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Accounts for the half year ended
June 30, 2014



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Corporate Information

Board of Directors

Mrs. Ferial Ali Mehdi
Chairman

Mr. Mujahid Hamid
Director

Syed Hasnain Ali (Appointed in place of Syed Yawar Ali)
Director

Mr. Shahid Nazir Ahmed
Director

Mr. Zafar Ahmed Siddiqui
Director

Mrs. Aameena Saiyid
Director

Mr. Munaf Ibrahim (Resigned on August 25, 2014)
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
Habib 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 half year ended June 30, 2014.

Business Review

Tough political, economic and competitive environment reduced the sales revenue of the Company by 18% in the first half of 2014 as compared to related period of 2013. Gross and operating margins were impacted because of thematic investment behind the brand and rising input costs which were not entirely passed on to consumers. This resulted in loss after tax and negative EPS for the six month term.

Summary of Financial Performance

Sales of Rs. 630 million were achieved during the period from January to June of 2014 with gross profit of Rs. 154 million.

Selling & Distribution costs increased due to increase in brand support during the period.

Administrative expenses remained under control and only grew by lesser than the general inflationary rate, whereas financial expenses rose by 5.5 million as compared to previous year due to high mark-up rates and increased working capital requirement.

The Company recorded a loss (after tax) of Rs. 71 million during the first half of 2014 as compared to PAT of Rs.1.2 million during the same period previous year.

Future Outlook

Despite a poor economic outlook of the country, opportunity exists for growth due to increasing younger population, changing life styles, urbanization and a growing middle class. Our understanding of consumers, R&D capability / innovations and better customer service will help us to tap into this potential. Besides, we will continue to provide our consumers with better value products by further enhancing brand equity.

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.

For and on behalf of the Board

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

Mrs. Feriel Ali Mehdi
Chairman

Karachi: August 26, 2014



Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ZIL Limited** ("the Company") as at 30 June 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended 30 June 2014 and 2013 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date : August 26, 2014

Karachi.

**KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem**



Condensed Interim Balance Sheet

As at 30 June 2014

	Un-audited 30 June 2014	Audited 31 December 2013
ASSETS	Note	(Rs. in '000)
NON-CURRENT ASSETS		
Property, plant and equipment	6	410,118
Intangible assets		3,801
Long term deposits		7,458
Long term loans to employees		229
		<u>421,606</u>
CURRENT ASSETS		
Stores and spares		11,791
Stock-in-trade	7	372,349
Trade debts	8	58,336
Advances, prepayments and other receivables	9	74,430
Cash and bank balances	10	42,328
		<u>559,234</u>
CURRENT LIABILITIES		
Trade and other payables	11	145,397
Short term borrowings		200,000
Taxation		32,901
		<u>378,298</u>
NET CURRENT ASSETS		180,936
NET ASSETS		<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
Issued, subscribed and paid up capital		53,240
Reserves		307,650
		<u>360,890</u>
Surplus on revaluation of fixed assets - net of tax		126,464
NON-CURRENT LIABILITIES		
Long-term deposits		450
Deferred staff benefit liabilities		73,786
Deferred tax liability - net	12	40,952
		<u>115,188</u>
CONTINGENCIES AND COMMITMENTS	13	<u>602,542</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



Condensed Interim Profit and Loss Account (Un-audited)

For the six months period ended 30 June 2014

		Six months period ended		Three months period ended	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
		<i>Note</i> ----- (Rupees in '000) -----			
Net sales	14	629,913	763,830	363,100	381,023
Cost of sales	15	(476,218)	(545,204)	(281,267)	(270,910)
Gross profit		153,695	218,626	81,833	110,113
Selling and distribution cost	16	(186,113)	(145,864)	(126,377)	(71,768)
Administrative expenses		(67,044)	(61,867)	(33,032)	(30,576)
		(253,157)	(207,731)	(159,409)	(102,344)
		(99,462)	10,895	(77,576)	7,769
Other income		4,807	1,946	1,715	721
Other expenses		-	(1,545)	(1,798)	(1,177)
		(94,655)	11,296	(77,659)	7,313
Finance cost		(14,850)	(9,319)	(7,582)	(5,531)
(Loss) / profit before taxation		(109,505)	1,977	(85,241)	1,782
Taxation	12	38,260	(832)	29,090	(1,269)
(Loss) / profit for the period		(71,245)	1,145	(56,151)	513
(Rupees)					
(Loss) / earnings per share basic and diluted		(11.64)	0.19	(9.17)	0.08

The annexed notes from 1 to 18 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 six months period ended 30 June 2014

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>----- (Rupees in '000) -----</u>			
(Loss) / profit after tax for the period	(71,245)	1,145	(56,151)	513
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(71,245)</u>	<u>1,145</u>	<u>(56,151)</u>	<u>513</u>

The annexed notes from 1 to 18 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 six months period ended 30 June 2014

	<u>Six months period ended</u>	
	30 June 2014	30 June 2013
Note	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(109,505)	1,977
Adjustments for:		
Mark-up expense	14,850	9,319
Depreciation / amortisation	19,807	18,654
Provision for gratuity	5,610	4,989
Provision for staff retirement benefits	2,517	1,817
Provision for slow moving stock in trade	2,000	-
Reversal of provision on sales of provided stock	(252)	(1,002)
Mark-up on short term deposit	(42)	(34)
Gain on disposal of fixed assets	(237)	(293)
	<u>44,253</u>	<u>33,450</u>
Operating (loss) / profit before working capital changes	(65,252)	35,427
Decrease / (Increase) in operating assets:		
Stores and spares	(1,252)	(242)
Stock-in-trade	22,957	(9,396)
Trade debts	(7,182)	(23,767)
Long term loan to employees	(301)	(254)
Long term deposit	2,046	(3)
Advances, prepayments and other receivables	1,601	2,528
	<u>17,869</u>	<u>(31,134)</u>
(Decrease) / increase in operating liabilities:		
Trade and other payables	27,675	(57,695)
	<u>(19,708)</u>	<u>(53,402)</u>
Income tax refund / (paid)	6,794	(13,238)
Gratuity paid	(4,180)	(8,300)
Staff retirement benefits paid	(3,665)	(2,706)
Profit received on short term deposits	44	34
Mark-up paid	(14,723)	(8,339)
	<u>(15,730)</u>	<u>(32,549)</u>
Net cash used in operating activities	<u>(35,438)</u>	<u>(85,951)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(12,937)	(20,926)
Proceeds from disposal of fixed assets	500	2,281
Net cash used in investing activities	(12,437)	(18,645)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,919)	(8,053)
Short term borrowings	15,000	125,000
Net cash generated from financing activities	7,081	116,947
Net (decrease) / increase in cash and cash equivalents	(40,794)	12,351
Cash and cash equivalents at beginning of the period	42,328	11,217
Cash and cash equivalents at end of the period	<u>1,534</u>	<u>23,568</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



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

For the six months period ended 30 June 2014

	Issued, subscribed and paid up capital	Revenue reserves General reserve	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 for the six months period ended 30 June 2013	-	-	1,145	1,145	1,145
Transactions with owners:					
- Final cash dividend paid for the six months period ended 31 December 2012 @ 15%	-	-	(7,986)	(7,986)	(7,986)
- Bonus shares issued for the six months period ended 31 December 2012 @ 15%	-	-	-	-	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax					
	-	-	1,767	1,767	1,767
Balance as at 30 June 2013	<u>53,240</u>	<u>6,000</u>	<u>268,857</u>	<u>274,857</u>	<u>328,097</u>
Balance as at 1 January 2014	53,240	6,000	301,650	307,650	360,890
Total comprehensive loss for the period					
Loss for the six months period ended 30 June 2014	-	-	(71,245)	(71,245)	(71,245)
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					
	-	-	2,231	2,231	2,231
Balance as at 30 June 2014	<u>61,226</u>	<u>6,000</u>	<u>216,664</u>	<u>222,664</u>	<u>283,890</u>

The annexed notes from 1 to 18 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 Statements (Unaudited)

For the six months period ended 30 June 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.

- 1.2 In 2012, the financial year end of the Company was changed from 30 June to 31 December. The Commissioner of Inland Revenue (Federal Board of Revenue) had approved the change in tax year through its letter no. CIR/EC/LTU/KHI/2012/573-A, dated 31 December 2012.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended 30 June 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. However, a limited scope review has been carried out by the auditors. Further, the figures in the condensed interim financial information for the quarter ended 30 June 2013 and 30 June 2014 have not been reviewed by the auditors.

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 year ended 31 December 2013.

The comparative balance sheet presented in this condensed interim financial information as at 31 December 2013 has been extracted from the audited financial statements of the Company for the year ended 31 December 2013, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement are extracted from the unaudited condensed interim financial information for the six months period ended 30 June 2013.

2.2 Functional and presentation currency

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



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim 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 the management in the preparation of this condensed interim financial information are the same as those that were applied to the audited financial statements of the Company for the year 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 for the year ended 31 December 2013.

	Un-audited 30 June 2014	Audited 31 December 2013
	(Rs. in '000)	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	6.1 400,107	405,190
Capital work-in-progress	6.2 4,630	4,928
	404,737	410,118

6.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	(Rs. in '000)		
Building on freehold land	1,604	-	-
Plant, machinery & equipment	3,936	-	-
Capital Spares	430	-	-
Furniture & Fixtures	50	-	-
Computers	781	-	-
Vehicle	6,434	667	(404)
	13,235	667	(404)



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2014

	Un-audited 30 June 2014	Audited 31 December 2013
	(Rs. in '000)	
6.2 Capital work-in-progress		
Opening balance	4,928	19,123
Additions during the period	<u>12,937</u>	<u>33,230</u>
	17,865	52,353
Transfers during the period	<u>(13,235)</u>	<u>(47,425)</u>
	<u>4,630</u>	<u>4,928</u>
7. STOCK-IN-TRADE		
Raw material - in hand	163,138	174,550
- in transit	<u>26,096</u>	<u>61,364</u>
	189,234	235,914
Packing material	24,826	21,562
Work-in-progress	51,653	44,801
Finished goods	<u>90,967</u>	<u>77,360</u>
	356,680	379,637
Provision against slow moving items of stock-in-trade	<u>(9,036)</u>	<u>(7,288)</u>
	<u>347,644</u>	<u>372,349</u>
8. TRADE DEBTS		
Considered good	65,518	58,336
Considered doubtful	<u>2,133</u>	<u>2,133</u>
	67,651	60,469
Provision against doubtful debts	<u>(2,133)</u>	<u>(2,133)</u>
	<u>65,518</u>	<u>58,336</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2014

	Un-audited 30 June 2014	Audited 31 December 2013
	(Rs. in '000)	
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Advances - considered good:		
- Suppliers and contractors - net	4,820	4,341
Less: Provision held	<u>(803)</u>	<u>(803)</u>
	4,017	3,538
- Taxation	56,772	63,566
- To sales staff	508	508
Current maturity of loans to employees	500	391
Special Excise Duty	-	206
Prepayments	2,360	4,149
Other receivables	<u>1,987</u>	<u>2,072</u>
	<u>66,144</u>	<u>74,430</u>
10. CASH AND BANK BALANCES		
Cash in hand	228	84
Cash at banks in - current accounts	278	10,270
- collection accounts	1,008	31,924
- profit and loss sharing accounts	10.1 20	50
	<u>1,306</u>	<u>42,244</u>
	<u>1,534</u>	<u>42,328</u>
10.1 These carry interest/mark-up at 7% per annum (31 December 2013: 6.5% to 7% per annum).		
11. TRADE AND OTHER PAYABLES		
Trade creditors	48,873	72,520
Accrued expenses	86,644	40,428
Advances from customers	10,387	15,100
Sales tax payable	10,818	5,417
Workers' welfare fund	2,273	2,273
Workers' profit participation fund	-	2,647
Dividend payable	68	60
Unclaimed dividend	853	794
Accrued mark-up liability	3,288	3,161
Other liabilities	<u>10,062</u>	<u>2,997</u>
	<u>173,266</u>	<u>145,397</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2014

12. DEFERRED TAX LIABILITY - net

Deferred tax liability comprises of taxable / deductible temporary differences in respect of the following:

	Balance at 31 December 2013	Recognized in profit and loss	Balance at 30 June 2014
	------(Rs. in '000)-----		
Taxable temporary differences:			
-on accelerated tax depreciation	37,801	(1,340)	36,461
-on surplus - fixed assets	34,302	(1,201)	33,101
Deductible temporary differences:			
-on provision for defined benefit plan	25,824	99	25,923
-on provision against slow moving stock and doubtful debts	5,327	612	5,939
-on loss for the period	-	35,008	35,008
Net deferred tax liability	<u>40,952</u>	<u>(38,260)</u>	<u>2,692</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 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 for issuance of PSO fleet cards aggregating to Rs. 1.3 million (31 December 2013: Rs. 1.3 million).

13.1.2 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.

13.1.3 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 be carried forward for adjustment with future tax liability. As per the provisions of Income Tax Ordinance 2001, minimum tax for the period ended 30 June 2014, Rs 6.61 million has not been recorded.



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2014

The Company based on tax advisor's advice considered that certain strong grounds are available whereby the aforesaid decision can be challenged in a Larger Bench of the SHC or the Supreme Court of Pakistan. A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies which is pending for hearing. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in this condensed interim financial information.

13.2 Commitment

Commitment under letters of credit for the import of stock-in-trade items amounted to Rs.65.185 million (31 December 2013 : Rs.88.042 million).

	Six months period ended		Three months period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
----- (Rupees in '000) -----				
Gross sales	837,745	969,651	486,334	485,114
Sales tax	134,307	148,637	78,000	75,135
Trade promotion discount	72,990	57,109	44,889	28,953
Rebate and sales return	535	75	345	3
	(207,832)	(205,821)	(123,234)	(104,091)
	<u>629,913</u>	<u>763,830</u>	<u>363,100</u>	<u>381,023</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2014

	Six months period ended		Three months period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
15. COST OF SALES	----- (Rupees in '000) -----			
Raw and packing material consumed	380,256	436,140	207,009	181,557
Stores and spares consumed	4,297	3,654	1,817	1,573
Salaries, wages and other benefits	55,893	54,657	28,681	25,214
Contribution to the provident fund	1,179	1,180	587	609
Repairs and maintenance	841	718	273	297
Fuel and power	25,257	27,558	11,484	11,747
Rent, rates and taxes	1,324	33	1,315	-
Insurance	1,560	1,565	782	788
Product research and development	36	289	24	140
Travelling and conveyance	2,626	2,488	1,259	1,291
Printing and stationery	164	194	87	129
Postage, telegrams and telephones	340	368	218	169
Legal charges	84	18	60	9
Subscription	4	14	3	3
Depreciation / amortisation	11,580	11,146	5,894	5,636
Freight and handling material	2,924	3,071	1,729	1,513
Provision for slow moving stock in trade	2,000	-	2,000	-
Toll manufacturing	3,971	911	3,971	685
Other expenses	2,341	1,592	1,308	939
	<u>496,677</u>	<u>545,596</u>	<u>268,501</u>	<u>232,299</u>
Opening stock of work-in-process	44,801	46,825	42,438	50,650
Closing stock of work-in-process	(51,653)	(37,711)	(51,653)	(37,711)
Cost of good manufactured	<u>489,825</u>	<u>554,710</u>	<u>259,286</u>	<u>245,238</u>
Opening stock of finished goods	77,360	79,431	112,948	114,609
Closing stock of finished goods	(90,967)	(88,937)	(90,967)	(88,937)
	<u>(13,607)</u>	<u>(9,506)</u>	<u>21,981</u>	<u>25,672</u>
	<u>476,218</u>	<u>545,204</u>	<u>281,267</u>	<u>270,910</u>
16. SELLING AND DISTRIBUTION COST				
Salaries, wages and other benefits	53,998	43,629	29,857	20,969
Utilities	433	414	278	256
Contribution to the provident fund	1,201	1,042	584	522
Repairs and maintenance	215	234	112	126
Rent, rates and taxes	2,045	1,688	1,079	1,068
Depreciation / amortisation	3,456	2,937	1,789	1,518
Postage and telephone	1,251	1,522	674	754
Printing and stationery	361	349	126	214
Travelling and conveyance	11,118	11,497	6,242	4,835
Insurance	1,394	1,504	702	759
Advertising	76,160	43,820	65,298	25,620
Freight, distribution and handling	28,077	25,063	16,831	11,005
Product research and development	2,182	9,924	1,723	3,198
Other expenses	4,222	2,241	1,082	924
	<u>186,113</u>	<u>145,864</u>	<u>126,377</u>	<u>71,768</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2014

17. TRANSACTIONS WITH RELATED PARTIES

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

	Six months period ended	
	30 June 2014	30 June 2013
	(Rs. in '000)	
Associated Companies		
Sale of goods	-	55
Purchase of goods	1,442	1,339
Services rendered	-	-
Services received	655	1,912
Dividend paid	521	261
Other related parties		
Contribution to the employees' provident fund	3,169	2,939
Directors and Chief Executive Officer (Key management personnel)		
Remuneration	18,185	15,856
Dividend paid	7,553	2,986
Other Key Management Personnel		
Managerial remuneration (excluding directors and Chief Executive Officer)	37,984	29,126
Balances with related parties:		
	Un-audited 30 June 2014	Audited 31 December 2013
Associated Companies		
Trade debts (unsecured, considered goods)	96	57
Other payables	553	-

17.1 Contribution to the provident fund is made in accordance with the requirements of staff service rules.

17.2 Remuneration to key management personnel is in accordance with the terms of their employment.

17.3 Other transactions with the related parties are at the agreed terms.

18. GENERAL

18.1 This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended 30 June 2014 and 30 June 2013 in this condensed interim financial information have not been reviewed by the auditors.

18.2 This condensed interim financial information were authorised for issue on August 26, 2014 by the board of directors of the Company.

Ferial Ali Mehdi
Chairman

Mubashir Hasan Ansari
Chief Executive Officer



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