



Half Yearly Report
January - June / 2015

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Corporate Information

Board of Directors

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mujahid Hamid
Non-Executive Director

Syed Hasnain Ali
Non-Executive Director

Mr. Shahid Nazir Ahmed
Non-Executive Director

Mrs. Ameena Saiyid
Independent, Non-Executive Director

Mr. Saad Amanullah Khan
Independent, Non-Executive Director

Mr. Kemal Shoaib
Non-Executive Director

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Board Audit Committee

Mr. Saad Amanullah Khan
Chairman

Mrs. Feriel Ali Mehdi
Member

Mr. Shahid Nazir Ahmed
Member

Human Resource & Remuneration Committee

Mrs. Feriel Ali Mehdi
Chairman

Mr. Kemal Shoaib
Member

Syed Hasnain Ali
Member

Mr. Mubashir Hasan Ansari
Member

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

Ground Floor, Bahria Complex III,
M. T. Khan Road, Karachi - Pakistan.
Tel: +9221 35630251-60
Fax: +9221 35630266
Website: www.zil.com.pk

Factory

Link Hali Road, Hyderabad - 71000

Bankers

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

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, 2015.

Summary of business performance

During the six month period under review, the company's overall sales volume recorded 5% growth over same period last year; net sales revenue and gross profit have however decreased as compared to same period last year due to unprecedented 10% decline in retail prices of the premium product. This price decline at the start of the year has adversely affected the margins. Various operational efficiency measures have however successfully resulted in reduction of fixed overheads related to factory, administration and distribution. Efficient working capital management coupled with reduced markup rates yielded in 15% reduction in financial costs.

Financial position at a glance

Financial results for the period under review are as follows:

	Six months ended June 30, 2015	Six months ended June 30, 2015
	Rupees in '000	
Sales	587,154	629,913
Gross profit	99,161	153,695
Selling & distribution costs	160,980	186,113
Administrative expenses	46,036	67,044
Financial costs	12,690	14,850
Profit / (Loss) after Tax	(89,446)	(71,245)
EPS - rupees per share	(14.61)	(11.64)

Future outlook

The flagship brand of the company, Capri, has been re-launched in April 2015 with improved product mix and release of new advertisement on leading media channels. Digital marketing, online consumer and trade promotion programs have also been added to expand the market share of the company's product. The company has also simultaneously worked internally hard to reduce its overhead costs to become more cost efficient.

These measures have started to deliver fruits and the management is hopeful of better results in the future.

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

Mubashir Hasan Ansari
Chief Executive Officer

Karachi: August 27, 2015



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 2015 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 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 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 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 of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 30 June 2015 have not been reviewed and we do not express a conclusion on them.

Date : August 27, 2015

Karachi.

**KPMG Taseer Hadi & Co.
Chartered Accountants
Amin Pirani**



Condensed Interim Balance Sheet (Un-audited)

As at 30 June 2015

	Un-audited 30 June 2015	Audited 31 December 2014
ASSETS	Note	(Rs. in '000)
NON-CURRENT ASSETS		
Property, plant and equipment	6	381,197
Intangible assets		970
Long term deposits		5,156
Long term loans to employees		298
Deferred tax asset - net	12	48,959
		<u>436,580</u>
CURRENT ASSETS		
Stores and spares		14,573
Stock-in-trade	7	274,460
Trade debts	8	59,850
Advances, prepayments and other receivables	9	81,148
Cash and bank balances	10	14,931
		<u>444,962</u>
CURRENT LIABILITIES		
Trade and other payables	11	198,192
Short term borrowings		297,112
Taxation		13,538
		<u>508,842</u>
NET CURRENT ASSETS		<u>(63,880)</u>
NET ASSETS		<u>372,700</u>
FINANCED BY:		
SHARE CAPITAL AND RESERVES		
Authorised capital 10,000,000 (31 December 2014: 10,000,000) ordinary shares of Rs. 10 each		100,000
Issued, subscribed and paid up capital		61,226
Reserves		102,706
		<u>163,932</u>
Surplus on revaluation of fixed assets - net of tax		124,172
		<u>121,890</u>
NON-CURRENT LIABILITIES		
Long-term deposits		450
Deferred staff benefit liabilities		84,146
		<u>84,596</u>
CONTINGENCIES AND COMMITMENTS	13	
		<u>372,700</u>
		<u>456,204</u>

The annexed notes from 1 to 19 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 2015

		Six months period ended		Three months period ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		<i>Note</i> ----- (Rupees in '000) -----			
Net sales	14	587,154	629,913	352,412	363,100
Cost of sales	15	(487,993)	(476,218)	(284,100)	(281,267)
Gross profit		99,161	153,695	68,312	81,833
Selling and distribution cost	16	(160,980)	(186,113)	(91,044)	(126,377)
Administrative expenses		(46,036)	(67,044)	(24,163)	(33,032)
		(207,016)	(253,157)	(115,207)	(159,409)
		(107,855)	(99,462)	(46,895)	(77,576)
Other income	17	3,370	4,807	2,783	1,715
Other expenses		(791)	-	(458)	(1,798)
		(105,276)	(94,655)	(44,570)	(77,659)
Finance cost		(12,690)	(14,850)	(6,801)	(7,582)
Loss before taxation		(117,966)	(109,505)	(51,371)	(85,241)
Taxation	12	28,520	38,260	5,573	29,090
Loss for the period		(89,446)	(71,245)	(45,798)	(56,151)
		(Rupees)			
Loss per share - basic and diluted		(14.61)	(11.64)	(7.48)	(9.17)

The annexed notes from 1 to 19 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 2015

	<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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	----- (Rupees in '000) -----			
Loss after tax for the period	(89,446)	(71,245)	(45,798)	(56,151)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(89,446)</u>	<u>(71,245)</u>	<u>(45,798)</u>	<u>(56,151)</u>

The annexed notes from 1 to 19 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 2015

	Six months period ended	
	30 June 2015	30 June 2014
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(117,966)	(109,505)
Adjustments for:		
Finance cost	12,690	14,850
Depreciation / amortisation	17,502	19,807
Provision for gratuity	5,686	5,610
Provision for staff retirement benefits	1,491	2,517
Provision for slow moving stock in trade	-	2,000
Reversal of provision on sales of provided stock	(4,291)	(252)
Reversal of liability no longer payable	(1,229)	
Mark-up on short term deposit	(20)	(42)
Gain on disposal of fixed assets	(888)	(237)
	<u>30,941</u>	<u>44,253</u>
Operating loss before working capital changes	<u>(87,025)</u>	<u>(65,252)</u>
Decrease / (increase) in operating assets:		
Stores and spares	(942)	(1,252)
Stock-in-trade	14,304	22,957
Trade debts	(30,820)	(7,182)
Long term loan to employees	309	(301)
Long term deposit	1,350	2,046
Advances, prepayments and other receivables	(7,618)	1,601
	<u>(23,417)</u>	<u>17,869</u>
(Decrease) / increase in operating liabilities:		
Trade and other payables	47,825	27,675
	<u>(62,617)</u>	<u>(19,708)</u>
Income tax refund / (paid)	(12,341)	6,794
Gratuity paid	(3,518)	(4,180)
Staff retirement benefits paid	(2,185)	(3,665)
Profit received on short term deposits	20	44
Mark-up paid	(14,041)	(14,723)
	<u>(32,065)</u>	<u>(15,730)</u>
Net cash used in operating activities	<u>(94,682)</u>	<u>(35,438)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(5,546)	(12,937)
Proceeds from disposal of fixed assets	1,870	500
Net cash used in investing activities	<u>(3,676)</u>	<u>(12,437)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(7,919)
Short term borrowings	73,018	15,000
Net cash generated from financing activities	<u>73,018</u>	<u>7,081</u>
Net decrease in cash and cash equivalents	<u>(25,340)</u>	<u>(40,794)</u>
Cash and cash equivalents at beginning of the period	<u>18,159</u>	<u>42,328</u>
Cash and cash equivalents at end of the period	<u>(7,181)</u>	<u>1,534</u>
Cash and cash equivalents comprises:		
Cash and bank balances	14,931	1,534
Running finance under mark-up arrangements	(22,112)	-
	<u>(7,181)</u>	<u>1,534</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Ferial Ali Mehdi
Chairman

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Mubashir Hasan Ansari
Chief Executive Officer



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

For the six months period ended 30 June 2015

	Issued, subscribed and paid up capital	Reserves		Total reserves	Total
		General reserve	Un-appro- priated profit		
(Rs. in '000)					
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	-	-	(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 (incremental depreciation on property, plant and equipment)	-	-	2,231	2,231	2,231
Balance as at 30 June 2014	61,226	6,000	216,664	222,664	283,890
Balance as at 1 January 2015	61,226	6,000	183,969	189,969	251,195
Total comprehensive loss for the period Loss for the six months period ended 30 June 2015	-	-	(89,446)	(89,446)	(89,446)
Transferred from surplus on revaluation of fixed assets - net of deferred tax (incremental depreciation on property, plant and equipment)	-	-	2,183	2,183	2,183
Balance as at 30 June 2015	61,226	6,000	96,706	102,706	163,932

The annexed notes from 1 to 19 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 2015

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 Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi

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 2015 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 2014 and 30 June 2015 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 2014.

The comparative balance sheet presented in this condensed interim financial information as at 31 December 2014 has been extracted from the audited financial statements of the Company for the year ended 31 December 2014, 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 2014.

These condensed interim financial statements have been prepared under the historical cost convention except for land, buildings and plant and machinery which are stated at revalued amount less any subsequent depreciation and impairment loss, if any.

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 2015

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 2014.

New Standards, Interpretations and Amendments

The Company has adapted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current period:

Standard or Interpretation
 IFRS 11 - Joint Arrangements
 IFRS 12 - Disclosure of Interests in Other Entities
 IFRS 13 - Fair Value Measurements
 IAS 19 - Employee Benefit Plans: Employee Contribution
 IAS 27 - Separate Financial Statements

The above standards and amendments did not have any impact on the Company's financial information for the current period.

In addition to the above, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Company's Financial Statements

4. ESTIMATES AND JUDGMENTS

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 judgments 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 2014.

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 2014.

6. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 June 2015	Audited 31 December 2014
	(Rs. in '000)	
Operating fixed assets	6.1 374,769	384,627
Capital work-in-progress	6.2 6,428	9,082
	<u>381,197</u>	<u>393,709</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2015

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)		
Plant, machinery & equipment	1,737	-	-
Capital spares	537	-	-
Furniture & fixtures	4,102	-	-
Computers	793	332	141
Vehicle	1,059	2,312	1,508
	<u>8,228</u>	<u>2,644</u>	<u>1,649</u>
		Un-audited 30 June 2015	Audited 31 December 2014
		(Rs. in '000)	

6.2 Capital work-in-progress

Opening balance	9,082	4,928
Additions during the period	<u>5,943</u>	<u>31,220</u>
	15,025	36,148
Transfers during the period	<u>(8,597)</u>	<u>(27,066)</u>
	<u>6,428</u>	<u>9,082</u>

This represents plant and machinery, advance for capital expenditure, etc.

7. STOCK-IN-TRADE

Raw material - in hand	89,686	121,029
- in transit	<u>52,593</u>	<u>58,301</u>
	142,279	179,330
Packing material	14,470	8,689
Work-in-progress	55,068	54,331
Finished goods	<u>71,105</u>	<u>54,876</u>
	282,922	297,226
Provision against slow moving items of stock-in-trade	7.1 (8,462)	(12,753)
	<u>274,460</u>	<u>284,473</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2015

7.1 During the year provision of Rs. 4.29 million was reversed as the related items have been sold by the Company.

	Un-audited 30 June 2015	Audited 31 December 2014
(Rs. in '000)		
8. TRADE DEBTS		
Considered good	59,850	29,030
Considered doubtful	4,133	4,133
	<u>63,983</u>	<u>33,163</u>
Provision against doubtful debts	(4,133)	(4,133)
	<u>59,850</u>	<u>29,030</u>

9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good:		
- Suppliers and contractors - net	12,621	3,641
Less: Provision held	(803)	(803)
	<u>11,818</u>	<u>2,838</u>
- taxation	64,148	51,816
- to sales staff	508	508
Current maturity of loans to employees	427	586
Prepayments	3,490	3,658
Other receivables	757	1,951
	<u>81,148</u>	<u>61,357</u>

10. CASH AND BANK BALANCES

Cash in hand		164	68
Cash at banks in - current accounts		14,707	18,000
- profit and loss sharing accounts	10.1	60	91
		<u>14,767</u>	<u>18,091</u>
		<u>14,931</u>	<u>18,159</u>

10.1 The balance carries profit at 6% per annum (31 December 2014: 6% to 6.5% per annum).



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2015

	Un-audited 30 June 2015	Audited 31 December 2014
	(Rs. in '000)	
11. TRADE AND OTHER PAYABLES		
Trade creditors	109,456	72,482
Accrued expenses	47,860	31,814
Advances from customers	17,223	22,586
Sales tax payable	9,329	11,113
Workers' Welfare Fund	728	728
Dividend payable	57	57
Unclaimed dividend	852	852
Accrued mark-up liability	3,606	4,957
Security deposits	7,427	7,401
Other liabilities	1,654	957
	<u>198,192</u>	<u>152,947</u>

12. DEFERRED TAX ASSET - net

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

	Balance at 31 December 2014	Recognized in the profit and loss	Recognized in surplus on revaluation of fixed assets*	Balance at 30 June 2015
----- (Rupees in '000) -----				
Taxable temporary differences				
- on accelerated tax depreciation	34,690	(6,041)	-	28,649
- on surplus on revaluation of fixed assets	<u>31,839</u>	<u>(1,028)</u>	<u>(4,465)</u>	<u>26,346</u>
	66,529	(7,069)	(4,465)	54,995
Deductible temporary differences (including deferred tax asset on tax losses)				
- on provision for defined benefit plan	<u>(28,934)</u>	3,690	-	(25,244)
- on provision against slow moving stock and doubtful debts	<u>(7,938)</u>	2,421	-	(5,517)
- on tax losses	<u>(45,697)</u>	<u>(27,496)</u>	-	<u>(73,193)</u>
	<u>(82,569)</u>	<u>(21,385)</u>	-	<u>(103,954)</u>
Net deferred tax asset	<u>(16,040)</u>	<u>(28,454)</u>	<u>(4,465)</u>	<u>(48,959)</u>

Accordingly tax credit recognised in the profit and loss account for the current period is as follows:

Net deferred tax asset (as above)	(28,454)
Prior year tax	(66)
	<u>(28,520)</u>

* Due to change in tax rates.



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2015

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1** Bank guarantees aggregating to Rs. 7.02 million (31 December 2014: Rs. 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas. A bank guarantee has also been issued in favour of Pakistan State Oil for issuance of PSO fleet cards aggregating to Rs. 1.3 million (31 December 2014: Rs. 1.3 million).
- 13.1.2** Post dated cheques of Rs. 72.485 million (31 December 2014: Rs. 42.413 million) have been issued to Collector of Customs against partial exemption of import levies.
- 13.1.3** A Divisional Bench of the Sindh High Court (SHC) in May 2013 had held that where no tax is payable due to tax losses, minimum tax cannot be carried forward for adjustment against the future tax liability.

The Company based on its tax advisors' advice considers that strong grounds are available whereby the aforesaid decision can be challenged and an appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect amounting to Rs. 20.378 million (including Rs. 6.285 million for the current period) has been made in these condensed interim financial information.

- 13.1.4** Income Tax Assessments of the Company have been completed up to and including the tax year 2014 (accounting period ended 31 December 2013) with an exception of the tax year 2011, for which the audit proceedings have been initiated and is still under compliance and pending before the Large Taxpayers Unit, Karachi till date. The management believes that no adverse inference is expected.

Furthermore, on 21 April 2015, an order under sub-section (5A) of section 122 of the Income Tax Ordinance, 2001 was passed by the Additional Commissioner Inland Revenue for the tax year 2012, in which tax demand of Rs. 0.75 million was raised against certain disallowances. The Company has filed an appeal against the alleged order before the Commissioner Inland Revenue, hearing of which has been conducted and the case has been argued, order of which is still awaited. Based on the Company's tax advisors view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

Furthermore, a show-cause notice was issued by the Officer Inland Revenue, Large Taxpayers' Unit, Karachi [OIR] for seeking information for the purposes of monitoring of withholding taxes for tax year 2014. All the requisite details and explanations have been submitted by the Company. However, the OIR has passed an order under section 161/205 of the Income Tax Ordinance, 2001 and raised a demand of Rs. 2.675 million including default surcharge and penalty. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIRA] against the above-mentioned order. Appeal has been heard by the CIRA, however, no final order has been passed by the CIRA. Management is of the view that the decision is expected to be in its favour and as such no provision for the above amount has been made in these financial statements.



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2015

13.2 Commitment

Commitment under letters of credit for the import of stock-in-trade items amounted to Rs. 21.537 million (31 December 2014 : Rs.1.019 million).

	Six months period ended		Three months period ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
----- (Rupees in '000) -----				
Gross sales	795,750	837,745	483,465	486,334
Sales tax	126,920	134,307	77,376	78,000
Trade promotion discount	62,965	72,990	40,524	44,889
Rebate and sales return	18,711	535	13,153	345
	(208,596)	(207,832)	(131,053)	(123,234)
	<u>587,154</u>	<u>629,913</u>	<u>352,412</u>	<u>363,100</u>

14. NET SALES

	Six months period ended		Three months period ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
----- (Rupees in '000) -----				
Raw and packing material consumed	399,023	380,256	229,764	207,009
Stores and spares consumed	3,701	4,297	2,103	1,817
Salaries, wages and other benefits	59,118	55,893	30,942	28,681
Contribution to the provident fund	1,114	1,179	558	587
Repairs and maintenance	654	841	399	273
Fuel and power	24,469	27,539	15,687	12,765
Rent, rates and taxes	1,186	1,324	743	1,315
Insurance	1,609	1,560	821	782
Product research and development	22	36	13	24
Travelling and conveyance	1,631	2,626	906	1,259
Printing and stationery	188	164	131	87
Postage and telephones	256	340	128	218
Legal charges	50	84	31	60
Subscription	23	4	9	3
Depreciation / amortisation	9,903	11,580	4,767	5,894
Freight and handling material	1,808	2,924	783	1,729
Provision for slow moving stock in trade	-	2,000	-	2,000
Toll manufacturing	-	3,971	-	3,971
Other expenses	205	59	45	27
	<u>504,960</u>	<u>496,677</u>	<u>287,830</u>	<u>268,501</u>
Opening stock of work-in-process	54,330	44,801	58,809	42,438
Closing stock of work-in-process	(55,068)	(51,653)	(55,068)	(51,653)
Cost of good manufactured	<u>504,222</u>	<u>489,825</u>	<u>291,571</u>	<u>259,286</u>
Opening stock of finished goods	54,876	77,360	63,634	112,948
Closing stock of finished goods	(71,105)	(90,967)	(71,105)	(90,967)
	<u>(16,229)</u>	<u>(13,607)</u>	<u>(7,471)</u>	<u>21,981</u>
	<u>487,993</u>	<u>476,218</u>	<u>284,100</u>	<u>281,267</u>



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2015

	Six months period ended		Three months period ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014

----- (Rupees in '000) -----

16. SELLING AND DISTRIBUTION COST

Salaries, wages and other benefits	51,861	53,998	25,923	29,857
Utilities	316	433	191	278
Contribution to the provident fund	1,254	1,201	621	584
Repairs and maintenance	201	215	188	112
Rent, rates and taxes	2,265	2,045	1,005	1,079
Depreciation / amortisation	3,023	3,456	1,473	1,789
Legal & professional fee	1,575	-	1,175	-
Postage and telephone	1,292	1,251	905	674
Printing and stationery	203	361	128	126
Travelling and conveyance	9,080	11,118	4,996	6,242
Insurance	899	1,394	449	702
Advertising	59,732	76,160	37,597	65,298
Freight, distribution and handling	26,387	28,077	14,593	16,831
Product research and development	1,859	2,182	1,132	1,723
Other expenses	711	990	459	1,082
Meeting related expenses	322	3,232	209	-
	<u>160,980</u>	<u>186,113</u>	<u>91,044</u>	<u>126,377</u>

17. OTHER INCOME

It includes reversal of liability amounting to Rs. 1.23 million no longer payable.

18. 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:



Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended 30 June 2015

	<u>Six months period ended</u>	
	<u>30 June</u> <u>2015</u>	<u>30 June</u> <u>2014</u>
	(Rs. in '000)	
Associated Companies		
Purchase of goods	-	1,442
Services received	<u>3,877</u>	<u>655</u>
Dividend paid	<u>-</u>	<u>521</u>
Other related parties		
Contribution to the employees' provident fund	<u>3,161</u>	<u>3,169</u>
Directors and Chief Executive Officer (Key management personnel)		
Remuneration	<u>8,840</u>	<u>18,185</u>
Dividend paid	<u>-</u>	<u>7,553</u>
Other Key Management Personnel		
Managerial remuneration (excluding directors and Chief Executive Officer)	<u>32,531</u>	<u>37,984</u>
Balances with related parties:		
	Un-audited	Audited 31
	30 June	December
	2015	2014
	(Rs. in '000)	
Associated Companies		
Trade debts (unsecured, considered goods)	<u>-</u>	<u>96</u>
Other payables	<u>-</u>	<u>553</u>

- 18.1 Contribution to the provident fund is made in accordance with the requirements of staff service rules.
- 18.2 Remuneration of the key management personnel are in accordance with the terms of their employment.
- 18.3 Other transactions with the related parties are at the agreed terms.

19. GENERAL

This condensed interim financial information were authorised for issue on August 27, 2015 by the board of directors of the Company.

Ferial Ali Mehdi
Chairman

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Mubashir Hasan Ansari
Chief Executive Officer



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