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Accounts For the 3rd Quarter Ended
September 30, 2014



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Corporate Information

Board of Directors

Mrs. Ferial Ali Mehdi
Chairman

Mr. Mujahid Hamid
Director

Syed Hasnain Ali
Director

Mr. Shahid Nazir Ahmed
Director

Mr. Zafar Ahmed Siddiqui
Director

Mrs. Aameena Saiyid
Director

Mr. Kemal Shoaib
Director

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Company Secretary & Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh

Statutory Auditors

KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisors

Hussain & Haider, Advocates

Registered Office

12th Floor, Executive Tower, Dolmen City, Marine Drive,
Block IV, Clifton, Karachi-Pakistan
<http://www.zil.com.pk>

Factory

Link Hali Road, Hyderabad - 71000

Board Audit Committee

Mr. Zafar Ahmed Siddiqui
Chairman

Mr. Shahid Nazir Ahmed
Member

Mrs. Ferial Ali Mehdi
Member

HR&R COMMITTEE

Mrs. Ferial Ali Mehdi
Chairman

Mr. Zafar Ahmed Siddiqui
Member

Syed Hasnain Ali
Member

Mr. Mubashir Hasan Ansari
Member

Bankers

BankIslami Pakistan Limited
Soneri Bank Limited
MCB Bank Limited
National Bank of Pakistan Limited
Standard Chartered Bank

Shares Registrars

THK Associates (Pvt) Limited
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi.



Directors' Review

The Directors of the Company are pleased to present the unaudited financial results of the company for the nine months period ended September 30, 2014.

Business Review

Difficult economic and competitive environment continued to impact negatively on company's growth performance on year to-date basis.

Rising input costs, which were not entirely passed on to the consumers, are adversely impacting company margins. This has resulted in loss after tax and negative EPS for the period.

Financial Performance

The Company reported a top line of Rs. 959 million during the period from January to September 2014 with gross profit of Rs. 220 million.

Financial expenses rose by Rs.6.9 million as compared to previous year due to high mark-up rates and increased working capital requirement.

The net loss (after tax) of the company amounted to Rs.87.1 million during the nine month period.

Future Outlook

Despite the challenges being faced by the country, we are confident of the strong investment potential of Pakistan driven by its younger population, changing lifestyle, urbanization and a growing middle class. We are hopeful that economic prospects of the country will improve in future and we will be successful in tapping this potential by improving and implementing consumer driven marketing initiatives. Besides, we will continue to take cost effective measures to achieve competitiveness.

Acknowledgement

We thank our customers for their trust in our brands and our shareholders, bankers, suppliers and distributors for continued support. We also thank our employees for their relentless efforts and acknowledge their commitment and loyalty.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Ferial Ali Mehdi'.

Mrs. Ferial Ali Mehdi
Chairman

Karachi: October 27, 2014



Condensed Interim Balance Sheet

As at 30 September 2014

	Unaudited 30 September 2014	Audited 31 December 2013
ASSETS	(Rs. in '000)	
NON-CURRENT ASSETS		
Property, plant and equipment	6 402,490	410,118
Intangible assets	1,573	3,801
Long term deposits	5,412	7,458
Deferred tax asset (net)	5,690	-
Long term loans to employees	183	229
	<u>415,348</u>	<u>421,606</u>
CURRENT ASSETS		
Stores and spares	7 12,921	11,791
Stock-in-trade	8 331,188	372,349
Trade debts	9 43,652	58,336
Advances, prepayments and other receivables	10 74,471	74,430
Cash and bank balances	14,784	42,328
	<u>477,015</u>	<u>559,234</u>
CURRENT LIABILITIES		
Trade and other payables	11 214,643	145,397
Short term borrowing	175,000	200,000
Taxation	32,901	32,901
	<u>422,544</u>	<u>378,298</u>
NET CURRENT ASSETS	54,471	180,936
NET ASSETS	<u>469,820</u>	<u>602,542</u>
FINANCED BY:		
SHARE CAPITAL AND RESERVES		
Authorised capital 10,000,000 (31 December 2013: 10,000,000) ordinary shares of Rs. 10 each	100,000	100,000
Issued, subscribed and paid up capital	61,226	53,240
Reserves	207,845	307,650
	<u>269,071</u>	<u>360,890</u>
Surplus on revaluation of fixed assets - net of tax	123,149	126,464
NON-CURRENT LIABILITIES		
Long-term deposits	450	450
Deferred staff benefit liabilities	77,151	73,786
Deferred tax liability - net	-	40,952
	<u>77,601</u>	<u>115,188</u>
CONTINGENCIES AND COMMITMENTS	12	
	<u>469,820</u>	<u>602,542</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

Fariel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Profit and Loss Account (Un-audited)
For the nine months period ended 30 September 2014

		Nine months period ended		Three months period ended	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
Note		(Rupees in '000)			
Net sales	13	958,599	1,184,905	328,686	421,075
Cost of sales	14	(738,466)	(843,772)	(262,248)	(298,569)
Gross profit		220,133	341,132	66,438	122,506
Selling and distribution cost		(247,393)	(216,189)	(61,280)	(70,325)
Administrative expenses		(91,054)	(92,576)	(24,010)	(30,709)
		(338,447)	(308,765)	(85,290)	(101,034)
		(118,314)	32,367	(18,852)	21,472
Other income		5,641	4,865	834	2,919
Other expenses		-	(4,657)	-	(3,112)
		(112,674)	32,575	(18,019)	21,279
Finance cost		(21,117)	(14,226)	(6,267)	(4,907)
Profit/(loss) before taxation		(133,790)	18,349	(24,285)	16,372
Taxation		46,641	(4,472)	8,381	(3,640)
Profit / (loss) for the period		(87,149)	13,877	(15,904)	12,732
Earnings / (loss) per share - basic and diluted Rupees		(14.23)	2.27	(2.60)	2.08

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended 30 September 2014

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	----- (Rupees in '000) -----			
Profit / (loss) after tax for the period	(87,149)	13,877	(15,904)	12,732
Actuarial gain on staff retirement benefits plan	-	-	-	-
Total comprehensive income / (loss) for the period	<u><u>(87,149)</u></u>	<u><u>13,877</u></u>	<u><u>(15,904)</u></u>	<u><u>12,732</u></u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended 30 September 2014

	Nine months period ended	
	30 September 2014	30 September 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(133,790)	18,349
Adjustments for:		
Mark-up expense	21,117	14,226
Depreciation / amortisation	29,401	28,822
Provision for gratuity	8,415	7,484
Provision for staff retirement benefits	3,776	2,725
Provision for slow moving stock in trade	3,000	-
Reversal of provision on sales of provided stock	(253)	(1,002)
Mark-up on short term deposit	(69)	(47)
(Gain) / loss on disposal of fixed assets	(1,484)	(1,448)
	<u>63,903</u>	<u>50,759</u>
Operating profit before working capital changes	(69,887)	69,109
(Increase) / decrease in operating assets:		
Stores and spares	(1,131)	349
Stock-in-trade	38,413	32,705
Trade debts	14,685	(23,263)
Loans and advances	(149)	(87)
Long term deposit	2,045	27
Advances, deposits, prepayments and other receivables	1,503	(2,625)
	<u>55,367</u>	<u>7,106</u>
(Decrease) / increase in operating liabilities:		
Trade and other payables	68,699	(17,087)
	<u>54,178</u>	<u>59,127</u>
Income tax paid	(1,352)	(21,663)
Gratuity paid	(4,671)	(9,688)
Retirement benefits paid	(4,155)	(2,704)
Profit received on short term deposits	69	47
Mark-up paid	(20,625)	(11,640)
	<u>(30,734)</u>	<u>(45,647)</u>
Net cash flows from operating activities	23,445	13,480
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(21,611)	(32,978)
Proceeds from disposal of fixed assets	3,549	4,787
Net cash flows from investing activities	(18,062)	(28,190)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,928)	(8,054)
Short term loan	(25,000)	85,000
Net cash flows from financing activities	(32,928)	76,946
Net decrease in cash and cash equivalents	<u>(27,545)</u>	<u>62,236</u>
Cash and cash equivalents at beginning of the period	<u>42,329</u>	<u>11,217</u>
Cash and cash equivalents at end of the period	14,784	73,453
Cash and cash equivalents comprises of:		
Cash and bank balances	<u>14,784</u>	<u>73,452</u>
	<u>14,784</u>	<u>73,452</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

Feriel Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended 30 September 2014

	Issued, subscribed and paid up capital	Revenue General reserves	Reserves Un-appro- priated profit	Total reserves	Total
	(Rs. in '000)				
Balance as at 1 January 2013	53,240	6,000	273,931	279,931	333,171
Total comprehensive income for the period					
Profit/(loss) for the period	-	-	13,877	13,877	13,877
Transactions with owners:					
- Final cash dividend paid for the year ended 31 December 2012 @ 15%	-	-	(7,986)	(7,986)	(7,986)
Transfer from surplus on revaluation of fixed assets - net of deferred tax					
	-	-	2,646	2,646	2,646
Balance as at 30 September 2013	<u>53,240</u>	<u>6,000</u>	<u>282,468</u>	<u>288,468</u>	<u>341,708</u>
Balance as at 1 January 2014	53,240	6,000	301,650	307,650	360,890
Total comprehensive income for the period					
Profit/(loss) for the period	-	-	(87,149)	(87,149)	(87,149)
Transactions with owners:					
- Final cash dividend paid for the year ended 31 December 2013 @ 15%	-	-	(7,986)	(7,986)	(7,986)
- Bonus Shares issued for the year ended 31 December 2013 @ 15%	7,986	-	(7,986)	(7,986)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax					
	-	-	3,316	3,316	3,316
Balance as at 30 September 2014	<u>61,226</u>	<u>6,000</u>	<u>201,845</u>	<u>207,845</u>	<u>269,071</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2014

1. STATUS AND NATURE OF BUSINESS

ZIL Limited ("the Company") was incorporated as a private limited company in February 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is the manufacture and sale of Home and Personal care products.

The registered office of the company is situated at 12th Floor, Executive Tower, Dolmen City, Marine Drive, Block-4, Clifton, Karachi.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

This Condensed interim financial information of the Company for the nine months period ended 30 September 2014 has been prepared in accordance with the requirements of the International Accounting standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi and Lahore Stock Exchanges.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the period ended 31 December 2013.

2.2 Functional and presentation currency

This condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in the preparation of the financial statements for the period ended 31 December 2013.



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2014

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates

Estimates and judgements made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited separate financial statements of the Company as at and for the period ended 31 December 2013.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the period ended 31 December 2013.

		Unaudited 30 September 2014	Audited 31 December 2013
6. PROPERTY, PLANT AND EQUIPMENT		(Rs. in '000)	
Operating fixed assets	6.1	389,508	405,190
Capital work-in-progress	6.2	12,981	4,928
		<u>402,490</u>	<u>410,118</u>

6.1 Operating fixed assets

Following are the additions and disposals of fixed assets during the current period:

	Additions	Disposals	
		Cost	Accumulated depreciation
	----- (Rupees in 000) -----		
Building on freehold land	1,604	-	-
Plant, machinery & equipment	4,047	-	-
Capital Spares	613	-	-
Computers	808	179	69
Vehicle	6,434	4,284	2,329
Furniture and Fixtures	50	-	-
	<u>13,556</u>	<u>4,463</u>	<u>2,398</u>



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2014

	Unaudited 30 September 2014	Audited 31 December 2013
	(Rs. in '000)	
6.2 Capital work-in-progress		
Opening balance	4,928	19,123
Additions during the period	21,609	33,230
	<u>26,537</u>	<u>52,353</u>
Transfers during the period	(13,556)	(47,425)
	<u>12,981</u>	<u>4,928</u>
7. STOCK-IN-TRADE		
Raw material - in hand	114,274	174,550
- in transit	58,463	61,364
	<u>172,737</u>	<u>235,914</u>
Packing material	23,721	21,562
Work-in-progress	49,774	44,801
Finished goods	94,991	77,360
	<u>168,486</u>	<u>143,723</u>
Provision against slow moving items of stock-in-trade	(10,036)	(7,288)
	<u>331,188</u>	<u>372,349</u>
8. TRADE DEBTS		
Considered good	43,652	58,336
Considered doubtful	2,133	2,133
	<u>45,785</u>	<u>60,469</u>
Provision against doubtful debts	(2,133)	(2,133)
	<u>43,652</u>	<u>58,336</u>
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Advances - considered good:		
- Suppliers and contractors - net	3,878	4,341
Less: Provision held	(803)	(803)
	<u>3,075</u>	<u>3,538</u>
Taxation	64,917	63,566
To sales staff	508	508
Current maturity of loans to employees	586	391
Special Excise Duty	-	206
Prepayments	4,327	4,149
Other receivables	1,058	2,072
	<u>74,471</u>	<u>74,430</u>



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2014

	Unaudited 30 September 2014	Audited 31 December 2013
10. CASH AND BANK BALANCES	(Rs. in '000)	
Cash in hand	93	84
Cash at banks in - current accounts	7,620	10,270
- collection accounts	6,043	31,924
- profit and loss sharing accounts 10.1	1,028	50
	14,691	42,244
	14,784	42,328

10.1 These carry interest/mark-up rate at 7.0 per annum (31 December 2013: 6.5% to 7.0% per annum).

11. TRADE AND OTHER PAYABLES

Trade credit liability	102,249	72,520
Accrued expenses	58,484	40,428
Advances from customers	19,931	15,100
Sales tax payable	15,290	5,417
Worker's welfare fund	2,273	2,273
Worker's profit participation fund	-	2,647
Dividend payable	60	60
Unclaimed dividend	852	794
Accrued markup liability	3,652	3,161
Other liabilities	11,853	2,997
	214,643	145,397

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Bank guarantees aggregating to Rs. 7.02 million (31 December 2013 : Rs.7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas. Bank guarantees have also been issued in favour of Pakistan State Oil (PSO) for issuance of PSO fleet cards aggregating to Rs. 1.3 Million (31 December 2013 : Rs 1.3 Million)

12.1.2 Post dated cheques of Rs 44.767 million (31 December 2013 : Rs. 68.66 million) have been issued to Collector of Customs against partial exemption of import levies.

12.1.3 Section 113(2)c was interpreted by a divisional Bench of the Sindh High court (SHC) in the Income Tax reference application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum tax.

Therefore, where there is no tax payable due to brought forward tax losses, Minimum tax could not carried forward for adjustment with future tax liability. As per the provisions of Income Tax Ordinance 2001, minimum tax for the period ended 30 September 2014, Rs 10.5 Million has not been recorded.



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2014

12.2 Commitment

12.2.1 Commitment under letters of credit for the import of stock-in-trade items amounted to Rs.94.1 million (31 December 2013 : Rs.88.04 million).

	Nine months period ended		Three months period ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
----- (Rupees in '000) -----				
13. NET SALES				
Gross sales	1,297,427	1,535,469	459,682	565,818
Sales tax	(207,983)	(239,309)	(73,676)	(90,672)
Trade promotion discount	(130,107)	(111,169)	(57,117)	(54,060)
Rebate and sales return	(737)	(86)	(202)	(11)
	<u>(338,828)</u>	<u>(350,564)</u>	<u>(130,996)</u>	<u>(144,743)</u>
	<u>958,599</u>	<u>1,184,905</u>	<u>328,686</u>	<u>421,075</u>
14. COST OF SALES				
Raw and packing material consumed	588,006	682,055	207,750	245,915
Stores and spares consumed	5,625	5,604	1,328	1,950
Salaries, wages and other benefits	85,238	81,647	29,345	26,990
Contribution to the provident fund	1,777	1,759	598	579
Repairs and maintenance	1,107	1,185	266	467
Fuel and power	38,766	44,139	13,509	16,581
Water Charges	3,387	1,772	1,105	1,029
Rent, rates and taxes	2,072	42	748	9
Insurance	2,413	2,553	853	988
Product research and development	49	313	13	24
Travelling and conveyance	3,634	3,647	1,008	1,159
Printing and stationery	241	253	77	59
Postage, telegrams and telephones	481	555	141	187
Legal charges	84	25	-	7
Subscription	5	15	1	1
Depreciation / amortisation	17,166	17,000	5,586	5,854
Freight and handling material	3,847	4,525	923	1,454
Provision for slow moving stock in trade	3,000	-	1,000	-
Toll Manufacturing	3,971	911	-	-
Other expenses	202	988	144	139
	<u>761,071</u>	<u>848,988</u>	<u>264,394</u>	<u>303,393</u>
Opening stock of work-in-process	44,801	46,825	51,653	37,711
Closing stock of work-in-process	(49,774)	(40,880)	(49,774)	(40,880)
Cost of good manufactured	<u>756,098</u>	<u>854,932</u>	<u>266,272</u>	<u>300,224</u>
Opening stock of finished goods	77,360	79,431	90,967	88,937
Closing stock of finished goods	(94,991)	(90,591)	(94,991)	(90,591)
	<u>(17,632)</u>	<u>(11,160)</u>	<u>(4,024)</u>	<u>(1,654)</u>
	<u>738,466</u>	<u>843,772</u>	<u>262,248</u>	<u>298,569</u>



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2014

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Treet Corporation Limited, Wazir Ali Industries Limited, International General Insurance Company Limited, Employees Provident Fund, directors and key management personnel. Details of transactions with related parties, are as follows:

	Nine months period ended	
	30 September 2014	30 September 2013
	(Rs. in '000)	
Associated Companies		
Sale of goods	-	55
Purchase of goods	1,442	2,429
Services received	655	7,337
Dividend paid	521	261
Other related parties		
Contribution to the employees' provident fund	4,732	4,364
Directors and Chief Executive Officer (Key management personnel)		
Remuneration	25,094	32,796
Dividend paid	7,553	2,986
Other Key Management Personnel		
Managerial remuneration (excluding directors and Chief Executive Officer)	50,694	42,241
	Unaudited 30 September 2014	Audited 31 December 2013
	(Rs. in '000)	
Balances with related parties:		
Associated Companies		
Trade debts (unsecured, considered goods)	3	204
Other payables	334	1,112



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2014

- 15.1** Contribution to the provident fund is made in accordance with the requirements of staff service rules.
- 15.2** Remuneration to key management personnel is in accordance with the terms of their employment.
- 15.3** Other transactions with the related parties are at the agreed terms.
- 16. GENERAL**
- 16.1** This condensed interim financial information were authorised for issue on 27th October 2014 by the board of directors of the Company.

Handwritten signature of Ferial Ali Mehdi.

Ferial Ali Mehdi
Chairman

Handwritten signature of Mubashir Hasan Ansari.

Mubashir Hasan Ansari
Chief Executive Officer



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