AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Mitchell's Fruit Farms Limited** as at September 30, 2008 and the related profit and loss account, 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, 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, 2008 and of the profit, 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 the ordinance.

Lahore
Dated: January 03, 2009

A. F. Ferguson
Chartered Accountants

BALANCE SHEET AS AT SEPTEMBER 30, 2008

	Note	2008 Rupees	2007 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
10,000,000 (2007: 10,000,000) ordinary shares of Rs 10 each		**100,000,000**	100,000,000
Issued, subscribed and paid up capital 5,040,000 (2007: 5,040,000) ordinary shares of Rs 10 each	5	**50,400,000**	50,400,000
Reserves	6	**9,635,878**	9,635,878
Unappropriated profit		**200,794,368**	202,536,828
		260,830,246	262,572,706
NON-CURRENT LIABILITIES			
Long term loan - secured	7	**7,368,418**	22,105,260
Deferred liabilities	8	**49,607,813**	40,685,326
		56,976,231	62,790,586
CURRENT LIABILITIES			
Current portion of long term liabilities - secured	7	**14,736,842**	14,736,842
Short term running finances	9	**288,711,025**	145,860,708
Creditors, accrued and other liabilities	10	**89,805,848**	89,142,916
Accrued finance cost on short term running finances		**10,311,523**	3,284,782
		403,565,238	253,025,248
CONTINGENCIES AND COMMITMENTS	11		
		721,371,715	578,388,540

The annexed notes 1 to 38 form an integral part of these financial statements.

	Note	2008 Rupees	2007 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	**304,357,015**	263,400,019
Intangible Assets	13	**1,657,156**	2,071,446
Capital work in progress	14	**17,925,373**	1,625,514
Long term loans and deposits		**716,334**	377,223
Biological assets	15	**5,132,000**	5,251,100
		329,787,878	272,725,302
CURRENT ASSETS			
Stores, spares and loose tools	16	**13,305,761**	10,904,510
Stock in trade	17	**288,698,972**	185,037,159
Trade debts	18	**39,067,739**	45,932,040
Advances, deposits, prepayments and other receivables	19	**39,601,514**	37,123,955
Cash and bank balances	20	**10,909,851**	26,665,574
		391,583,837	305,663,238
		721,371,715	578,388,540

S. M. Mohsin
Chairman

Mehdi Mohsin
Chief Executive Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Note	2008 Rupees	2007 Rupees
Sales	21	**1,038,637,296**	866,618,994
Cost of sales	22	**848,823,705**	706,265,864
Gross profit		**189,813,591**	160,353,130
Administration expenses	23	**(40,779,924)**	(33,477,739)
Distribution and marketing expenses	24	**(108,184,873)**	(67,198,560)
Other operating expenses	25	**(1,535,470)**	(2,655,207)
Other operating income	26	**6,123,349**	4,011,847
Profit from operations		**45,436,673**	61,033,471
Finance cost	27	**(32,323,268)**	(21,267,849)
Profit before tax		**13,113,405**	39,765,622
Taxation	28	**(4,775,865)**	(14,100,000)
Profit for the year		**8,337,540**	25,665,622
Earnings per share - Basic and diluted	34	**1.65**	5.09

The annexed notes 1 to 38 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Mehdi Mohsin
Chief Executive Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Note	**2008 Rupees**	2007 Rupees
Cash flows from operating activities			
Cash generated from operations	32	**(20,151,348)**	57,943,352
Finance cost paid		**(25,296,527)**	(21,143,240)
Net income tax (paid)/ refund		**(2,120,815)**	5,694,876
Retirement benefits paid		**(3,444,636)**	(4,484,189)
Net cash from operating activities		**(51,013,326)**	38,010,799
Cash flows from investing activities			
Fixed capital expenditure		**(84,627,733)**	(57,732,651)
Sale proceeds of property, plant and equipment		**1,421,672**	2,725,096
Decrease/ (increase) in long term security deposits		**(339,111)**	200,000
Proceeds from sale of livestock		**769,300**	140,400
Net cash used in investing activities		**(82,775,872)**	(54,667,155)
Cash flows from financing activities			
Repayment of long term loans		**(14,736,842)**	(14,736,842)
Dividend paid		**(10,080,000)**	(203,172)
Net cash used in financing activities		**(24,816,842)**	(14,940,014)
Net decrease in cash and cash equivalents		**(158,606,040)**	(31,596,370)
Cash and cash equivalents at the beginning of the year		**(119,195,134)**	(87,598,764)
Cash and cash equivalents at the end of the year	33	**(277,801,174)**	(119,195,134)

The annexed notes 1 to 38 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Mehdi Mohsin
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Share capital	Share premium	General reserve	Accumulated profit	Rupees Total
Balance as at September 30, 2006	50,400,000	9,335,878	300,000	176,871,206	236,907,084
Profit for the year	-	-	-	25,665,622	25,665,622
Balance as at September 30, 2007	50,400,000	9,335,878	300,000	202,536,828	262,572,706
Final dividend for the year ended September 30, 2007 Rs 2 per share	-	-	-	(10,080,000)	(10,080,000)
Profit for the year	-	-	-	8,337,540	8,337,540
Balance as at September 30, 2008	50,400,000	9,335,878	300,000	200,794,368	260,830,246

The annexed notes 1 to 38 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Mehdi Mohsin
Chief Executive Officer

1. Legal status and nature of business

The company is incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. It is principally engaged in the manufacture and sale of various farm and confectionery products.

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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance , 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, Interpretations and amendments to published approved accounting standards

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

2.2.1 Amendments to published standards effective in current year

Amendments to IAS 1 'Presentation of Financial Statements' - Capital disclosure is mandatory for the company's accounting period beginning on October 01, 2007. Its adoption by the company only impacts the format and extent of disclosures presented in the financial statements.

2.2.2 Amendments to published standards not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IFRS 7 'Financial Instruments : Disclosures' is effective from October 01, 2008. It requires disclosures about the significance of financial instruments for the company's financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks.

- IFRS 8 'Operating Segments' is effective from October 01, 2009. It sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers.

- Certain amendments to IAS 23 ' Borrowing Costs' have been published that are applicable to the company's financial statements covering annual periods, beginning on or after October 01, 2009. Adoption of these amendments would require the company to capitalize the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed.

- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from October 01, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The company will apply IFRIC 14 from October 01, 2008, but it is not expected to have any significant impact on the company's financial statements.

2.2.3 Standards or Interpretation	**Effective date (accounting periods beginning on or after)**
IFRS 2 - Share based payment	October 01, 2008
IFRIC 12 - Service concession arrangements	October 01, 2008
IFRIC 13 - Customer loyalty programmes	October 01, 2008
IFRIC 15 - Accounting for agreements for the construction of real estate	October 01, 2009
IFRIC 16 - Hedge of net investment in a foreign operation	October 01, 2009

In addition to the above, a new standard 'IFRS 4 - Insurance Contracts' has been issued by the International Accounting Standards Board but has not yet been adopted by the Institute of Chartered Accountants of Pakistan (ICAP) or notified by the SECP and, hence, presently do not form part of the local financial reporting framework.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain employees' retirement benefits at present value as referred to in note 4.2 and revaluation of biological assets and agricultral produce at fair values as referred to in notes 4.6.

The company's significant accounting policies are stated in note 4. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers critical because of the 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.

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 law, the amounts are shown as contingent liabilities.

c) **Useful life and residual values of property, plant and equipment**

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

d) **Biological assets**

The company basis its valuation upon yield assessment performed by an independent agricultural expert and computes fair value less estimated point of sales cost to arrive at its valuation. The fair value less estimated point of sales cost is based on factors mentioned in note 4.6

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 equity in which case it is included in equity.

4.2 Staff retirement benefits

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

(a) The company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service and also operates an unfunded statutory gratuity scheme for all its employees who have not opted for the provident fund. 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, 2008. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

- Discount rate 14 percent per annum.
- Expected rate of increase in salary level 13 percent per annum.

The company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 'Employee Benefits'.

(b) The company also operates an approved funded contributory provident fund for all employees. Equal monthly contributions are made by both the company and the employees to the fund.

(c) 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 based on actuarial valuation and are charged to profit.

The latest actuarial valuation was carried out as at September 30, 2008. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences.

- Discount rate 14 percent per annum.
- Expected rate of increase in salary level 13 percent per annum.
- Average expected remaining working life time of employees 14 years.

	Hired before 1997 (days)	Hired after 1997 (days)
Average number of leaves		
- Utilized per annum	26	18
- Utilized in excess of accrued leaves per annum	2	2

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

Property, plant and equipment 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 4.18.

Depreciation on all property, plant and equipment 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, 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 impact on depreciation is significant. The company’s estimate of the residual value of its property, plant and equipment as at September 30, 2008 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment 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.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset’s revised carrying amount over its estimated useful life.

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 item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

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.

4.4 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%.

Amortization is charged to income on the reducing balance basis 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 specified in note 13.

The company assesses at each balance sheet date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss.

4.6 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 135 animals (2007: 142) including cows, calves, horses and sheep and estimates to beneficially own 921 (2007: 921) trees of various kinds including mango, jamboline, kachnar, ceruse, amla, spikenard, borh and sheesham etc as on September 30, 2008.

4.7 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.

4.8 Stock-in-trade

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

Cost of raw material and work-in-process 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.

4.9 Financial assets and liabilities

Financial assets and financial liabilities are recognized, at the time when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.10 Offsetting of financial assets and liabilities

Financial assets and 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 recognised amount and the company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.11 Trade debts

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. Bad debts are written off when identified.

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 Borrowings

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in creditors, accrued and other liabilities to the extent of the amount remaining unpaid.

4.14 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and/(or) services received, whether or not billed to the company.

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

4.15 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. 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 cashflow hedges.

4.16 Revenue recognition

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

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

4.17 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation 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.

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

4.18 Borrowing cost

Mark-up, interest and other charges on long term borrowings are capitalised upto the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such long term borrowings. All other mark-up, interest and other charges are charged to profit.

4.19 Dividend

Dividend distribution to the Company's shareholders is recognized as liability at the time of their declaration.

5. Issued, subscribed and paid up capital

2008	2007		**2008**	2007
(Number of Shares)			**Rupees**	Rupees
1,417,990	1,417,990	Ordinary shares of Rs 10 each fully paid in cash	**14,179,900**	14,179,900
44,020	44,020	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	**440,200**	440,200
3,577,990	3,577,990	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**35,779,900**	35,779,900
5,040,000	5,040,000		**50,400,000**	50,400,000

187,354 (2007: 187,354) ordinary shares of the company are held by IGI Insurance Limited, an associated concern as at September 30, 2008.

	Note	2008 Rupees	2007 Rupees
6. Reserves			
Movement in and composition of reserves is as follows:			
Capital Reserve			
- Share premium	6.1	**9,335,878**	9,335,878
Revenue			
- General reserve		**300,000**	300,000
		9,635,878	9,635,878

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

7. Long term loan - secured

	2008 Rupees	2007 Rupees	Rate of interest per annum	No. of quarterly instalments	Interest payable
Royal Bank of Scotland	**22,105,260**	36,842,102	KIBOR + 1.5%	06, ending March 2010	Quarterly
Less: Current maturity	**14,736,842**	14,736,842			
	7,368,418	22,105,260			

Security
The loan is secured by an exclusive charge on 'Conbar' machine amounting to Rs 70 million and first pari passu hypothecation charge on fixed assets amounting to Rs 23.33 million.

	Note	2008 Rupees	2007 Rupees
8. Deferred liabilities			
These are composed of:			
Deferred taxation	8.1	**30,700,000**	26,300,000
Retirement and other benefits	8.2	**18,907,813**	14,385,326
		49,607,813	40,685,326

8.1 Deferred taxation

	2008 Rupees	2007 Rupees
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation	**58,950,000**	48,800,000
Gratuity and leave salary	**(9,550,000)**	(5,000,000)
Unused tax losses	**(6,600,000)**	(5,700,000)
Minimum tax available for carry forward	**(12,100,000)**	(11,800,000)
	30,700,000	26,300,000

	Note	2008 Rupees	2007 Rupees

8.2 Retirement and other benefits

	Note	2008 Rupees	2007 Rupees
Staff gratuity	8.2.1	**17,507,567**	13,172,020
Accumulating compensated absences		**1,400,246**	1,213,306
		18,907,813	14,385,326

8.2.1 Staff gratuity

The amounts recognized in the balance sheet are determined as follows:

	2008 Rupees	2007 Rupees
Present value of defined benefit obligation	**27,671,785**	19,557,205
Unrecognised actuarial loss	**(10,164,218)**	(6,385,185)
Liability as at September 30, 2008	**17,507,567**	13,172,020
Liability as at October 1, 2007	**13,172,020**	11,572,695
Charge to profit and loss account	**6,782,402**	5,075,410
Contributions by the company	**(2,446,855)**	(3,476,085)
Liability as at September 30, 2008	**17,507,567**	13,172,020

The movement in the present value of defined benefit obligation is as follows:

	2008 Rupees	2007 Rupees
Present value of defined benefit obligation as at October 1	**19,557,205**	13,654,907
Service cost	**4,424,002**	3,780,516
Interest cost	**1,955,721**	1,228,942
Benefits paid	**(2,446,855)**	(3,467,336)
Experience loss	**4,181,712**	4,360,176
Present value of defined benefit obligation as at September 30	**27,671,785**	19,557,205

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

	2008	2007	2006	2005	2004
			(Rupees in thousands)		
As at September 30					
Present value of defined benefit obligation	27,672	19,557	13,655	10,828	11,759
Experience adjustment on obligation	4,182	4,360	1,479	83	766

9. Short term running finances - secured

Short term running finances, available from commercial banks under mark-up arrangements amount to Rs 345 million (2007: Rs 305 million). The rates of mark-up range from Re. 0.2688 to Re 0.4145 per Rs 1,000 per diem or part thereof on the balance outstanding.

Of the aggregate facility of Rs 194 million (2007: Rs 185 million) for opening letters of credit and Rs 7 million (2007: Rs 2 million) for guarantees, the amount utilised at September 30, 2008 was Rs 43.583 million (2007: Rs 39.132 million) and Rs 0.05 (2007: Rs 0.739 million) respectively.

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

10. Creditors, accrued and other liabilities

	Note	2008 Rupees	2007 Rupees
Trade creditors	10.1	**67,783,139**	61,834,170
Accrued liabilities		**3,574,184**	1,559,034
Advances from customers		**4,987,619**	6,667,747
Interest free deposits repayable on demand		**689,971**	689,971
Due to related parties	10.2	**1,089,306**	897,464
Sales tax payable		**8,016,873**	8,877,074
Special excise duty payable		**883,209**	960,020
Workers' profit participation fund	10.3	**724,099**	2,114,903
Workers' welfare fund		**267,980**	-
Unclaimed dividends		**-**	227,778
Others	10.4	**1,789,468**	5,314,755
		89,805,848	89,142,916

10.1 Trade creditors include amount due to Chief Executive Rs 12.366 million (2007: Rs 10.272 million) respectively.

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

10.3 Workers' profit participation fund

	Note	2008 Rupees	2007 Rupees
Opening balance		**2,114,903**	21,976
Provision for the year	25	**705,210**	2,092,927
Interest for the year	27	**65,306**	-
		2,885,419	2,114,903
Less: Payments made during the year		**2,161,320**	-
Closing balance		**724,099**	2,114,903

10.4 Others include amount due to Chairman of Rs Nil (2007: Rs 3.278 million).

11. Contingencies and commitments

11.1 Contingencies

(i) Included in advances, deposits,prepayments and other receivables under the head balance with statutory authorities is an amount of Rs 0.908 million (September 30, 2007: 0.908 million), representing sales tax Rs 0.903 million (September 30, 2007: Rs 0.903 million) and penalty Rs 0.005 (September 30, 2007: Rs 0.005 million) on sweet corn.

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

11.2 Commitments

Commitments in respect of capital expenditure are Rs 1.605 million (2007: Rs 2.196 million).

Letters of credit other than capital expenditure Rs 7.480 million (2007: Rs. 36.936 million).

12. Property, plant and equipment

	Cost as at September 30, 2007	Additions/ (deletions)	Cost as at September 30, 2008	Accumulated depreciation as at September 30, 2007	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at September 30, 2008	Book value as at September 30, 2008	Depreciation rate %
Freehold land	15,547	-	15,547	-	-	-	15,547	
Buildings on freehold land	52,644,186	8,310,803	60,954,989	26,378,056	2,942,612 -	29,320,668	31,634,321	10
Buildings on leasehold land	4,091,337	-	4,091,337	2,546,360	154,498 -	2,700,858	1,390,479	10
Plant and machinery	380,264,252	53,485,860 (650,000)	433,100,112	166,929,958	19,457,509 (126,360)	186,261,107	246,839,005	10
Vehicles	24,295,637	2,067,483 (1,369,304)	24,993,816	8,916,145	1,709,068 (618,082)	10,007,131	14,986,685	20
Furniture and fittings	3,041,730	317,056 (400,000)	2,958,786	2,185,169	194,918 (397,449)	1,982,638	976,148	20
Electric installations	10,551,191	3,886,720 (192,883)	14,245,028	6,535,490	1,202,231 (187,238)	7,550,483	6,694,545	20
Computer hardware	7,388,361	259,950	7,648,311	5,401,044	426,982	5,828,026	1,820,285	20
2008	482,292,241	68,327,872 (2,612,187)	548,007,926	218,892,222	26,087,818 (1,329,129)	243,650,911	304,357,015	

	Cost as at September 30, 2006	Additions/ (deletions)	Cost as at September 30, 2007	Accumulated depreciation as at September 30, 2006	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at September 30, 2007	Book value as at September 30, 2007	Depreciation rate %
Freehold land	15,547	-	15,547	-	-	-	15,547	
Buildings on freehold land	49,907,956	3,695,620 (959,390)	52,644,186	24,095,997	2,611,993 (329,934)	26,378,056	26,266,130	10
Buildings on leasehold land	4,066,337	25,000	4,091,337	2,376,780 -	169,580	2,546,360	1,544,977	10
Plant and machinery	334,813,693	45,519,021 (68,462)	380,264,252	150,373,985	16,620,454 (64,481)	166,929,958	213,334,294	10
Vehicles	18,601,916	8,978,977 (3,285,256)	24,295,637	9,672,338	1,438,590 (2,194,783)	8,916,145	15,379,492	20
Furniture and fittings	2,817,595	224,135	3,041,730	2,013,169	172,000	2,185,169	856,561	20
Electric installations	9,129,086	1,455,605 (33,500)	10,551,191	5,805,001	754,756 (24,267)	6,535,490	4,015,701	20
Computer hardware	7,003,039	385,322	7,388,361	4,951,199	449,845	5,401,044	1,987,317	20
2007	426,355,169	60,283,680 (4,346,608)	482,292,241	199,288,469	22,217,218 (2,613,465)	218,892,222	263,400,019	

12.1 Disposal of operating fixed assets

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Vehicles	Employees					
	Khurram Shehzad	905,210	216,284	688,926	671,314	Company policy
	Sajjad Hatim Bhatti	339,080	282,192	56,888	56,888	Company policy
Plant and machinery	Outsiders					
	Plastic Pack Machine Co.	650,000	126,360	523,640	400,000	Negotiation
Other assets with book value less than Rs. 50,000		717,897	704,293	13,604	293,470	
		2,612,187	1,329,129	1,283,058	1,421,672	

13. Intangible Assets

	Cost as at September 30, 2007	Additions/ (deletions)	Cost as at September 30, 2008	Accumulated amortization as at September 30, 2007	Amortization charge/ (deletions) for the year	Accumulated amortization as at September 30, 2008	Book value as at September 30, 2008
Software	2,722,420	-	2,722,420	650,974	414,290	1,065,264	1,657,156
2008	2,722,420	-	2,722,420	650,974	414,290	1,065,264	1,657,156

	Cost as at September 30, 2006	Additions/ (deletions)	Cost as at September 30, 2007	Accumulated amortization as at September 30, 2006	Amortization charge/ (deletions) for the year	Accumulated amortization as at September 30, 2007	Book value as at September 30, 2007
Software	1,800,000	922,420	2,722,420	180,000	470,974	650,974	2,071,446
2007	1,800,000	922,420	2,722,420	180,000	470,974	650,974	2,071,446

13.I The depreciation/amortization charge for the year has been allocated as follows:

	Note	Depreciation on property, plant and equipment	Amortization of intangible assets	2008 Rupees	2007 Rupees
Cost of sales	22	22,554,619	259,200	22,813,819	19,726,027
Administration expenses	23	1,824,131	155,090	1,979,221	1,523,575
Distribution and marketing expenses	24	1,709,068	-	1,709,068	1,438,590
		26,087,818	414,290	26,502,108	22,688,192

14. Capital work in progress

	2008 Rupees	2007 Rupees
Advances for vehicles	**2,538,000**	-
Plant and machinery	**15,387,373**	414,708
Civil works	**-**	1,210,806
	17,925,373	1,625,514

	Note	**2008 Rupees**	2007 Rupees
15. Biological assets			
Livestock		3,682,000	3,951,100
Trees		1,450,000	1,300,000
		5,132,000	5,251,100

16. Stores, spares and loose tools

Classification of the balance between stores and spares is not practicable.

17. Stock in trade

	Note	2008 Rupees	2007 Rupees
Raw materials [including in transit Rs 11.046 million (2007: Rs 28.323 million)]	17.1	233,240,991	130,231,801
Finished goods		55,457,981	54,805,358
		288,698,972	185,037,159

17.1 Included in raw materials are 527,270 kgs of juice valuing Rs 33.416 million held at Citropak Limited.

18. Trade debts

These are unsecured and considered good.

19. Advances, deposits, prepayments and other receivables

	Note	2008 Rupees	2007 Rupees
Advances - considered good			
- To employees	19.1	**2,591,476**	1,893,314
- To suppliers		**7,770,508**	11,789,701
Prepayments		**152,312**	22,695
Letters of credit - margins, deposits, opening charges, etc.		**1,673,212**	276,326
Claims recoverable from the government			
- Excise duty		**70,263**	70,263
- Income tax refundable		**14,678,911**	12,933,961
- Sales tax		**5,169,044**	5,147,393
		19,918,218	18,151,617
Customs deposit receivable		**1,331,626**	1,821,398
Due from related parties	19.2	**1,669,644**	1,669,224
Other receivables		**4,494,518**	1,499,680
		39,601,514	37,123,955

19.1 Included in advances to employees are amounts due from chairman and executives of Rs 0.307 million and Rs 0.261 million (2007: Rs Nil and Rs 0.023 million) respectively.

	Note	2008 Rupees	2007 Rupees
19.2 Due from related parties			
Kissan Fruit Growers (Private) Limited		**8,272**	8,272
Haider Fruit Growers (Private) Limited		**7,335**	6,915
IGI Insurance Limited		**1,455,861**	1,455,861
Nestle Pakistan Limited		**198,176**	198,176
		1,669,644	1,669,224

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

20. Cash and bank balances

		2008 Rupees	2007 Rupees
Balances at banks on current accounts		**10,174,086**	26,431,469
Cash in hand		**735,765**	234,105
		10,909,851	26,665,574

21. Sales

		2008 Rupees	2007 Rupees
Gross sales		**1,190,615,494**	992,533,049
Less: Sales returns		**22,252,365**	17,009,241
Rebates		**126,162,528**	104,452,640
Trade promotion		**3,563,305**	4,452,174
		151,978,198	125,914,055
		1,038,637,296	866,618,994

Local sales are exclusive of sales tax of Rs 168.562 million (2007: Rs 137.793 million).

22. Cost of sales

	Note	2008 Rupees	2007 Rupees
Raw and packing material consumed		**683,238,738**	599,462,240
Salaries, wages and other benefits	22.1	**56,191,363**	40,456,680
Furnace oil consumed		**37,454,992**	20,891,749
Freight and octroi		**8,118,070**	5,692,564
Travelling and vehicle running		**2,585,177**	1,542,079
Repairs and maintenance		**14,140,233**	13,762,462
Electricity		**19,778,902**	12,758,784
Insurance		**2,877,521**	3,019,182
Rent, rates and taxes		**173,387**	159,461
Depreciation on property, plant and equipment	13.1	**22,554,619**	19,402,027
Amortization of intangible assets	13.1	**259,200**	324,000
Other expenses		**2,104,126**	1,241,251
		849,476,328	718,712,479
Opening finished goods		**54,805,358**	42,358,743
Closing finished goods		**(55,457,981)**	(54,805,358)
		(652,623)	(12,446,615)
		848,823,705	706,265,864

	Note	**2008 Rupees**	2007 Rupees

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

Current service cost		**1,543,803**	1,779,132
Interest cost for the year		**682,470**	578,347
Acturial loss		**140,519**	31,037
		2,366,792	2,388,516

In addition to above Rs 0.615 million (2007: Rs 0.415 million) has been charged in respect of company's contribution towards staff compensated absences.

23. Administration expenses

	Note	2008 Rupees	2007 Rupees
Salaries, wages and other benefits	23.1	**23,654,674**	19,691,567
Travelling and vehicle running		**2,996,550**	2,272,788
Entertainment		**370,906**	458,991
Repairs and maintenance		**2,052,967**	749,076
Insurance		**623,936**	454,645
Rent, rates and taxes		**1,233,430**	1,028,499
Utilities		**723,935**	576,458
Printing and stationery		**881,567**	1,049,209
Postage and telephone expenses		**1,281,143**	1,207,873
Professional services	23.2	**2,127,637**	2,277,510
Depreciation on property, plant and equipment	13.1	**1,824,131**	1,376,601
Amortization of intangible assets	13.1	**155,090**	146,974
Dairy expenses		**1,689,259**	1,366,734
Receivables written off		**135,962**	137,195
Other expenses		**1,028,737**	683,619
		40,779,924	33,477,739

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

Current service cost		**1,703,251**	795,748
Interest cost for the year		**752,957**	258,676
Acturial loss		**155,032**	13,882
		2,611,240	1,068,306

In addition to above Rs 0.285 million (2007: Rs 0.151 million) has been charged in respect of company's contribution towards staff compensated absences.

	Note	2008 Rupees	2007 Rupees

23.2 Professional services

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

		2008 Rupees	2007 Rupees
Statutory audit		**250,000**	205,000
Half yearly review		**150,000**	115,000
Tax services		**297,445**	875,000
Workers' profit participation and provident funds' audit and sundry services		**75,000**	82,000
Out of pocket expenses		**338,324**	77,712
		1,110,769	1,354,712

24. Distribution and marketing expenses

	Note	2008 Rupees	2007 Rupees
Salaries, wages and other benefits	24.1	**19,519,090**	12,966,882
Travelling and vehicle running		**9,809,550**	8,128,717
Entertainment		**893,668**	735,358
Freight and octroi		**25,389,220**	16,343,662
Advertisement		**39,305,107**	17,796,250
Sales tax on trade promotion		**4,641,851**	4,179,597
Repairs and maintenance		**128,076**	109,366
Insurance		**736,170**	473,829
Rent, rates and taxes		**1,236,350**	1,041,141
Utilities		**501,692**	479,898
Printing and stationery		**1,616,617**	751,816
Postage and telephone		**882,598**	562,746
Depreciation on property, plant and equipment	13.1	**1,709,068**	1,438,590
Other expenses		**1,815,816**	2,190,708
		108,184,873	67,198,560

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

		2008 Rupees	2007 Rupees
Current service cost		**1,176,948**	1,205,636
Interest cost for the year		**520,294**	391,919
Acturial loss		**107,128**	21,033
		1,804,370	1,618,588

In addition to above Rs 0.285 million (2007: Rs 0.186 million) have been charged in respect of company's contribution towards staff compensated absences.

	2008 Rupees	2007 Rupees
25. Other operating expenses		
Workers' profit participation fund	**705,210**	2,092,927
Workers welfare fund	**267,980**	-
Donations - Anjuman-e-Khuddam-e-Rasool Allah, Shergarh, District Okara (Mr S. M Mohsin, Chairman of the company is the founder member of the Anjuman)	**562,280**	562,280
	1,535,470	2,655,207
26. Other operating income		
Profit on sale of property, plant and equipment	**138,612**	991,953
Profit on sale and revaluation of live stock	**500,200**	548,400
Fair value gain on initial measurement of trees	**150,000**	-
Exchange gain	**292,020**	-
Scrap sales	**3,107,428**	2,212,822
Others	**1,935,089**	258,672
	6,123,349	4,011,847
27. Finance cost		
Interest and mark up on		
- Long-term loan	**3,884,797**	5,403,735
- Short term running finances	**27,305,506**	15,013,238
- Workers' profit participation fund	**65,306**	-
Exchange loss	**-**	100,400
Bank and other charges	**1,067,659**	750,476
	32,323,268	21,267,849
28. Provision for taxation		
For the year		
- Current	**402,924**	4,400,000
- Deferred	**4,991,529**	9,400,000
	5,394,453	13,800,000
Prior years		
- Current	**(27,059)**	-
- Deferred	**(591,529)**	300,000
	(618,588)	300,000
	4,775,865	14,100,000

28.1 In view of the available tax losses, the provision for current taxation represents tax on income under 'Final Tax Regime'. Such tax is not available for set off against normal tax liability arising in future years.

For purposes of current taxation, the unassessed tax losses available for carry forward as at September 30, 2008 are estimated approximately at Rs 27.694 million (2007: Rs 16.148 million).

	2008 %age	2007 %age
28.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	**35.00**	35.00
Tax effect of amounts that are:		
- Exempt for tax purposes	**-**	(0.48)
- Not deductible for tax purposes	**4.61**	0.49
Tax effect under presumptive regime and others	**1.50**	(0.30)
Effect of change in prior years tax	**(4.71)**	0.75
	1.40	0.46
Average effective tax rate charged to profit and loss account	**36.40**	35.46

29. 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 30. Other significant transactions with related parties are as follows:

Description	**2008 Rupees**	2007 Rupees
Purchase of goods	**2,067,432**	5,238,771
Insurance premium paid	**5,287,403**	6,295,891
Insurance claim received	**105,700**	882,370
Donations	**562,280**	562,280
Loan from director	**-**	3,300,000
Purchase of property, plant and equipment	**-**	5,342,850

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

30. **Remuneration of Chairman, Chief Executive and Executives**

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

	Chairman		Chief Executive		Executive	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rupees	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Managerial remuneration	**-**	-	**1,973,781**	1,683,710	**3,394,483**	2,356,122
Retirement benefits	**-**	-	**319,140**	271,730	**266,020**	184,645
House rent allowance	**-**	-	**888,201**	757,669	**1,527,517**	1,060,253
Utilities	**-**	-	197,378	286,632	**339,448**	235,612
Club expenses	**44,389**	44,389	**80,843**	54,641	**-**	-
Bonus	**-**	-	**449,704**	137,931	**668,054**	143,407
	44,389	44,389	**3,909,047**	3,192,313	**6,195,522**	3,980,039
Number of persons	**1**	1	1	1	**6**	4

The company also provides the Chairman and Chief Executive with free use of company maintained cars and residential phones.

30.2 The Chairman, Chief Executive and Executives are entitled to reimbursement of medical expenses upto an amount equal to three basic salaries.

30.3 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 7 directors (2007: 7 directors) is Rs 18,000 (2007: Rs 18,000).

31. **Capacity and production**

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

	Actual production	
	2008	2007
Groceries - in dozens	**1,276,307**	960,848
Confectioneries - in tons	**4,944**	4,408

	Note	2008 Rupees	2007 Rupees
32. Cash generated from operations			
Profit before tax		**13,113,405**	39,765,622
Adjustments for:			
Depreciation on property, plant and equipment		**26,087,818**	22,217,218
Amortization on intangibles		**414,290**	470,974
Profit on sale of property, plant and equipment		**(138,612)**	(991,953)
Retirement benefits accrued		**7,967,123**	5,828,034
Profit on revaluation of livestock		**(500,200)**	(548,400)
Profit on initial measurement of trees		**(150,000)**	-
Receivables written off		**135,962**	137,195
Exchange loss		**(292,020)**	100,400
Finance cost		**32,323,268**	21,167,449
Profit before working capital changes		**78,961,034**	88,146,539
Effect on cash flow due to working capital changes			
- Increase in stores, spares and loose tools		**(2,401,251)**	(545,820)
- Increase in stock in trade		**(103,661,813)**	(21,761,677)
- (Decrease)/ Increase in trade debts		**7,156,321**	(26,536,083)
- Increase in advances, deposits prepayments and other receivables		**(868,571)**	(10,984,539)
- Increase in creditors, accrued and other liabilities		**662,932**	29,624,932
		(99,112,382	(30,203,187)
Cash generated from operations		**(20,151,348)**	57,943,352
33. Cash and cash equivalents			
Cash and bank balances	20	10,909,851	26,665,574
Short term running finances		(288,711,025)	(145,860,708)
		(277,801,174)	(119,195,134)

34. Earnings per share		**2008**	2007
34.1 Basic earnings per share			
Net profit for the year	Rupees	**8,337,540**	25,665,622
Weighted average number of ordinary shares	Number	**5,040,000**	5,040,000
Basic earnings per share	Rupees	**1.65**	5.09

34.2 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.

35. Financial assets and liabilities

	2008							
	Interest/mark up bearing			Non interest/mark up bearing				Credit Risk
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total	Total
Financial assets								
Long term deposits	-	-	-	-	716,335	716,335	716,335	716,335
Trade debts	-	-	-	42,718,295	-	42,718,295	42,718,295	42,718,295
Advances, deposits, prepayments and other receivables	-	-	-	8,698,482	-	8,698,482	8,698,482	8,698,482
Cash and bank	-	-	-	7,259,295	-	7,259,295	7,259,295	6,523,530
	-	-	-	58,676,072	716,335	59,392,407	59,392,407	58,656,642
Off balance sheet	-	-	-	-	-	-	-	-
Total	-	-	-	58,676,072	716,335	59,392,407	59,392,407	58,656,642
Financial liabilities								
Long term loan - secured	14,736,842	7,368,418	22,105,260	-	-	-	22,105,260	
Short term running finances - secured	288,711,025	-	288,711,025	-	-	-	288,711,025	
Creditors, accrued and other liabilities	-	-	-	74,926,068	-	74,926,068	74,926,068	
Accrued finance cost on short term running finances	-	-	-	10,311,523	-	10,311,523	10,311,523	
	303,447,867	7,368,418	310,816,285	85,237,591	-	85,237,591	396,053,876	
Off balance sheet								
Guarantees	-	-	-	50,000	-	50,000	50,000	
Contracts for capital expenditure	-	-	-	1,605,396	-	1,605,396	1,605,396	
Letters of credit other than for capital expenditure	-	-	-	7,480,200	-	7,480,200	7,480,200	
	-	-	-	9,135,596	-	9,135,596	9,135,596	
Total	303,447,867	7,368,418	310,816,285	94,323,187	-	94,323,187	405,139,472	
On balance sheet gap	(303,447,867)	(7,368,418)	(310,816,285)	(26,561,519)	716,335	(25,845,184)	(336,661,469)	
Off balance sheet gap	-	-	-	(9,085,596)	-	(9,085,596)	(9,085,596)	

The effective interest/mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

Financial assets and liabilities

	2007							
	Interest/mark up bearing			Non interest/mark up bearing				Credit Risk
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total	Total
Financial assets								
Long term deposits	-	-	-	-	377,223	377,223	377,223	377,223
Trade debts	-	-	-	45,932,040	-	45,932,040	45,932,040	45,932,040
Advances, deposits, prepayments and other receivables	-	-	-	3,445,230	-	3,445,230	3,445,230	3,445,230
Cash and bank	-	-	-	26,665,574	-	26,665,574	26,665,574	26,431,469
	-	-	-	76,042,844	377,223	76,420,067	76,420,067	76,185,962
Off balance sheet	-	-	-	-	-	-	-	-
Total	-	-	-	76,042,844	377,223	76,420,067	76,420,067	76,185,962
Financial liabilities								
Long term loan - secured	14,736,842	22,105,260	36,842,102	-	-	-	36,842,102	
Short term running finances - secured	145,860,708	-	145,860,708	-	-	-	145,860,708	
Creditors, accrued and other liabilities	-	-	-	70,523,172	-	70,523,172	70,523,172	
Accrued finance cost on short term running finances	-	-	-	3,284,782	-	3,284,782	3,284,782	
	160,597,550	22,105,260	182,702,810	73,807,954	-	73,807,954	256,510,764	
Off balance sheet								
Guarantees	-	-	-	739,000	-	739,000	739,000	
Contracts for capital expenditure	-	-	-	2,195,992		2,195,992	2,195,992	
Letters of credit other than for capital expenditure	-	-	-	36,936,143	-	36,936,143	36,936,143	
	-	-	-	39,871,135	-	39,871,135	39,871,135	
Total	160,597,550	22,105,260	182,702,810	113,679,089	-	113,679,089	296,381,899	
On balance sheet gap	(160,597,550)	(22,105,260)	(182,702,810)	2,234,890	377,223	2,612,113	(180,090,697)	
Off balance sheet gap	-	-	-	(39,871,135)	-	(39,871,135)	(39,871,135)	

The effective interest/mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

35.1 **Financial risk management objectives**

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments. The company manages its exposure to financial risk in the following manner:

(a) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primarily attributable to its balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Out of the total financial assets of Rs 59.392 million (2007: Rs 76.420 million) financial assets which are subject to credit risk amount to Rs 58.657 million (2007: Rs 76.186 million). To manage exposure to credit risk, the company applies credit limits to its customers and makes sales against cash advances.

(b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The company believes that it is not exposed to major foreign exchange risk.

(c) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company usually borrows funds at fixed and market based rates and as such the risk is minimised.

(d) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

35.1.1 **Capital risk management**

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The board of directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

The company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

For working capital requirements and capital expenditure, the company primarily relies substantially on short term borrowings.

35.2 Fair value of financial instruments

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.

36. Date of authorisation

These financial statements were authorised for issue on January 09, 2009 by the board of directors of the company.

37. Proposed dividend

The Board of directors have proposed a final dividend for the year ended September 30,2008 of Rs 5,040,000 (2007:10,080,000), at their meeting held on January 09,2009.

38. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

S. M. Mohsin	**Mehdi Mohsin**
Chairman	Chief Executive Officer

PATTERN OF SHARE HOLDING AS ON SEPTEMBER 30, 2008

FORM 34

No. of Shareholders	Shareholding From	Shareholding To	Shares Held
143	1	100	7,052
280	101	500	63,040
118	501	1,000	84,603
45	1,001	5,000	91,852
13	5,001	10,000	87,081
3	10,001	15,000	32,828
3	15,001	20,000	50,636
3	20,001	25,000	69,124
2	40,001	45,000	85,552
2	45,001	50,000	98,715
2	55,001	60,000	111,340
2	80,001	85,000	161,712
1	105,001	110,000	108,532
1	110,001	115,000	110,145
1	185,001	190,000	187,353
1	560,001	565,000	562,203
1	575,001	580,000	579,117
1	645,001	650,000	646,358
1	810,001	815,000	810,157
1	1,090,001	1,095,000	1,092,600
624			5,040,000

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer and their spouse and minor childern	2,755,771	54.6780
Associated Companies undertakings and related parties.	-	-
NIT and ICP	1,141,320	22.6452
Banks, Development Financial Institutions, Non Banking Financial Institutions.	-	-
Insurance Companies	188,193	3.7340
Modarabas and Mutual funds	-	-
General Public		
a. Local	910,238	18.0603
b. Foreign	-	-
Others (to be specified)		
Joint Stock Companies	44,478	0.8825
	5,040,000	100.00

Information under clause XIX(i) of the Code of Corporate Governance

S. No	Name	Holding	% age
ASSOCIATED COMPANIES:		-	-
NIT & ICP:			
1	NBP Trustee - NI(U)T (LOC) Fund - (CDC)	579,117	11.4904%
2	National Bank Of Pakistan Trustee Deptt. (CDC)	562,203	11.1548%
		1,141,320	22.6452%
DIRECTORS, CEO THEIR SPOUSES AND MINOR CHILDREN			
1.	Syed Babar Ali	81,504	1.6171%
2.	Mrs. Sitwat Mohsin	810,157	16.0745%
	Mrs. Sitwat Mohsin (CDC)	22,400	0.4444%
3.	Syed Mohammad Mohsin	1,092,600	21.6786%
4.	Syed Mohammad Mehdi Mohsin	646,358	12.8246%
	Syed Mohammad Mehdi Mohsin (CDC)	3,800	0.0754%
5.	Syed Faisal Imam	80,208	1.5914%
6.	Umme Kulsum Imam	720	0.0143%
7.	Moaz Mohiuddin	500	0.0099%
8.	Mr. Jamal Naseem	NIT NOMINEE	-
9.	Mrs. Nazli Mohsin W/O Syed Mohammad Mehdi Mohsin	17,524	0.3477%
		2,755,771	54.6780%
PUBLIC SECTOR COMPANIES & CORPORATIONS			
1.	Eduljee Dinshaw (Pvt) Ltd. (CDC)	11,088	0.2200%
2.	Perin Dinshaw (Pvt) Ltd.	11,520	0.2286%
3.	Nali Dinshaw (Pvt) Ltd.	6,192	0.1229%
4.	RS Holdings (Pvt) Ltd (CDC)	15,400	0.3056%
5.	Mazhar Hussain Securities (Pvt) Ltd. (CDC)	96	0.0019%
6.	Time Securities (Pvt) Ltd (CDC)	4	0.0001%
7.	Darson Securities (Pvt) Ltd. (CDC)	5	0.0001%
8.	Durvesh Securities (Pvt) Ltd. (CDC)	73	0.0014%
9.	Ilyas Securities (SM-Pvt) Ltd. (CDC)	100	0.0020%
		44,478	0.8825%
Banks, Development Financial Institutions Non Banking Financial Institutions		-	-
Insurance Companies			
1.	IGI Insurance Limited (CDC)	187,353	3.7173%
1.	Reliance Insurance Company Ltd. (CDC)	840	0.0167%
		188,193	3.7340%

Modarabas & Mutual Funds	-	-
Investment Companies	-	-
Shares Held by the General PubLic	910,238	18.0603%
	5,040,000	100.0000%
Shareholders holding 10% or more of total capital		
1. National Bank of Pakistan Trustee Deptt.	1,141,320	22.6452%
2. Mrs. Sitwat Mohsin	832,557	16.5190%
3. Syed Mohammad Mohsin	1,092,600	21.6786%
4. Syed Mohammad Mehdi Mohsin	650,158	12.9000%
	3,716,635	73.7428%

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:-

S. No.	Name	Sale	Purchase
1.	MRS. SITWAT MOHSIN	-	7,900

PROXY FORM MITCHELL'S FRUIT FARMS LIMITED 76th 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 Seventy Sixth Annual General Meeting of the Company to be held on January 31, 2009 at 11:00 a.m. at the Registered Office of the Company located at 39-A, D-1, Gulberg III, Lahore.

____

Signed this day of 2008

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 39-A, D-1, Gulberg III, Lahore not later than 48 hours before the scheduled time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Mitchell's Fruit Farms Limited
39-A, D-1, Gulberg III,
Lahore.