry Port 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 under Customs Rules 2001.

11.2 Commitments

Letters of credit including capital expenditure are Rs. 79.4 million (2014: Rs 28.6 million).

12. Property, plant and equipment

	Note	2015 Rupees	2014 Rupees
Operating fixed assets		672,106,828	641,698,700
Capital work-in-progress	12.1	24,214,293	43,099,611
		<u>696,321,121</u>	<u>684,798,311</u>

12.1 Capital work-in-progress

Civil Works		3,573,098	38,589,069
Plant and machinery		20,641,195	4,510,542
		<u>24,214,293</u>	<u>43,099,611</u>

Net carrying value basis
Year ended September 30, 2015
Opening net book value (NBV)
Additions (at cost)
Disposals/Write off (at NBV)
Depreciation charge

Closing net book value (NBV)

Gross carrying value basis

As at September 30, 2015

Cost

Accumulated depreciation

Net book value (NBV)

Depreciation rate % per annum

Net carrying value basis

Year ended September 30, 2014

Opening net book value (NBV)

Additions (at cost)

Disposals/Write off (at NBV)

Depreciation charge

Closing net book value (NBV)

Gross carrying value basis

As at September 30, 2014

Cost

Accumulated depreciation

Net book value (NBV)

Depreciation rate % per annum

	Land	Buildings		Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer Hardware	Total
	Freehold	On freehold land	On leasehold land						
	(Rupees)								
Opening 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
Additions (at cost)	-	44,273,740	-	40,849,839	8,915,350	240,175	1,509,376	333,000	96,121,480
Disposals/Write off (at NBV)	-	-	-	-	(4,079,108)	-	(44,434)	(102,538)	(4,226,080)
Depreciation charge	-	(8,322,666)	(1,670,892)	(42,656,136)	(3,398,239)	(481,093)	(4,555,025)	(403,221)	(61,487,272)
Closing net book value (NBV)	15,547	104,283,749	5,271,268	512,734,647	31,263,393	1,980,493	14,856,030	1,701,701	672,106,828
Opening net book value (NBV)	15,547	165,025,829	8,354,476	872,987,844	41,444,927	5,933,936	52,726,219	8,593,160	1,155,081,938
Cost	-	(60,742,080)	(3,083,208)	(360,253,197)	(10,181,534)	(3,953,443)	(37,870,189)	(6,891,459)	(482,975,110)
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Closing net book value (NBV)	15,547	104,283,749	5,271,268	512,734,647	31,263,393	1,980,493	14,856,030	1,701,701	672,106,828
Depreciation rate % per annum	-	10	20	10	20	20	20-33.33	20	
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)
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
Opening net book value (NBV)	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
Cost	-	(52,419,414)	(1,412,316)	(317,597,061)	(9,888,263)	(3,472,350)	(33,429,983)	(6,535,543)	(424,754,930)
Accumulated depreciation	-	-	-	-	-	-	-	-	-
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
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, 2015 is Rs. 23.59 million (2014: Rs. 23.59 million).

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

	Note	2015 Rupees	2014 Rupees
Cost of sales	21	52,649,694	40,771,426
Administration expenses	22	3,351,319	2,921,211
Distribution and marketing expenses	23	5,486,259	5,949,729
		<u>61,487,272</u>	<u>49,642,366</u>

12.1.3 Disposal of operating fixed assets

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

		2015				
Particulars of assets	Sold to/Transferred to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
----- Rupees -----						
Vehicles	Employees					
	Mr. Anzor Homaid	1,243,040	594,508	648,532	386,127	Company Policy
	Mr. Atif Fayyaz	1,641,480	607,420	1,034,060	916,000	Company Policy
	Outsiders					
	Mr. Irfan Khan	975,300	208,606	766,694	760,000	Auction
	Mr. Tanveer ul Haq	1,001,322	432,647	568,675	865,500	Auction
	Mr. Mohammad Awan	1,931,980	1,038,489	893,491	1,125,000	Auction
Other assets with book value less than Rs. 50,000		700,049	385,416	297,935	239,100	
		<u>7,493,171</u>	<u>3,267,086</u>	<u>4,209,387</u>	<u>4,291,727</u>	

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 Bawa	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	

13. Intangible Assets

Net carrying value basis

Year ended September 30, 2015

Note	2015 Rupees	2014 Rupees
Opening net book value (NBV)	2,247,136	1,077,596
Additions at cost	489,130	1,606,150
Adjustment	-	-
Deletions at NBV	-	-
Amortization charge	(482,038)	(436,610)
Closing net book value (NBV)	<u>2,254,228</u>	<u>2,247,136</u>
Gross carrying value basis		
Cost	7,321,957	6,832,827
Accumulated amortization	<u>(5,067,729)</u>	<u>(4,585,691)</u>
Net book value (NBV)	<u>2,254,228</u>	<u>2,247,136</u>
Amortization rate % per annum	<u>20</u>	<u>20</u>

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

Cost of sales	21	54,358	67,948
Administration expenses	22	118,059	147,571
Distribution and marketing expenses	23	309,621	221,091
		<u>482,038</u>	<u>436,610</u>

14. Biological assets

Livestock	7,020,333	7,449,667
Trees	<u>1,775,000</u>	<u>1,891,667</u>
	<u>8,795,333</u>	<u>9,341,334</u>

15. Stores, spares and loose tools

General stores	7,802,388	5,386,924
Engineering stores	<u>21,747,182</u>	<u>20,332,997</u>
	<u>29,549,570</u>	<u>25,719,921</u>
Less: Provision for obsolete items	15.2	-
	<u>29,549,570</u>	<u>19,457,038</u>

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

	Note	2015 Rupees	2014 Rupees
15.2 Provision for obsolete items			
Opening balance		6,262,883	6,262,883
(Less)/Add: (Reversal)/Provision for the year	21	(6,262,883)	-
Closing balance		-	6,262,883

16. Stock in trade

Raw materials [including in transit Rs. 1.6 million (2014: Rs. 2.7 million)]		115,723,632	144,920,021
Packing materials [including in transit Rs. 1.4 million (2014: Rs. 0.13 million)]		119,533,636	134,589,411
Finished goods		81,095,251	132,295,347
		316,352,519	411,804,779
Less: Provision for obsolete items - Raw material	16.1	(3,285,242)	(6,048,224)
		313,067,277	405,756,555

16.1 Provision for obsolete items - Raw material

Opening balance		6,048,224	5,921,595
Add: (Reversal of provision)/Provision for obsolete items	21	(2,762,982)	126,629
Closing balance		3,285,242	6,048,224

17. Trade debts

Considered good		109,963,834	96,601,581
Considered doubtful		2,008,225	2,008,225
		111,972,059	98,609,806
Less: Provision for doubtful debts	17.1	(2,008,225)	(2,008,225)
		109,963,834	96,601,581

17.1 Provision for doubtful debts

Opening balance		2,008,225	473,330
Add: Provision for the year	23	-	1,534,895
		2,008,225	2,008,225
Less: Bad debts written off against provision		-	-
Closing balance		2,008,225	2,008,225



	Note	2015 Rupees	2014 Rupees
18. Advances, deposits, prepayments and other receivables			
Advances - considered good			
- To employees	18.1	3,033,157	2,692,186
- To suppliers		4,215,562	3,836,955
Prepayments		1,195,668	1,929,125
Letters of credit - margins, deposits, opening charges, etc.		3,111,599	2,947,992
Claims recoverable from the government			
- considered good			
- Income tax refundable		153,965,507	134,880,713
- Sales tax		24,012,112	-
- Custom duty and surcharge		1,792,543	-
		179,770,162	134,880,713
Due from related parties - Considered good	18.2	19,403	-
Other receivables - Considered good		1,529,460	799,383
		192,875,011	147,086,354

18.1 The maximum aggregate amount at the end of any month during the year due from the Chief Executive is Rs.198,872 (2014: Rs.113,660) and Directors Rs.254,730 (2014: Rs.782,102). No amounts are due at the year end (2014: Nil).

	2015 Rupees	2014 Rupees
18.2 Due from related parties		
Anjuman-e-Khuddam-e-Rasool Allah	12,400	-
Lessee	7,003	-
	19,403	-

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

18.3 Aging of related party balance

One to six months	19,403	-
Total	19,403	-

19. Cash and bank balances

Balances at banks on current accounts	11,287,353	30,810,855
Special account related to dividend payable	1,928,856	2,742,572
Cash in hand	-	760,604
	13,216,209	34,314,031



	Note	2015 Rupees	2014 Rupees
20. Sales			
Gross sales - Local		1,690,930,163	2,005,832,398
Less: Sales returns		63,655,205	42,965,840
Rebates		189,951,150	230,257,241
Trade promotion		21,076,312	22,093,618
		274,682,667	295,316,699
Net sales - Local		1,416,247,496	1,710,515,699
Add: - Export sales		280,085,142	234,610,731
		1,696,332,638	1,945,126,430

Local sales are exclusive of sales tax of Rs. 269 million (2014: Rs. 328 million).

		2015 Rupees	2014 Rupees
21. Cost of sales			
Raw and packing material consumed		964,578,851	1,152,710,874
Salaries, wages and other benefits	21.1	131,929,149	144,215,653
Furnace oil consumed		22,458,033	41,445,651
Freight and octroi		171,536	315,412
Travelling and vehicle running		1,674,639	3,329,425
Repairs and maintenance		21,875,388	26,208,875
Power, Water and Gas		35,502,727	54,925,207
Insurance		6,688,923	4,389,372
Rent, rates and taxes		2,030,687	1,791,967
Depreciation on property, plant and equipment	12.1	52,649,694	40,771,426
Amortization of intangible assets	13.1	54,358	67,948
(Reversal of provision)/provision for obsolete stock	16.1	(2,762,982)	126,629
(Reversal of provision) for obsolete stores and spares	15.2	(6,262,883)	-
Material written off		1,202,500	797,623
Other expenses		9,637,816	10,397,249
Cost of goods manufactured		1,241,428,436	1,481,493,311
Opening finished goods		132,295,347	74,579,020
Closing finished goods		(81,095,251)	(132,295,347)
		51,200,096	(57,716,327)
		1,292,628,532	1,423,776,984

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

	Note	2015 Rupees	2014 Rupees
Current service cost		3,992,534	3,535,488
Interest cost for the year		3,344,665	2,387,441
		<u>7,337,199</u>	<u>5,922,929</u>

In addition to the above, Rs. 3.185 million (2014: Rs. 3.624 million) have been charged in respect of staff compensated absences.

22. Administration expenses

		2015 Rupees	2014 Rupees
Salaries, wages and other benefits	22.1	57,351,089	54,497,622
Travelling and vehicle running		3,941,477	4,655,008
Entertainment		798,215	1,094,927
Repairs and maintenance		1,958,275	1,443,701
Insurance		675,954	627,890
Rent, rates and taxes		4,194,768	3,860,309
Power, water and gas		3,350,984	2,511,808
Printing and stationery		1,675,186	1,561,097
Postage and telephone expenses		2,102,702	2,106,506
Professional services	22.3	6,470,266	5,612,023
Depreciation on property, plant and equipment	12.1	3,351,319	2,921,211
Amortization of intangible assets	13.1	118,059	147,571
Dairy expenses		14,054,220	9,809,556
Other expenses		2,972,712	4,303,808
		<u>103,015,226</u>	<u>95,153,037</u>

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

	2015 Rupees	2014 Rupees
Current service cost	2,993,637	2,981,060
Interest cost for the year	2,205,444	1,574,258
	<u>5,199,081</u>	<u>4,555,318</u>

In addition to the above, Rs. 0.847 million (2014: Rs. 0.764 million) have been charged in respect of staff compensated absences.

In addition to the above, Rs. 1,547 million (2014: Rs. 1,378 million) have been charged in respect of staff compensated absences.

Current service cost	4,483,981	3,786,141	2,702,568	3,938,174	6,640,742
Interest cost for the year					

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

Salaries, wages and other benefits	23.1	72,653,707	63,977,590
Travelling and vehicle running		11,067,460	11,672,018
Entertainment		642,385	393,739
Freight expenses		41,472,769	58,766,918
Export expenses		14,842,073	11,522,294
Advertisement		54,053,107	52,992,902
Trade promotion expenses		11,742,424	42,137,641
Repairs and maintenance		80,861	100,961
Insurance		1,110,554	835,395
Rent, rates and taxes		813,324	621,649
Power, Water and Gas		404,067	401,095
Printing and stationery		208,612	275,670
Postage and telephone		1,556,927	1,673,337
Depreciation on property, plant and equipment	12.1	5,486,259	5,949,729
Amortization of intangible assets	13.1	309,621	221,091
Service charges to distributors		5,309,160	5,631,678
Provision for doubtful debts	17.1	-	1,534,895
Other expenses		18,462,242	17,127,482
		240,215,552	275,836,084

23. Distribution and marketing expenses

Statutory audit	797,500	725,000	400,000	145,000	398,478	1,740,978	1,385,158
Half yearly review	460,000						
Workers' profit participation and sundry services	85,000						
Out of pocket expenses	398,478						

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

22.3 Professional services

	2015	2014
	As at 30 September	Average during the year
Executives	59	60
Non-Executives	286	294
	290	293

22.2 Number of employees





	2015 Rupees	2014 Rupees
24. Other expenses		
Workers' profit participation fund	1,369,957	6,365,492
Workers' welfare fund	547,983	1,467,705
Donations:		
Related party - AKRA	1,000,000	1,000,000
Others	80,750	220,000
	1,080,750	1,220,000
Exchange loss	-	344,666
	<u>2,998,690</u>	<u>9,397,863</u>
25. Other income		
Profit on sale of property, plant and equipment	82,345	4,858,288
Profit on sale and revaluation of live stock	1,388,366	913,034
Profit on sale and revaluation of trees	10,183	244,560
Exchange gain	644,052	-
Scrap sales	6,515,452	8,808,597
Amortization of deferred income	810,712	352,483
Rent recovered	2,121,908	-
Insurance claim received	2,100,000	-
Others	3,193,172	1,927,834
	<u>16,866,190</u>	<u>17,104,796</u>
26. Finance cost		
Interest and mark-up on		
- Short term running finances-secured	30,969,891	28,891,341
- Long term loan	12,915,773	5,974,707
- Workers' profit participation fund	386,146	112,296
Bank and other charges	4,214,141	3,612,270
	<u>48,485,951</u>	<u>38,590,614</u>
27. Provision for taxation		
Current tax		
- Current year	7,018,790	-
- Prior year	-	116,293
	<u>7,018,790</u>	<u>116,293</u>
Deferred tax	(8,233,823)	11,895,729
	<u>(1,215,033)</u>	<u>12,012,022</u>

27.1 Tax charge reconciliation

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

	2015 %	2014 %
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
- Exempt for tax purposes	(1.72)	(0.32)
- Tax credits	(15.92)	(21.86)
Effect of change in tax rates	(19.25)	(0.58)
Tax effect under presumptive tax regime and others	(0.19)	(0.29)
Effect of change in prior tax year	-	0.10
	(36.70)	(22.95)
Average effective tax rate charged to profit and loss account	(4.70)	10.05

27.2 Tax on undistributed reserves

Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the Company are in excess of its paid up capital and the Company derives profit for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

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	2015 Rupees	2014 Rupees
Purchase of goods	7,067,789	7,844,292
Donation paid	1,000,000	1,000,000
Rent paid	2,327,580	2,151,300
	10,395,369	10,995,592

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

	2015	2014
Actual production		
In cartons		
Groceries	1,368,273	1,508,817
Confectioneries	322,922	525,511

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

30. Capacity and production

Aggregate amount charged in the financial statements for the year for fee to 11 directors (2014: 8 directors) is Rs. 237,000 (2014: Rs. 160,000).

29.2 Remuneration to other directors

The Chief Executive and employees are entitled to reimbursement of medical expenses up to an amount equal to three basic salaries.
The Company also provides the Chief Executive, directors and certain employees with free use of Company maintained cars.

	Number of persons	1	1	9	1	6	1	29	26
Managerial remuneration		16,278,516	13,565,438	-	2,482,759	-	2,482,759	29,638,961	22,242,985
Retirement benefits		3,587,457	3,757,814	-	-	-	-	12,512,179	13,970,056
House rent allowance		5,816,400	4,846,990	-	1,117,241	-	1,117,236	12,110,863	10,005,870
Utilities		1,292,532	1,202,327	-	248,276	-	366,206	2,691,242	2,222,677
Club expenses		21,369	28,675	-	195,392	-	130,931	24,000	11,909
Bonus		-	-	-	206,897	-	713,794	2,505,409	6,086,621
		26,996,274	23,401,244	-	4,250,565	-	4,810,926	59,482,654	54,540,118

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:

29. Remuneration of Chief Executive, Directors and Executives



	Note	2015 Rupees	2014 Rupees
31. Cash generated from operations			
Profit before tax		25,854,877	119,476,644
Adjustments for:			
Depreciation on operating fixed assets		61,487,272	49,642,366
Amortization of deferred income		(810,712)	(352,483)
Amortization on intangibles		482,038	436,610
Profit on sale of property, plant and equipment		(82,345)	(4,858,288)
Visi-coolers written off		16,698	-
Provision for retirement benefits		26,035,004	24,106,143
Profit on revaluation of biological assets		(1,398,549)	(1,157,594)
Provision for doubtful debts - trade		-	1,534,895
(Reversal of provision)/provision for obsolete stock		(2,762,982)	126,629
Stock in trade written off		1,202,500	797,623
(Reversal of provision)/provision for obsolete stores and spares		(6,262,883)	-
Finance cost		48,485,951	38,590,614
Profit before working capital changes		152,246,869	228,343,159
Effect on cash flow due to working capital changes			
- (Increase) in stores, spares and loose tools		(3,829,649)	(4,430,190)
- Decrease/(Increase) in stock in trade		94,249,760	(79,309,317)
- (Increase)/Decrease in trade debts		(13,362,253)	(41,587,669)
- (Increase) in advances, deposits, prepayments and other receivables		(26,703,863)	(2,316,189)
- (Decrease) in creditors, accrued and other liabilities		(58,724,653)	(25,016,188)
		(8,370,658)	(152,659,553)
Cash generated from operations		143,876,211	75,683,606
32. Cash and cash equivalents			
Cash and bank balances	19	13,216,209	34,314,031
Short term running finances-secured	9	(376,641,761)	(331,973,482)
		(363,425,552)	(297,659,451)
33. Earnings per share			

33.1 Basic earnings per share

Net profit for the year	Rupees	27,069,910	107,464,622
Weighted average number of ordinary shares	Number	7,875,000	7,875,000
Basic earnings per share	Rupees	3.44	13.65

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:

	2015	2014
Trade debts - USD	472,322	505,496

The following significant exchange rates were applied during the year:

Rupees per USD		
Average rate	101.96	101.69
Reporting date rate	104.20	102.70

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. 2,460,798 (2014: Rs. 2,598,249) 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:

	2015 Rupees	2014 Rupees
Floating rate instruments		
Financial liabilities		
Long Term Finances	(149,333,333)	(160,000,000)
Short term running finances-secured	(376,641,761)	(331,973,482)
Net exposure	<u>(525,975,094)</u>	<u>(491,973,482)</u>

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. 3.13 million (2014: Rs. 4.92 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:

	2015 Rupees	2014 Rupees
Trade debts	111,972,059	98,609,806
Loans, advances, deposits, prepayments and other receivables	7,693,619	6,439,561
Cash and bank balances	13,216,209	33,553,427
	<u>132,881,887</u>	<u>138,602,794</u>

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

	2015 Rupees	2014 Rupees
The age of trade receivables		
Past due		
- Not past due	72,132,000	34,246,615
- Past due 0 - 180 days	33,167,906	60,027,985
- Past due 181 - 365 days	2,375,200	2,326,981
Over 365 days		
- Impaired	2,008,225	2,008,225
- Considered good	2,288,728	-
	4,296,953	2,008,225
	111,972,059	98,609,806

(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	2015 (Rupees)	2014 (Rupees)
National Bank of Pakistan	A-1 +	AAA	JCR-VIS	2,154,833	1,133,410
MCB Bank Limited	A1 +	AAA	PACRA	787,333	837,106
Habib Bank Limited	A-1 +	AAA	JCR-VIS	10,274,043	31,582,911
				13,216,209	33,553,427

With respect to the Company's other financial assets and due to its 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, 2015, the Company had Rs. 510 million available borrowing limits from financial institutions (unutilized: 379 million) and Rs. 13.216 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at September 30, 2015:

	Carrying amount	Less than one year	One to five years Rupees	More than five years
Trade and other payables	97,682,015	97,682,015	-	-
Accrued finance cost	6,620,240	6,620,240	-	-
	<u>104,302,255</u>	<u>104,302,255</u>	<u>-</u>	<u>-</u>

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

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

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

Assets as per balance sheet

Long term loans and deposits

Trade debts

Loans, advances, deposits, prepayments
and other receivables

Cash and bank balances

Loans and receivables

2015
Rupees

2014
Rupees

111,972,059 98,609,806

7,693,619 6,439,561

13,216,209 33,553,427

132,881,887 138,602,794

Financial liabilities at amortised cost

2015
Rupees

2014
Rupees

Liabilities as per balance sheet

Trade and other payables

Accrued finance cost

97,682,015 141,396,560

6,620,240 9,004,225

104,302,255 150,400,785

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, 2015 and September 30, 2014 is as follows:

	Note	2015 Rupees	2014 Rupees
Long term finance	8	149,333,333	160,000,000
Short term borrowings net of cash at bank and in hand	32	363,425,552	297,659,451
Net debt		512,758,885	457,659,451
Total equity		572,587,064	578,913,264
Total capital		1,085,345,949	1,036,572,715
Gearing ratio	Percentage	47%	44%

35. Date of authorisation

These financial statements were authorised for issue on January 08, 2016 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, 2015 of Rs. 2.5 (2014: Rs. 5) per share, amounting to Rs.19,687,500 (2014: Rs. 39,375,000) and bonus shares of Nil (2014: Nil) at their meeting held on January 08, 2016 for approval of the members at the Annual General Meeting to be held on February 15, 2016. 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.

S. M. Mohsin
Chairman

Mujeeb Rashid
Chief Executive Officer



Proxy Form

Mitchell's Fruit Farms Limited

83rd 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 83rd Annual General Meeting of the Company to be held on February 15, 2016 at the Registered Office of the Company located at 40-A, Zafar Ali Road, Gulberg V, Lahore.

Signed this _____ day of _____ 2016

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.



INCORPORATED IN 1933

CITRUS FRUIT GROWERS AND MAKERS OF PREMIUM QUALITY
SQUASHES, SYRUPS, FRUIT DRINKS & NECTARS, JAM, JELLIES,
MARMALADE, TOMATO KETCHUP, SAUCES, PICKLES, VINEGARS,
CANNED FOODS, PASTES & PULPS, SUGAR CONFECTIONERIES,
CHOCOLATES AND SUGAR-FREE PRODUCTS.

Factory & Farms:

Mitchell's Fruit Farms, Ltd.
Renala Khurd, District Okara, Pakistan
P: (+92) (44) 2622908, 2635907-8
F: (+92) (44) 2621416
E: rnk@mitchells.com.pk

Head Office:

40-A, Zafar Ali Road, Gulberg V,
Lahore, Pakistan
P: (+92) (42) 35872392-96,
F: (+92) (42) 35872398
E: ho@mitchells.com.pk

-  /Mitchell's Natural Goodness
-  /Mitchell's Sweet Indulgence
-  /Mitchell's Chocolates