Report for the period ended
December 31, 2012

ZIL LIMITED

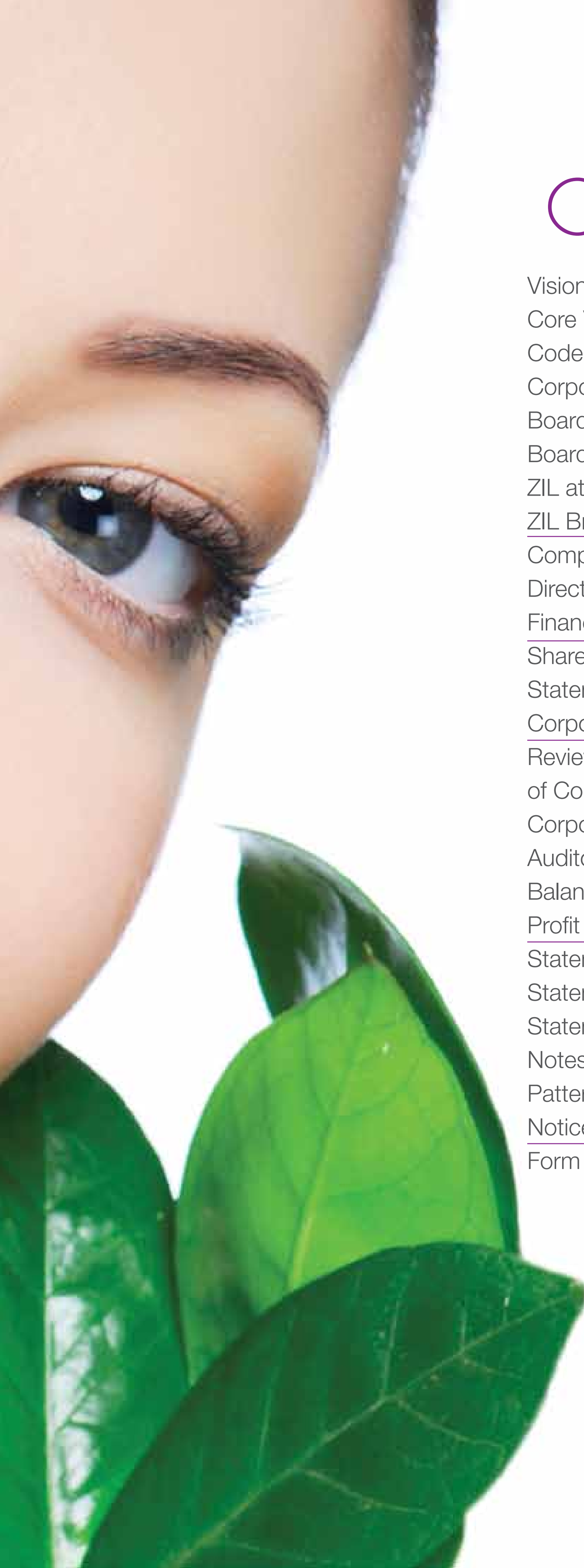
Beautifying
Naturally

About Us

In the last two years ZIL Ltd has grown to establish itself among the leading beauty companies within Pakistan. With our culture fostering continuous innovation and our team's longsighted vision, ZIL is being organized as a Company that stands for change. It is committed to bringing solutions that will enable the women of Pakistan to look beautiful and feel cared for.

ZIL stands for beauty, beauty for change. Through our brands and innovative efforts we intend to bring to the market ideas that make beauty real for every woman. With this approach the company aspires to be the first choice in beauty care for women nationwide. Capri is the flagship brand of ZIL; it's a representation of the company's origins and base.


CAPRI
CAPRI
DEEP CLEANSING
face wash
CAPRI



Contents

ZIL LIMITED

Vision

To create a feeling of well-being among people and make their lives a little easier and more beautiful.

Mission

We will ensure growth & profitability by extending our product portfolio in other categories of HPC business in domestic & international markets.

We will continuously improve our system and products to enhance customer satisfaction.

Hence the key drivers will be:

Train & motivate ZIL people to build a high performance culture

Implement effective MIS to integrate business processes and speed-up decision making

Assure Quality by Design

Optimize resources to ensure business competitiveness.

Core Values

Integrity
We do what we say

Teamwork
Collaboration makes us stronger

Respect
For all individuals & diversities

Passion
Commitment with hearts and minds

Leadership
Inspiring towards a better future

Responsibility
Towards business as well as society

Excellence
Deliver the best

Learning
For continuous improvement


CAPRI
CAPRI
CAPRI
CAPRI
CAPRI
PRO-HEALTH

Code of Conduct

It is the fundamental policy of ZIL Limited to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. The Company has adopted comprehensive Code of Conduct (herein after called 'Code') to provide guidance to foster a culture of uprightness, accountability and high standards of personal and professional veracity and to promote integrity for the Board, senior management and other employees.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and when required.

Persons to whom this Code applies

- All Directors, executives, officers and employees of ZIL Limited;

- All persons, whether or not employees, who are at any time acting as agents or affiliates, contractor or representatives of ZIL Limited who act for the Company countrywide, within all sectors, regions, areas and functions.

Persons responsible for Implementation

Board Responsibilities

This Code has been developed and approved by the Board of Directors of ZIL (the "Board"). The Board shall periodically review the adequacy and appropriateness of and compliance with this Code and implement any changes it believes are necessary or desirable in order to achieve its purposes.

Management Responsibilities

The Chief Executive Officer of ZIL is responsible for ensuring that ZIL conducts business in accordance with this Code. The Chief Executive Officer shall communicate the strong support of senior management for this Code and shall endeavor to foster a strong "culture of compliance".

General Principles

- Relationships amongst employees, at all levels, must be truthful, trustworthy and honest.

- Compliance with the law, regulations, statutory provisions and company's policies & procedures is a constant commitment and duty of all ZIL employees.

- The Company's business and activities have to be carried out in a transparent, honest and fair manner. Any discrimination because of race, color, religion, gender, age, nationality, marital status or physical disability is rejected.

- Employees must be committed to customer satisfaction and strive to provide quality in all business dealings.

- Employees must avoid any investment, arrangement or other association, whether their own, an immediate family or household member, which could give the appearance of, or actually interfere with, the independent exercise of sound business judgment in the best interests of the Company, or otherwise represents a real or apparent conflict of interest between the interests of the employee and those of the Company.

Business Ethics

The Company and each of its employees, wherever they may be located, must conduct their affairs with uncompromising honesty and integrity. Employees are expected to be honest and ethical in dealing with each other, with clients, suppliers and all other third parties.

Misconduct cannot be excused because it was directed or requested by another. Any illegal, dishonest or unethical act must immediately be reported to the competent authority for remedial and corrective action.

Compliance with Laws

General

It is the Company's policy to comply with all laws, rules and regulations that are applicable to business in Pakistan.

Corporate and Taxation Laws

It is the Company's policy to adhere with all applicable corporate, and taxation laws, rules, regulations and directives for the time being enforced.

Employment laws
It is the Company's policy to comply with applicable employment laws, including those governing working conditions, wages, benefits, and minimum age for employment.

Environmental Laws
It is the Company's policy to comply with all applicable laws and regulations for the protection of the environment.

Fair Competition and Antitrust Laws
The Company must comply with all fair competition and antitrust laws to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition.

Conflicts of Interest
Employees must not engage in activities or transactions which may give rise, or which may be seen to have given rise, to conflict between their personal interests and the interest of the Company.

There is a likely conflict of interest if employees:

- Cause the Company to engage in business transactions with relatives or friends;
- Use nonpublic information of the Company, customer or supplier for personal gain by employees, relatives or friends (including securities transactions based on such information);
- Have more than a modest financial interest in the Company's suppliers, customers or competitors;
- Receive a loan, or guarantee of obligations, from the Company (other than as specifically allowed) or a third party as a result of position within the Company;
- Compete, or prepare to compete, with the Company while still employed by the Company; or
- Perform work (with or without compensation) for a competitor, governmental or regulatory entity, customer or supplier of the Company, or do any work for a third party that may adversely affect performance or judgment on the job or diminish ability to devote the necessary time and attention to the duties.

Gifts, Bribes and Kickbacks
Bribes, kickbacks or other payments, (other than received in the normal course of business including travel or entertainment) which are intended to influence a business decision or compromise independent judgment are strictly prohibited.

Accepting cash or cash equivalents, including cheques, money orders, vouchers, gift certificates, loans, stock or stock options that might place an employee under obligation is forbidden. Employees must politely but firmly decline any such offer.

Employee found guilty of paying or receiving bribes, gifts or kickbacks should be promptly reported to the appropriate authorities.

Financial Integrity
All financial books, records and accounts must accurately reflect transactions and events and conform to generally accepted accounting principles and to the Company's system of internal controls.

Information must not be falsified or concealed under any circumstances. Examples of unethical financial or accounting practices include:

- Making false entries that intentionally hide or disguise the true nature of any transaction;
- Improperly accelerating or deferring the recording of expenses or revenues to achieve financial results or goals;
- Maintaining any undisclosed or unrecorded funds or "off the book" assets;
- Establishing or maintaining improper, misleading, incomplete or fraudulent account documentation or financial reporting;
- Making any payment for purposes other than those described in documents supporting the payment; and
- Signing any documents believed to be inaccurate or untruthful.

Protection and Proper Use of the Company Property

Employees must safeguard the Company property from loss or theft, and should not take such property for unauthorized personal use. The Company property includes confidential information, software, computers, office equipment, and supplies.

Confidentiality of Information

Employees are expected to safeguard confidential information and must not, without authority, disclose such information about the Company's activities to the press, to any outside source or to employees who are not entitled to such information.

Record Retention

The company's business records shall be maintained for a period specified in the law and in accordance with specific policies.

Securities Trading

Trading in the securities of the Company by the employee, or any of his relatives or friends, while possessing "inside" information related to that company is strictly prohibited.

Political Affiliations

ZIL Limited is an independent organization free from any political affiliation. No funds or assets of the Company may be contributed to any political party or organization or any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

Reporting Ethical Violations

All matters of ethical / legal violations, accounting or auditing matters, fraud, misconduct or other instances of unauthorized behavior should be promptly reported to the competent authorities in the manner prescribed / laid down by such authorities. Confidentiality would be strictly maintained in all such reported cases. Protection will also be provided from any kind of retaliation / consequence for all reports made in good faith.

Workplace Safety

Every employee at work must take reasonable care for the health and safety of himself / herself and others who may be affected by his / her acts or omissions at work; and co-operate with the Company in its efforts to protect the health and safety of its employees and visitors.

It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive or hostile environment.

Corporate Social Responsibility

Energy Conservation

Here at ZIL, we have incorporated internal strategies to reduce energy consumption.

- Employees are encouraged to minimize the use of air conditioning, switch off room or cubicle lights, printers, monitors and other electronics when not required.
- Fuel limits are regularly evaluated and amended in concurrence to contemporary needs.
- Additionally a number of initiatives have been taken in factories, depots and haulage to conserve energy.
- Power factor is improved and monitored for heavy machines.
- Inverters are being installed at high torque electric motors to reduce consumption.
- Effective load management on boiler operation and keeping the boiler shut down for 02 days a month.

Environment Protection Measures

- Sewerage and drain is ensured free of any acids or alkali and other chemicals used in soap making process as per EPA standard.
- Exhaust from boiler Chimney is maintained within standard limit of COX, SOX and temperature.

Consumer Protection Measures

At the heart of what we do at ZIL are our valued customers. We have in place several measures to ensure our customers benefit from the highest standards of quality and that we engage in continuous dialogue with them.

- Our products are manufactured using mainly natural ingredients, which are disclosed on the packing of each item.
- At ZIL we follow ISO-9001 quality standard in order to enhance defective free products.
- Positive release criteria is defined and implemented at all process stages.
- The Company maintains an email address for any queries or complaints. These are evaluated and responded to with the proper care and attention.
- Consumers also contact the Company directly or via sales agents.
- Regular surveys and home visits are also conducted to gain the general response of the consumers at large.

Occupational Health and Safety

We at ZIL Limited recognize our legal and moral responsibility for Hygiene and Safety in work place and are committed to constantly improving and providing a well maintained healthy and safe environment to all employees, contractors and visitors. We also endeavor to ensure that our community and its members are not placed at risk by any of our operational activities.

A comprehensive and well maintained safety system under the supervision of General Manager of Research, Development, Quality, Assurance, Health and Safety is established. Safety committee and shift wise rescue teams are also established.

The program ensures that:

1. Dedicated people are resourced for safety program and organization.
2. People are aware of Emergency preparation and Risk management.
3. People are trained on key safety components, Permit to work system and PPE.
4. People are involved up to floor level.
5. Safety program results are properly tracked, reviewed and shared across the organization.
6. Reward and recognition program is applicable on safety achievements.

Business Ethics and Anti-Corruption Measures

ZIL has a number of preventive measures and frequent activities to ensure that the employees uphold the Code of Conduct of the company. These measures and activities are frequently re-evaluated and amended to modernize the existing ethical system. The Code of Conduct is scrupulously followed throughout the organization.

Corporate Philanthropy

In response to the worst national calamity Pakistan has ever seen, each of the company's employees contributed a day's salary for the flood victims, in addition to a general donation. A substantial amount of rations and medicines were donated via Pakistan Medical Association Karachi by means of the raised funds. The amount of the local employee contributions was matched by the company. These funds were shared among ZIL employees who were affected by the calamity.

Board of Directors

Mr. Mubashir Ansari
CEO

Mrs. Feriel Ali Mehdi
Chairman

Syed Yawar Ali
Director

Mr. Mujahid Hamid
Managing Director

Mr. Zafar Ahmed Siddiqui
Director

Mr. Amir Zia
Director

Mr. Shahid Nazir Ahmed
Director

Mr. Kemal Shoaib
Director

Directors' Profile

Mrs. Feriel Ali Mehdi

Mrs. Feriel Ali Mehdi took over the reins of the company as CEO in November 1998. She remained at the position till December 2012. She is acting as the Chairman since July 2007. She led the turnaround of ZIL Limited by turning a constantly loss making business into a profitable entity and wiped out all accumulated losses within 3 years of becoming the CEO.

Mrs. Mehdi holds a Bachelors degree in Economics from Karachi University. She started her career at Wazir Ali Industries as a Marketing Trainee and rapidly climbed up the corporate ladder to become Brand Manager. She has had exposure on all the levels in Marketing and chiefly looked after the Cooking Oil category of the business.

In 1996, Mrs. Mehdi resigned from Wazir Ali to join ZIL Limited. She took over as the marketing manager looking after the entire range of the products and later excelled to the position of Director Marketing. She took over as Managing Director in 1998 and streamlined costs, processes and benchmarked various aspects of the business to make it more state-of-the-art. This resulted in lowering the losses and eventually with her team to turnaround the company by mid-2003. They grew the business from a Rs. 390mn net turnover in 1999 to a Rs. 1.6 bn by 2011. She has recently put into place a new team to invigorate, innovate and eventually grow the business into a more diverse and strong FMCG company.

She attended IMD's Orchestrating Winning Performance Program (OWP) in 2006 and gained intensive exposure to current thinking on today's key management issues. Mrs. Mehdi is also currently a Director at Treet Corp. Ltd.

Mr. Mujahid Hamid

Mr. Hamid is an internationally experienced business consultant who provides strategy consulting services to clients across a range of industries, including consumer products, media, entertainment, and health care. He holds a Masters in Business Administration (Marketing) from IBA, Karachi.

Mr. Hamid has occupied various senior executive positions in Pakistan and the Far East, including serving as Chairman and CEO of Unilever HPC China from 1998 to 2000. He is currently a member of the Board of Governors of Shaukat Khanum Cancer Hospital and is also on the Board of Directors of Engro Foods Ltd.

Mr. Mubashir Hasan Ansari

Mr. Ansari completed his MBA from the University College of Wales, UK and started his career with Unilever in 1991 and worked for 10 years in Unilever and Bestfoods in various capacities in Marketing and Sales.

He has worked with leading multinational and local organizations in Pakistan and Overseas including ICI, English Biscuit Manufacturers, Shan Foods and Savola Foods. He has held senior management positions in Pakistan and the Middle East.

Mr. Ansari has vast experience in growing existing businesses and leading new developments and handling global, regional and local jewel brands in various product categories in FMCG industry including household cleaning products, hot beverages, edible oil and fats, savoury, spreads, sauces, drinks, desserts, biscuits and recipe mixes.

Syed Yawar Ali

Syed Yawar Ali was educated at Aitchison College Lahore and got his Bachelor's degree in Chemical Engineering and Masters in Management Science from Stevens Institute of Technology. He joined the family business, Packages Limited and then became Managing Director of Milk Pak Ltd. After 3 years of the joint Venture with Nestle he was elevated to Chairman of the Board.

Syed Yawar Ali is currently Chairman of Nestle Pakistan Limited, Chairman, Wazir Ali Industries Limited and Pakistan Dairy Association. He is serving on many other Boards and has also been on the Board of Directors of State Bank of Pakistan, Pakistan International Airlines, Agricultural Development Bank of Pakistan and Lahore Electric Supply Company.

Currently he is Vice President of the India Pakistan Chamber of Commerce and Industry and is heading a committee to Promote Trade with India.

Mr. Kemal Shoaib

Mr. Kemal Shoaib holds an M.S. degree in Chemical Engineering from M.I.T., Cambridge, Massachusetts. He is currently a Consultant on the Capital Market and serves on the Board of several companies including International Steels Ltd, Century Paper & Board Mills Ltd. and International Advertising (Pvt.) Ltd. He has been associated with prestigious organizations such as Wyeth Laboratories (Pakistan) Ltd., Bank of Credit and Commerce Intl., S.A. London, Independence Bank, California, Commerce Bank Ltd., and Indus Bank Limited.

Mr. Shahid Nazir Ahmed

Commencing in 1965, Shahid N. Ahmed has had a long association with ZIL Ltd and its predecessor companies Wazir Ali Industries and Treet Corporation Ltd. As product Development Manager and Manager Marketing (1965 to 1979) he was part of a team which developed and launched Capri, New Capri and Sandaleen Soaps, Nova and Treet Platinum Razor Blades, Treet Shaving Cream. In the handling of FMCG, Shahid Nazir Ahmed was committed to honest research analysis, creative thinking and clear-cut projection.

Shahid Nazir Ahmed served as Director Marketing of ZIL and Wazir Ali Industries in 1998 and 1999 and has been on ZIL's Board since 2003.

Shahid Nazir Ahmed has also served Mohammad Farooq Textile Mill for 18 years (1980 to 1997) as Director Marketing and Director Planning and Development gaining rich experience in textile marketing in both domestic and foreign markets. He also looked after Production Planning and Product Development for the company and served on its Board. After leaving active service Shahid Nazir Ahmed has been functioning as a consultant

Mr. Zafar Ahmed Siddiqui

Mr. Siddiqui has an MBA degree from Institute of Business Administration. He also holds a degree of M.S. in Marketing Communications from Walter E. Heller College of Business Administration, Roosevelt University, Chicago USA, and has over 28 years of experience in Sales, Marketing and General Management.

He was associated with Gillette for 15 years in Pakistan and Overseas. His last assignment with Gillette was as Chief Executive for Gillette Pakistan (Pvt) Ltd., and Area Director for Afghanistan, Sri Lanka, Bangladesh, Nepal and Maldives.

Mr. Siddiqui is also on the Board of Pakistan Society for Training and Development, Inbox Business Technologies (Pvt.) Ltd., Faysal Asset Management Ltd and Engro Foods Ltd.

Mr. Omer Ehtisham

Mr. Omer Ehtisham's expertise lies in Global Treasury Management. He is an expert assessor of regulatory changes and their impact on treasury infrastructure. Mr. Ehtisham holds a Bachelor's degree in Intellectual History and Economics from Brown University and currently offers consultancy services.

He has previously been associated with prestigious organizations in Pakistan and the United States, such as I-Cash Group Inc, Reval.com Inc, Derivative Portfolio LLC, Reval, Integrity Treasury Solutions, Credit Agricole Inodez and White Rock.

Mr. Amir Zia

Mr. Amir Zia is qualified from Chartered Institute of Management Accountants (CIMA-UK). He is Currently Chief Financial Officer of Treet Group of Companies. He has a vast experience and exposure towards strategic planning, industry analysis, financial/economic analysis & project evaluation, treasury management, international trade (import & export) and international trade finance. His expertise also lies in financial (and non-financial) reporting, tax management, stock (shares)/ fixed income securities analysis & trading; financial restructuring (including debt/equity restructuring/balance sheet repositioning & capital restructuring) financial engineering, and corporate affairs.

Management Committee

Standing from left to right

Syed Shiblee Abdullah
GM Supply Chain

Mr. Muhammad Raza Pribhai
GM Human Resource

Mr. Ata-ur-Rehman Shaikh
GM Finance

Mr. Mubashir Ansari
CEO

Mrs. Farahnaz Shaikh
GM Marketing

Mr. Mujahid Hamid
Managing Director

Mr. Muhammad Arshad
GM R & D, QA, SHE

Board of Directors and Management Committees

Board Audit Committee

The Board Audit Committee assists the BOD in fulfilling its responsibilities, including reviewing the financial reporting process, the system of internal control over financial reporting, the risk management and internal audit process and the company's process for monitoring compliance with laws and regulations.

The Audit Committee comprises of following non-executive directors:

- Mr. Shahid Nazir Ahmed, Chairman
- Mr. Kemal Shoaib, Member
- Mr. Omer Ehtisham, Member

Human Resource & Remuneration Committee

The company has established the HR&R committee, its chairman and majority of members are non-executive Directors. All relevant issues of appointment & remuneration are fully disclosed, deliberated and decided at the meetings of the committee. The General Manager HR, M. Raza Pirbhai, acts as the secretary of the committee.

The committee comprises of following Directors:

- Mr. Zafar Ahmed Siddiqui, Chairman
- Mrs. Feriel Ali Mehdi, Member
- Syed Yawar Ali, Member

Management Committee

The management committee provides direction and leadership to the organization by:

- Setting the strategic direction
- Formulating policies and implementing risk management and internal control procedures
- Ensuring effective management of resources
- Monitoring activities to ensure objectives are met in a transparent, ethical manner in line with the val ues of the organization.

The Management Committee Comprises of:

Mr. Mubashir Hasan Ansari	Chief Executive Officer
Mr. Ata-ur-Rehman Shaikh	General Manager Finance
Mr. Muhammad Raza Pirbhai	General Manager Human Resource
Syed Shiblee Abdullah	General Manager Supply Chain
Mrs. Farahnaz Shaikh	General Manager Marketing
Mr. Muhammad Arshad	General Manager R&D, QA & SHE

Meetings of the Board of Directors
July 2012 to December 2012

Three meetings of the Board of Directors of the Company were held on September 17, 2012, October 23, 2012 & December 14, 2012. Following was the attendance of the Directors:

	No. of meetings attended	Leave of absence granted
Mrs. Feriel Ali Mehdi	3	-
Mr. Mujahid Hamid	3	-
Syed Yawar Ali	2	1
Mr. Shahid Nazir Ahmed	3	-
Mr. Zafar Ahmed Siddiqui	2	1
Mr. Omer Ehtisham	0	3
Mr. Kemal Shoaib (Nominee of N.I.T Ltd.)	3	0
Mr. Amir Zia (Nominee of Treet Corp. Ltd.)	1	2

Leave of absence was granted to the Directors who could not attend the Board meetings.

Meetings of the Board Audit Committee
July 2012 to December 2012

Two meetings of the Board Audit Committee of the Company were held on September 13, 2012 and October 23, 2012. Following was the attendance of the Directors:

	No. of meetings attended	Leave of absence granted
Mr. Kemal Shoaib	2	-
Mr. Shahid Nazir Ahmed	2	-
Mr. Omer Ehtisham	0	2

Leave of absence was granted to the Members who could not attend the meetings of the Committee.

Meetings of the HR&R Committee
July 2012 to December 2012

Two meetings of the Board HR&R Committee of the Company were held on September 17, 2012 and December 13, 2012. Following was the attendance of the Directors:

	No. of meetings attended	Leave of absence granted
Mr. Zafar Ahmed Siddiqui	1	1
Syed Yawar Ali	2	-
Mrs. Feriel Ali Mehdi	2	-

Leave of absence was granted to the Members who could not attend the meetings of the Committee.

ZIL at a Glance

Birthday Celebrations

Annual Sales Conference

4-6 January 2013, Pearl Continental Bhurban

ICE Surprise

IBA Career Fair

Aloe Vera, Honey & Milk Protection

Discover the velvety secret to smooth and soft skin with soothing Aloe Vera, Honey and Milk Protein.


CAPRI
REFRESHING
CAPRI
CAPRI
REFRESHING
CAPRI
MOISTURISING
CAPRI
Pro-Health
Healthy & moisturised skin
Aloe Vera & Neem

ZIL Brands

Capri Soap

Capri is our flagship brand, with a strong market presence and loyal following. 2011 saw the brand reinvigorated and revamped, focusing on a more contemporary image and offering which offers gentle skin care through natural ingredients. The new Capri was received with open arms by loyal users as well as new, younger consumers. To cater to our consumers' lifestyles, Capri was launched in Large, Mini and Bundle packs as well. Our quest for innovation led to the launch of Capri Pro-health range, a natural solution for healthy skin that offers additional benefit of moisturisation.

Capri Handwash

Hand wash is a relatively new market that Capri has entered successfully. With the Capri name already well established, the next step in the evolution of the brand was to compete in the hand-wash category. Initially launched in two moisturizing variants Capri has recently added a "Refreshing range" with two more variants. Capri handwash is a great addition to the portfolio building further the image of the brand.

Palmy

Palmy, a multifaceted brand, has stood the test of time. It was launched in 1979 aiming to bridge the gap between cheap and premium soaps and launch the brand in the middle price segment where consumer was not satisfied with the quality of cheap soaps. Positioned as an affordable product, Palmy has given its consumers quality. The brand continues to attract new customers with its brand promise and positioning.

Opal

Opal is an affordable proposition, a cost effective solution for people who want to save, but desire quality. It is available in four colors and two variants - Opal Beauty for radiant and glowing skin and Opal anti-bacterial for germ protection through out the day. Opal is an established brand that has been acknowledged for many years by its loyal consumers.

Strawberry & Milk Protection

Experience radiant and glowing skin while you indulge in the natural goodness of Rose Petal, Strawberry Extract and Milk Protein.


ZIL
LIMITED
CAPRI
for naturally healt

Company Information

Board of Directors

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mujahid Hamid
Managing Director

Syed Yawar Ali
Non-Executive Director

Mr. Shahid Nazir Ahmed
Independent, Non-Executive Director

Mr. Zafar Ahmed Siddiqui
Independent, Non-Executive Director

Mr. Omer Ehtisham
Independent, Non-Executive Director

Mr. Kemal Shoaib
Non-Executive Director (Nominee NIT)

Mr. Amir Zia
Non-Executive Director (Nominee TCL)

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.
http://www.zil.com.pk

Factory

Link Hali Road, Hyderabad – 71000

Bankers

MCB Bank Limited
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Standard Chartered Bank
Bank Al-Habib Limited
BankIslami Pakistan Limited
Bank Alfalah Limited

Shares Registrars

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

ZIL LIMITED

Directors' Report

The Directors of the Company are pleased to present their Report together with audited Financial Statements for the transitional year of six months ended December 31, 2012 before the Fifty-third Annual General Meeting of the Company.

Financial Performance

The Company has changed its financial year from July-June to January-December after seeking approval from the Federal Board of Revenue (FBR) under section 74(3) of the Income Tax Ordinance, 2001. This period of July 2012 to December 2012 is termed as transitional year, based on the procedural guidance given under the approval. With effect from January 1, 2013 the company will shift to financial year based on twelve months of calendar .i.e from January 1, 2013 to December 31, 2013, subsequent to which next AGM will be held in the 2nd quarter of the year 2014. The directors believe that aligning the financial year of the entity to its annual business pattern would enhance the quality of the financial reports of the Company. As per accounting practice this transitional year is compared with the last audited period which is July 2011 to June 2012 (twelve months) in our case.

gross profit margins at **27%**

The company achieved gross sales revenue of Rs. 1,026.196 million for six months from July 01, 2012 to December 31, 2012 against the gross sales of Rs. 2,282.008 million for the previous full year. The recovery came in the Oct-Dec quarter of the year 2012 as compared to Jul-Sep quarter which recorded a loss. The turnaround was driven by the introduction of Capri Pro Health in addition to steady volume from the main brands' contribution, despite political instability, severe winters, energy shortages and rapid increase of smuggled soaps in the country. Better product mix, continuous emphasis on innovation and focused investment behind the brands has remained the key element for our maintained turnover.

Inflationary pressures have continued to impact key commodities and input cost. However, our continuous efforts towards cost management have enabled us to maintain gross profit margins at 27% as compared to the 28% achieved in the previous financial year.

The net profit of the company was concluded at Rs. 14.35 million for the transitional financial period as compared to Rs. 30.47 million for the previous financial period of twelve months. In line with the net profit, earnings per share are presented as 2.70 as on December 31, 2012.

Summary of Financial Performance

PKR Million	Dec 2012	June 2012
Sales	1,026	2,282
Gross Profit Margin	27%	28%
Net Profit	14.35	30.47
Earning Per share	2.70	5.72

Dividend

Keeping in view the profitability of the company, the Board of Directors has recommended paying a final cash dividend of 15% for this transitional year ended December 31, 2012 against 30% cash dividend declared for the year ended June 30, 2012.

Corporate governance

ZIL limited is committed to upholding high standards of good corporate governance without exception. The Directors are pleased to state that the company has adopted and is compliant with Code of Corporate Governance as required by SECP and formed as part of stock exchanges listing regulations.

Statement of Compliance with Code of Corporate governance

The Directors confirm that:

a. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of account of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained;

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. There has been no material departure from the best practices of corporate governance.

h. Code of Corporate Governance Leadership Skills training has been arranged for the Chairman of the Board.

i. Statements regarding the following are annexed or disclosed separately in the report

    a. Key financial data for last six years

    b. Pattern of Shareholding

    c. Trading in shares of the Company by its Directors, executives and their spouses and minor children

    d. Meetings of the Board of Directors, Board Audit Committee and HR & R committee attendance by each Director

Trading of shares

The Code of Corporate Governance requires all trades in the shares of the company carried out by its directors, executives and their spouses and minor children shall be disclosed. The Company has disclosed all trading of shares by the directors in report. The Board of Directors has approved all such trading. The BOD has approved the threshold for defining executives in terms of clause (xvi) of code of corporate governance, consequent to which all heads of department are subject to additional regulatory requirements for trading and disclosing their transactions in company shares.

Board Audit Committee

The Audit committee comprises three members including the chairman of the committee. All the three members are non-executive directors.

The audit committee held two meetings during the period. The Chief Financial Officer, Internal Auditors as well as External Auditors were invited to the meetings.

Human Resource & Remuneration Committee

The company has established the HR&R committee, its chairman and majority of members are non-executive directors. All issues of remuneration are fully disclosed, deliberated and decided at the meetings of the Directors.

The General Manager HR acts as the secretary of the meeting. The committee held two meetings during the period.

Role and Responsibilities of the Chairman and Chief Executive

As per Code of Corporate Governance, the role of the Chairman and the Chief Executive should be segregated. The company has, with effect from January 1, 2013 , segregated the offices of Chairman and Chief Executive Officer with the appointment of new incumbent to the position of CEO. Mrs. Feriel Ali Mehdi relinquished the position of CEO. However, she will continue to hold the position of the Chairman of the Board of Directors of the company.

Internal Audit

The Company has outsourced its internal audit function to a Chartered Accountants firm namely M.Yousuf Adil Saleem & Co. a member firm of Deloitte Touche Tohmatsu Limited. The BOD has also approved appointment of Head of Internal Audit as required by the Code of Corporate Governance, who acts as coordinator between firm providing internal audit services and the board.

The Company has changed its financial year from July - June to January - December after seeking approval from the Federal Board of Revenue (FBR) under section 74(3) of the Income Tax Ordinance, 2001.

External Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2013. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the guideline on the code of ethics of the International Federation of Accountants as adopted by ICAP.

As suggested by the Board Audit Committee, the Board of Directors has recommended their re-appointment as the auditors of the company for the year 2013.

Gratuity and Provident Fund

The Company is operating a Provident Fund and an approved Gratuity Scheme. The provident fund has been appropriately invested in the allowed securities and is audited annually by independent auditors. The unaudited value of investments of Provident Fund for the year ended December 31, 2012 is Rs. 86.5 Million.

Future Outlook

The Company expects to enhance its product development capabilities and improve Consumer Understanding on which all future Innovation will be based.

The management is hopeful that economic and political situation of the country will improve bringing their positive effects on the business of the Company.

Acknowledgements:

The Directors would like to thank consumers who have trust in products of the company and continue to support the progress of the Company. The company is immensely proud of its employees for their passion, commitment and devotion. The company greatly values the support and cooperation received from suppliers, distributors, bankers and all stakeholders who are contributing towards the continued growth of the Company.

For and on behalf of the Board

Mrs. Feriel Ali Mehdi Chairman	Mr. Mubashir Hasan Ansari Chief Executive Officer

Karachi:
February 21, 2013

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Vertical Analysis of Financial Statements

Statement of Financial Position

Balance Sheet	Dec-12		Jun-12	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	378,408	43.75	374,026	38.47
Current Assets	486,603	56.25	598,182	61.53
Total Assets	865,011	100	972,208	100
Equity	421,285	48.70	422,908	43.50
Non-Current Liabilities	106,746	12.34	96,853	9.96
Current Liabilities	336,980	38.96	452,447	46.54
Total Equity and Liabilities	865,011	100	972,208	100

Profit and Loss Account	Dec-12		Jun-12	
	Rs. In '000	%	Rs. In '000	%
Net sales	816,393	100.00	1,829,255	100.00
Cost of sales	(593,813)	(72.74)	(1,323,117)	(72.33)
Gross Profit	222,580	27.26	506,138	27.67
Selling and distribution expenses	(142,991)	(17.51)	(332,027)	(18.15)
Administrative expenses	(51,167)	(6.27)	(102,195)	(5.59)
	28,422	3.48	71,916	3.93
Other operating income	2,266	0.28	8,361	0.46
Other operating expense	(3,829)	(0.47)	(9,773)	(0.53)
	26,859	3.29	70,505	3.85
Financial expenses	(9,764)	(1.20)	(23,002)	(1.26)
Profit before tax	17,095	2.09	47,503	2.60
Taxation	(2,746)	(0.34)	(17,035)	(0.93)
Profit for the year	14,349	1.76	30,468	1.67

Jun-11		Jun-10		Jun-09		Jun-08	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
349,202	40.34	296,943	38.94	293,088	40.32	298,330	46.31
516,410	59.66	465,717	61.06	433,764	59.68	345,882	53.69
865,612	100	762,660	100	726,852	100	644,212	100
403,089	46.57	386,381	50.66	366,547	50.43	319,703	49.63
103,122	11.91	90,164	11.82	86,865	11.95	85,625	13.29
359,401	41.52	286,115	37.52	273,440	37.62	238,884	37.08
865,612	100	762,660	100	726,852	100	644,212	100

Jun-11		Jun-10		Jun-09		Jun-08	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
1,566,091	100.00	1,289,891	100.00	1,350,144	100.00	1,105,489	100.00
(1,226,184)	(78.30)	(951,249)	(73.75)	(990,889)	(73.39)	(819,745)	(74.15)
339,907	21.70	338,642	26.25	359,255	26.61	285,744	25.85
(224,017)	(14.30)	(243,349)	(18.87)	(223,607)	(16.56)	(197,146)	(17.83)
(77,145)	(4.93)	(49,554)	(3.84)	(38,897)	(2.88)	(38,667)	(3.50)
38,745	2.47	45,739	3.55	96,751	7.17	49,931	4.52
4,440	0.28	12,973	1.01	6,751	0.50	4,574	0.41
(5,388)	(0.34)	(9,786)	(0.76)	(16,494)	(1.22)	(13,744)	(1.24)
37,797	2.41	48,926	3.79	87,008	6.44	40,761	3.69
(4,715)	(0.30)	(696)	(0.05)	(6,682)	(0.49)	(3,882)	(0.35)
33,082	2.11	48,230	3.74	80,326	5.95	36,879	3.34
(12,659)	(0.81)	(17,144)	(1.33)	(29,082)	(2.15)	(12,829)	(1.16)
20,423	1.30	31,086	2.41	51,244	3.80	24,050	2.18

Horizontal Analysis of Financial Statements

Statement of Financial Position

Balance Sheet	Dec-12 Rs. In '000	Jun-12 Rs. In '000	Jun-11 Rs. In '000	Jun-10 Rs. In '000
Non-Current Assets	378,408	374,026	349,202	296,943
Current Assets	486,603	598,182	516,410	465,717
Total Assets	865,011	972,208	865,612	762,660
Equity	421,285	422,908	403,089	386,381
Non-Current Liabilities	106,746	96,853	103,122	90,164
Current Liabilities	336,980	452,447	359,401	286,115
Total Equity and Liabilities	865,011	972,208	865,612	762,660
Profit and Loss Account				
Net sales	816,393	1,829,255	1,566,091	1,289,891
Cost of sales	(593,813)	(1,323,117)	(1,226,184)	(951,249)
Gross Profit	222,580	506,138	339,907	338,642
Selling and distribution expenses	(142,991)	(332,027)	(224,017)	(243,349)
Administrative expenses	(51,167)	(102,195)	(77,145)	(49,554)
	28,422	71,916	38,745	45,739
Other operating income	2,266	8,361	4,440	12,973
Other operating expense	(3,829)	(9,773)	(5,388)	(9,786)
	26,859	70,505	37,797	48,926
Financial expenses	(9,764)	(23,002)	(4,715)	(696)
Profit before tax	17,095	47,503	33,082	48,230
Taxation	(2,746)	(17,035)	(12,659)	(17,144)
Profit for the year	14,349	30,468	20,423	31,086

SUMMARY OF CASH FLOWS	Dec-12 Rs. In '000	Jun-12 Rs. In '000	Jun-11 Rs. In '000	Jun-10 Rs. In '000
Net cash flows from operating activities	57,760	18,603	(67,768)	(5,657)
Net cash flows from investing activities	(21,583)	(57,566)	(51,666)	(21,412)
Net cash flows from financing activities	(70,648)	39,352	61,487	(19,258)
Net change in cash and cash equivalents	(34,471)	389	(57,947)	(46,327)

Jun-09	Jun-08	% increase/ (decrease) over preceeding year					
Rs. In '000	Rs. In '000	Dec-12	Jun-12	Jun-11	Jun-10	Jun-09	Jun-08
293,088	298,330	1.17	7.11	17.60	1.32	(1.76)	(1.22)
433,764	345,882	(18.65)	15.83	10.88	7.37	25.41	34.59
726,852	644,212	(11.03)	12.31	13.50	4.93	12.83	15.24
366,547	319,703	(0.38)	4.92	4.32	5.41	14.65	4.06
86,865	85,625	10.21	(6.08)	14.37	3.80	1.45	(5.63)
273,440	238,884	(25.52)	25.89	25.61	4.64	14.47	48.34
726,852	644,212	(11.03)	12.31	13.50	4.93	12.83	15.24
1,350,144	1,105,489	(55.37)	16.80	21.41	(4.46)	22.13	20.08
(990,889)	(819,745)	(55.12)	7.91	28.90	(4.00)	20.88	25.34
359,255	285,744	(56.02)	48.90	0.37	(5.74)	25.73	7.19
(223,607)	(197,146)	(56.93)	48.22	(7.94)	8.83	13.42	16.05
(38,897)	(38,667)	(49.93)	32.47	55.68	27.40	0.59	12.75
96,751	49,931	(60.48)	85.61	(15.29)	(52.73)	93.77	(19.99)
6,751	4,574	(72.90)	88.31	(65.77)	92.16	47.60	(30.74)
(16,494)	(13,744)	(60.82)	81.38	(44.94)	(40.67)	20.01	173.73
87,008	40,761	(61.90)	86.53	(22.75)	(43.77)	113.46	(36.30)
(6,682)	(3,882)	(57.55)	387.85	577.44	(89.58)	72.13	107.59
80,326	36,879	(64.01)	43.59	(31.41)	(39.96)	117.81	(40.63)
(29,082)	(12,829)	(83.88)	34.57	(26.16)	(41.05)	126.69	(40.34)
51,244	24,050	(52.90)	49.18	(34.30)	(39.34)	113.07	(40.79)

Jun-09	Jun-08	% increase/ (decrease) over preceeding year					
Rs. In '000	Rs. In '000	Dec-12	Jun-12	Jun-11	Jun-10	Jun-09	Jun-08
139,130	(18,416)	210.49	(127.45)	1097.95	(104.07)	(855.48)	(120.91)
(19,370)	5,450	(62.51)	11.42	141.29	10.54	(455.41)	(115.29)
(4,348)	(11,940)	(279.53)	(36.00)	(419.28)	342.92	(63.58)	(70.97)
115,412	(24,906)	(8961.44)	(100.67)	25.08	(140.14)	(563.39)	(319.82)

Stakeholder Information

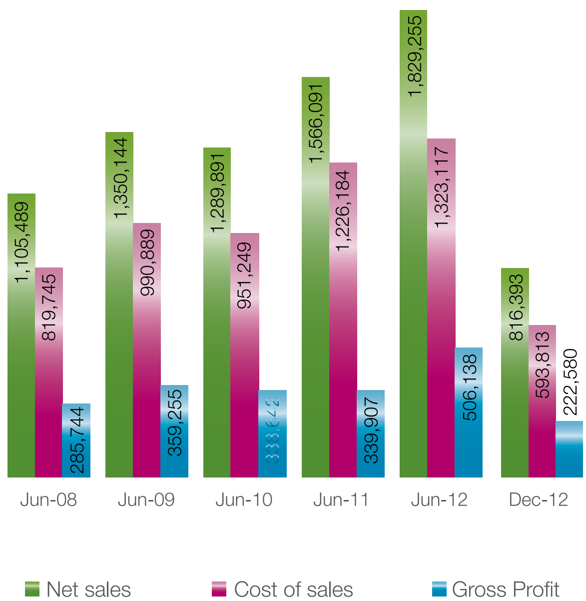
Financial Ratios

	Unit	Dec-12
Rate of return		
Return on assets	%	1.66
Return on equity	%	3.41
Return on capital employed	%	5.09
Interest cover	Times	2.75
Profitability		
Gross profit margin	%	27.26
Net profit to sales	%	1.76
EBITDA	Rs.	44,267
EBITDA Margin to sales	%	5.42
Liquidity		
Current ratio		1.44
Quick ratio		0.48
Financial gearing		
Debt-Equity ratio	Times	1.05
Debt to Assets	%	51.30
Capital Efficiency		
Debtor turnover/ No. of days in receivables	Days	13
Inventory turnover/ No. of days in inventory	Days	101
Creditor turnover/ No. of days in payables	Days	36
Operating cycle	Days	78
Fixed assets turnover ratio	Times	2.23
Total asset turnover	Times	0.94
Investment measures per ordinary share		
Earnings	Rs.	2.70
Price earning ratio	Times	38.61
Cash dividend	Rs.	1.50
Dividend yield	%	1.44
Dividend payout	%	55.56
Dividend cover	Times	1.80
Breakup value including surplus on revaluation	Rs.	79.23
Breakup value excluding surplus on revaluation	Rs.	62.68
Market value - year end	Rs.	104.30
Market value - high	Rs.	120.81
Market value - low	Rs.	31.01
Market value - average	Rs.	102.80

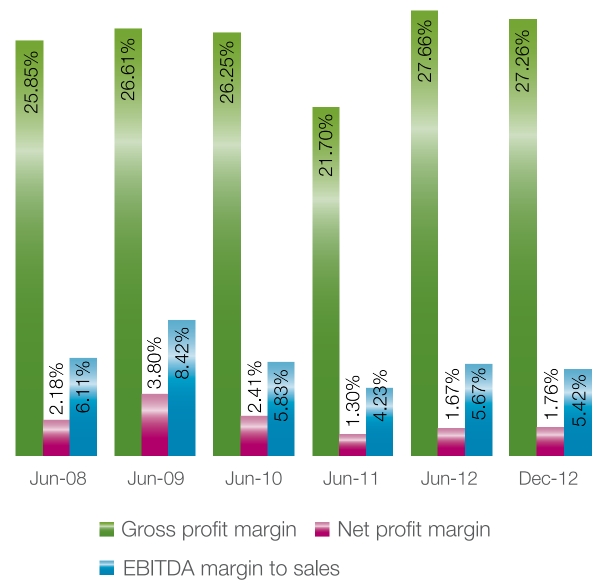
Jun-12	Jun-11	Jun-10	Jun-09	Jun-08	Jun-07
3.13	2.36	4.08	7.05	3.73	7.27
7.20	5.07	12.48	21.91	11.54	20.22
13.56	7.47	10.27	19.19	10.06	16.08
3.07	8.02	70.30	13.02	10.50	34.22
27.67	21.70	26.25	26.61	25.85	28.96
1.67	1.30	2.41	3.80	2.18	4.41
105,688	66,183	75,236	113,661	67,596	87,548
5.78	4.23	5.83	8.42	6.11	9.51
1.32	1.44	1.63	1.59	1.45	1.60
0.40	0.40	0.64	0.84	0.59	0.76
1.30	1.15	0.97	0.98	1.02	0.82
56.50	53.43	49.34	49.57	50.37	45.04
11	7	6	7	4	2
115	110	108	75	115	75
38	33	53	40	47	36
88	85	61	42	72	41
5.09	4.70	4.74	5.04	4.04	3.33
1.88	1.81	1.69	1.86	1.72	1.65
5.72	3.84	5.84	9.63	5.47	9.23
18.18	15.41	6.87	6.57	27.42	16.25
3.00	2.00	3.50	4.00	1.00	3.00
2.88	3.38	8.72	6.32	0.67	2.00
52.45	52.08	59.93	41.54	18.28	32.50
1.91	1.92	1.67	2.65	5.47	3.38
79.43	75.71	72.57	75.73	72.66	76.81
62.54	58.07	56.93	59.43	53.80	54.93
104.0	59.19	40.13	63.30	150.00	150.00
104.0	68.07	76.59	153.00	160.10	150.00
31.48	35.19	40.13	63.30	134.55	105.00
53.37	52.82	57.80	116.82	146.81	138.78

Graphical Presentation

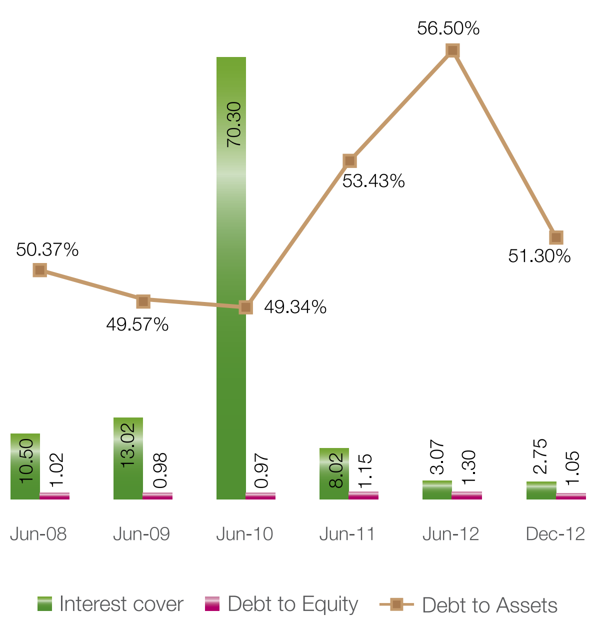
Sales, Cost of Sales & Gross Profit
(Rupees '000)



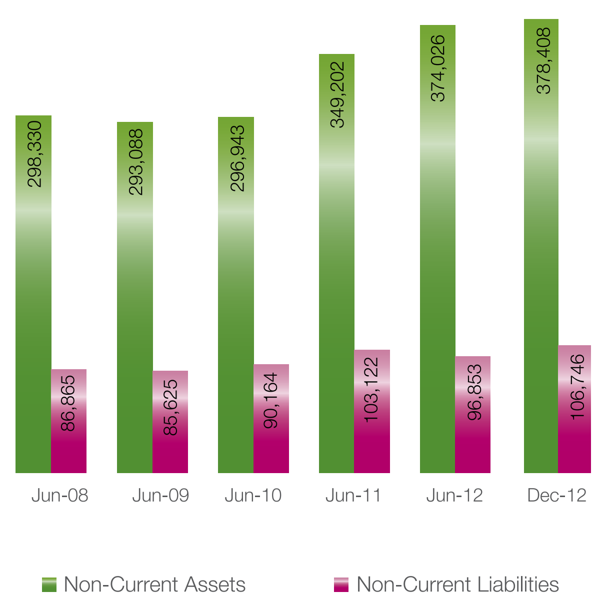
Profitability
(Percentage)



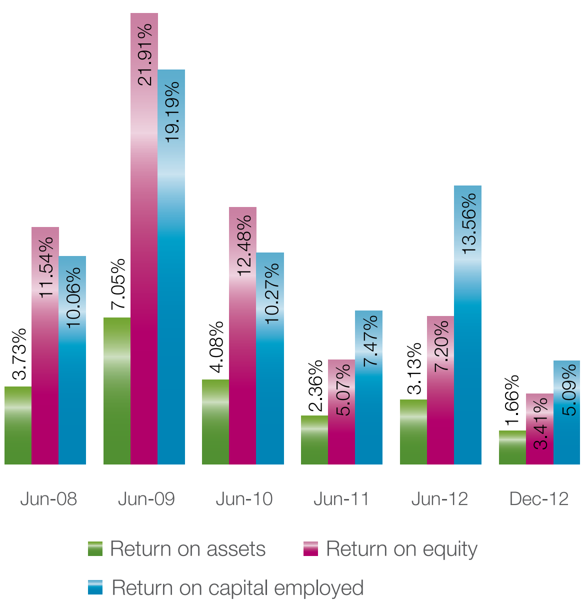
Debt Management
(Times)



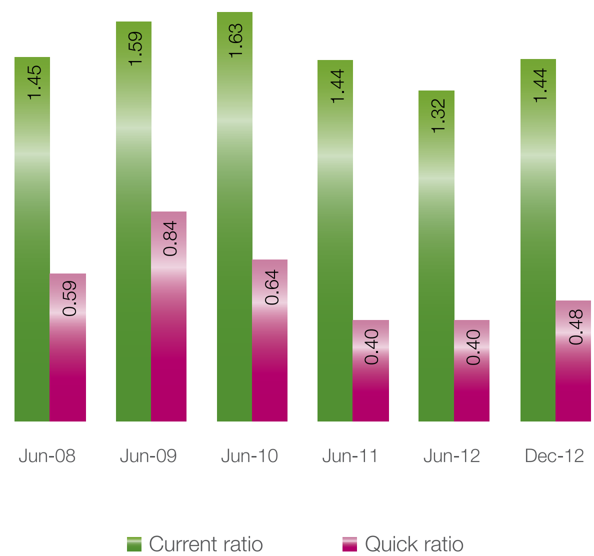
Non-Current Assets & Liabilities
(Rupees '000)



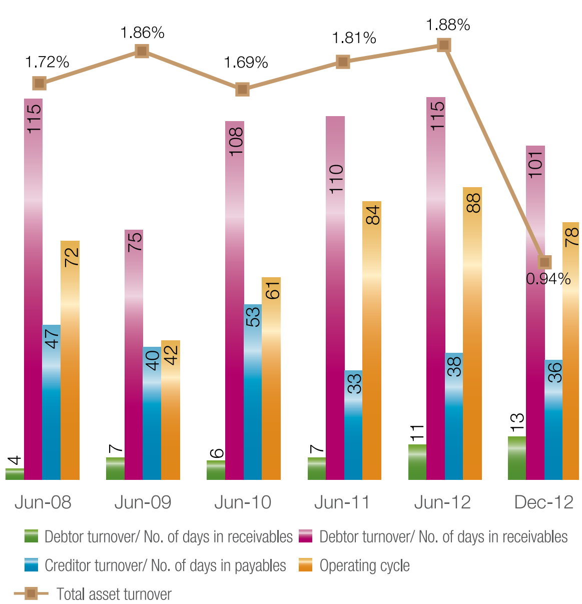
Rate of Return
(Percentage)



Liquidity
(Rupees '000)



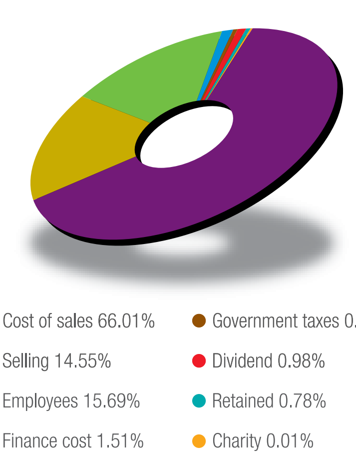
Asset Management
(Days)



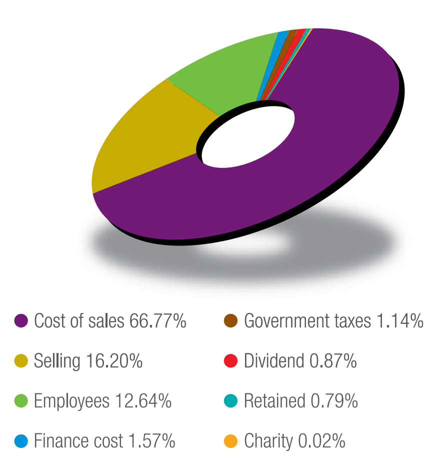
Statement of Value Additions

	Dec-12		Jun-12	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	816,393	99.72	1,829,255	99.54
Other operating income	2,266	0.28	8,361	0.46
	818,659	100	1,837,617	100
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration and other duties)	540,424	66.01	1,227,052	66.77
Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	119,080	14.55	297,649	16.20
Employees remuneration	128,407	15.69	232,267	12.64
Finance cost including exchange loss	12,326	1.51	28,804	1.57
Government tax and levies (includes income tax,WPPF and WWF)	4,013	0.49	21,006	1.14
Dividend to shareholders	7,986	0.98	15,972	0.87
Retained for future growth	6,363	0.78	14,496	0.79
Charity and donation	60	0.01	371	0.02
	818,659	100	1,837,617	100

Distribution of Wealth Dec-2012



Distribution of Wealth Jun-2012



Shareholders Information

Registered Office

12th Floor, Executive Tower, Dolmen City,
Marine Drive, Block IV, Clifton,
Karachi-Pakistan.
Tel: +92 21 35297570-77
Fax: +92 2135297585

Shares Registrar

M/s THK Associates (Pvt) Limited,
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi 75530.
UAN: +92 21 111-000-322 Fax: +92 21 35655595

Listing on Stock Exchanges

ZIL Limited equity shares are listed on Karachi and Lahore Stock Exchanges.

Listing Fees

The annual listing fee for the financial 2012-13 has been paid to all the two stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of ZIL Limited at Karachi and Lahore Stock Exchanges is ZIL.

Shares Registrar

ZIL Limited shares department is operated by THK Associates (Pvt) Limited. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the registration functions.
The share registrar has online connectivity with Central Depository company of Pakistan Limited. It undertakes activities pertaining to dematerialized of shares, shares transfers, transmissions, issued of duplicate/revalidated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.
For assistance, shareholders may contact either the Registered Office or the shares Registrar.

Statutory Compliance

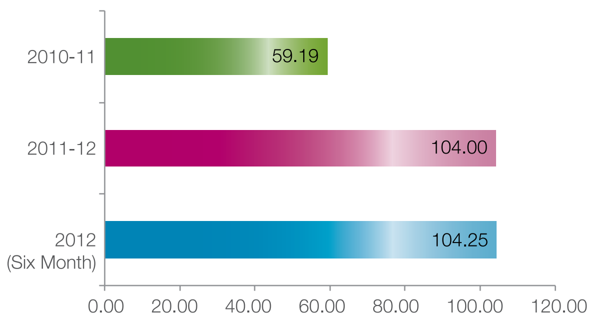
During the year, the company has complied with all applicable provisions, filed all returns/forms and furnished the all relevant particulars as required under The Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) regulations and the listing requirements.

Dividend Announcement

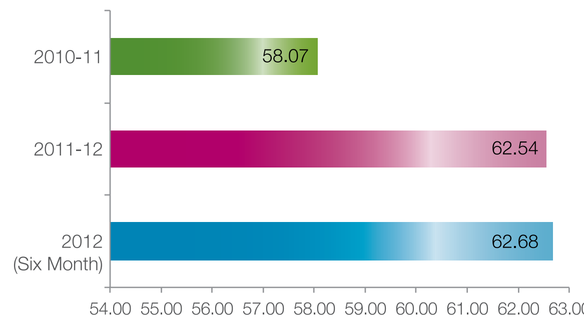
The board of Directors of the Company has recommended for the transitional year ended December 31, 2012 a cash dividend to the ordinary shareholders at the rate of 15% (Rs.1.50 per ordinary share of Rs.10.00) subject to approval by the shareholders of the Company at the Annual General Meeting.

Shareholders Information

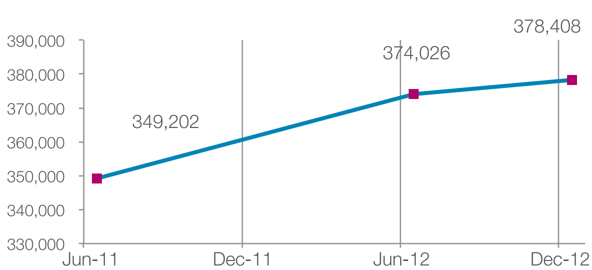
Closing Share Value
(Rupees)



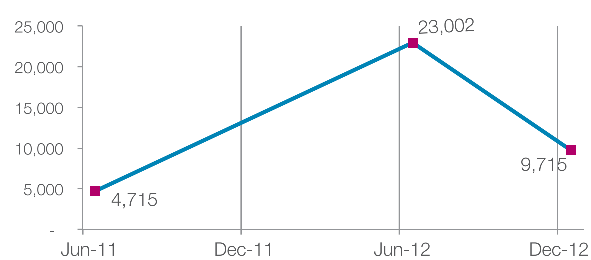
Break-Up Value Per Share
(Rupees)



Investment in Operating Fixed Assets



Financial Cost



Shareholders Information

Earnings Per Share

Earnings per share for the year Rs. 2.70 (2012: 5.72)

Annual General Meeting

The annual shareholders' meeting will be held on Tuesday, April 23, 2013 at 11:00 am. at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan Shareholders as of April 23, 2012 are encouraged to participate.

Book Closure Dates

The Share Transfer Books of the Company will remain closed from April 17, 2013 to April 23, 2013 (both days inclusive).

Dividend Remittances

Dividend declared and approved at the Annual General Meeting will be paid well before the statutory time limit of 30 days:

i) For shares held in physical form: to shareholders whose names appear in the register of Members of the Company appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.

ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on the book closure date.

Withholding of Tax & Zakat on Ordinary Dividend

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the prevailing rate wherever applicable.

Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the Face value of the share, other than corporate holders or individuals who have provided undertaking or declaration under the Zakat & Ushr Ordinance 1981 for non-deduction.

Dividend Warrants

Cash dividend is paid through dividend warrants addressed to the shareholders whose names appear in the register of Shareholders at the date of book closure. The shareholders are requested to deposit those warrants into their bank accounts, at their earliest, thus helping the Company to clear the unclaimed dividend account.

Shareholder's Grievances

To date none of the shareholders has filed any letter of complaint against any service provided by the company to its shareholders.

Shareholders Information

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of shares.

General Meeting & Voting Rights

Pursuant to section 158 of the Companies Ordinance, 1984, ZIL Limited holds a General Meeting of shareholders at least once a year. Every shareholders has right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi and Lahore.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of directors to call for meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights. Generally , matters at te general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of the “One Member-one Vote”. If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a Company is “One share-One Vote”, voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholders of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote instead of him/her.

Every notice calling a General meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the company not less then forty-eight hours before the meeting.

Web Presence

Update information regarding the company can be accessed at ZIL Limited website, www.zil.com.pk. The website contains the latest financial results of the company together with Company’s profile, the corporate philosophy and major products.

Shareholders Information

Quarterly Reports

The Company publishes interim reports for the first, second and third quarters of the financial year. The interim reports for the preceding year can be accessed at ZIL's website www.zil.com.pk or printed copies can be obtained by writing to the Company Secretary.

Annual Report

The Annual Report of the Company summarizes the Company's performance during the year and provides an outlook for the future.

The Annual report may be downloaded from the Company's website: www.zil.com.pk or printed copies obtained by writing to:

The Company Secretary
ZIL Limited
12th Floor, Executive Tower, Dolmen city,
Marine Drive, Block – 4, Clifton, Karachi, Pakistan.

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Statement of Compliance with the Code of Corporate Governance for period of six months ended December 31, 2012

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors
   representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Shahid Nazir Ahmed, Mr. Zafar Ahmed Siddiqui and Mr. Omer Ehtisham
Executive Directors	Mrs. Feriel Ali Mehdi and Mr. Mujahid Hamid
Non- Executive Directors	Syed Yawar Ali, Mr. Kemal Shoaib and Mr. Amir Zia

   The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during the period.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedures.

6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged Code of Corporate Governance Leadership Skills (CGLS) training programs for its Chairman & Chief Executive Officer.

10. No new appointment of Chief Financial Officer and Company Secretary were made during the period, however remuneration including the terms and conditions have duly ratified by the board. The board has also approved the appointment of Head of Internal Audit including his remuneration and terms and conditions of employment.

11. The directors' report for the period has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom one is executive and two are non-executive directors and the chairman of the committee is an independent director.

18. The board has outsourced the internal audit function to M/s M. Yousuf Adil Saleem & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The ‘closed period’, prior to the announcement of interim/final results, was determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated amongst all the market participant at once through the Stock Exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Mrs. Feriel Ali Mehdi
Chairman

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ZIL Limited ("the Company") to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations notified by Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) Limited) requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the six months period ended 31 December 2012.

Date: 21 February 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of ZIL Limited ("the Company") as at 31st December 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the six month period 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 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 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 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;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31st December 2012 and of the profit, cash flows and changes in equity for the six month period; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance 1980.

Date: 21 February 2013
Karachi

KPMG Taseer Haadi & Co.
Chartered Accountants
Mazhar Saleem

Financial Statements

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Balance Sheet

As at December 31, 2012

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	4	365,952	359,668
Intangible assets	5	5,257	6,858
Long term deposits	6	6,835	6,835
Long term loans to employees	7	364	665
Total non-current assets		378,408	374,026
CURRENT ASSETS			
Stores and spares - net	8	13,784	12,416
Stock-in-trade - net	9	325,796	418,567
Trade debts - net	10	55,546	54,219
Advances, prepayments and other receivables	11	80,260	67,292
Cash and bank balances	12	11,217	45,688
Total current assets		486,603	598,182
CURRENT LIABILITIES			
Trade and other payables	13	230,252	284,895
Short term borrowing	14	75,000	130,000
Taxation	16.3	31,728	37,552
Total current liabilities		336,980	452,447
NET CURRENT ASSETS		149,623	145,735
NET ASSETS		528,031	519,761
FINANCED BY			
SHARE CAPITAL AND RESERVES			
Authorised capital			
10,000,000 (2012: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	17	53,240	53,240
Reserves		279,931	279,733
		333,171	332,973
Surplus on revaluation of fixed assets - net of tax	18	88,114	89,935
NON-CURRENT LIABILITIES			
Long term deposits		450	450
Deferred staff liabilities	19	73,147	71,824
Deferred tax liability- net	20	33,149	24,579
Total non-current liabilities		106,746	96,853
CONTINGENCIES AND COMMITMENTS	21		
		528,031	519,761

The annexed notes from 1 to 36 form an integral part of these financial statements.

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Profit and Loss Account

For the six months period ended 31 December 2012

	Note	Six months period ended 31 December 2012*	Year ended 30 June 2012
		(Rupees in '000)	
Net sales	22	816,393	1,829,255
Cost of sales	23	(593,813)	(1,323,117)
Gross profit		222,580	506,138
Selling and distribution expenses	24	(142,991)	(332,027)
Administrative expenses	25	(51,167)	(102,195)
		(194,158)	(434,222)
		28,422	71,916
Other operating income	26	2,266	8,361
Other operating expenses	27	(3,829)	(9,773)
		26,859	70,504
Financial expenses	28	(9,764)	(23,002)
Profit before taxation		17,095	47,502
Taxation	16.1	(2,746)	(17,035)
Profit for the year		14,349	30,467
		(Rupees)	
Earnings per share- basic and diluted	29	2.70	5.72

* The Company has changed its accounting year from 30 June to 31 December (refer note 1.2)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mubashir Hasan Ansari
Chief Executive Officer

ZIL LIMITED

Statement of Comprehensive Income

For the six months period ended 31 December 2012

	Note	Six months period ended 31 December 2012*	Year ended 30 June 2012
		(Rupees in '000)	
Profit for the year		14,349	30,467
Other comprehensive income		-	-
Total comprehensive income for the year		14,349	30,467

* The Company has changed its accounting year from 30 June to 31 December (refer note 1.2)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Statement of Cash Flows

For the six months period ended 31 December 2012

	Note	Six months period ended 31 December 2012*	Year ended 30 June 2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		17,095	47,502
Adjustments for:			
Mark-up expense	28	9,764	23,002
Depreciation and amortization	4.4	17,408	35,184
Provision for gratuity	19.5	3,496	8,551
Provision for staff retirement benefits	19.5	1,779	3,662
Provision for slow moving stores and spares	8.1	287	574
Provision for slow moving stock	9.2	(844)	3,767
Return on bank deposits	26	(61)	(433)
Gain on disposal of fixed assets	26	(507)	(2,704)
		31,322	71,603
Operating profit before working capital changes		48,417	119,105
Decrease / (increase) in operating assets:			
Stores and spares		(1,655)	(4,391)
Stock-in-trade		93,615	(51,398)
Trade debts		(1,327)	(24,439)
Long term loans to employees		417	1
Long term advances and deposits		-	(30)
Advances, prepayments and other receivables		(356)	4,870
		90,694	(75,387)
Increase / (decrease) in operating liabilities:			
Trade and other payables		(54,822)	31,342
Cash generated from operations		84,289	75,060
Income tax paid		(12,728)	(27,350)
Gratuity paid	19.3	(3,184)	(4,094)
Retirement benefits paid	19.3	(768)	(1,509)
Profit received on short term deposits	26	61	433
Mark-up paid		(9,910)	(23,937)
		(26,529)	(56,457)
Net cash flows from / (used in) operating activities		57,760	18,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(22,996)	(64,518)
Proceeds from disposal of fixed assets	4.3	1,413	6,952
Net cash flows used in investing activities		(21,583)	(57,566)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(15,648)	(10,648)
Short term loan		(55,000)	50,000
		(70,648)	39,352
Net (decrease) / increase in cash and cash equivalents		(34,471)	389
Cash and cash equivalents at beginning of the year		45,688	45,299
Cash and cash equivalents at end of the year		11,217	45,688

* The company has changed its accounting year from 30 June to 31 December (refer note 1.2)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Statement of Changes in Equity

For the six months period ended 31 December 2012

	Issued, subscribed and paid up capital	Revenue reserves		Total reserves	Total reserves
		General reserve	Unappropriated profit		
	(Rupees in '000)				
Balance as at 1 July 2011	53,240	6,000	249,901	255,901	309,141
Total comprehensive income for the year - profit for the year ended 30 June 2012	-	-	30,467	30,467	30,467
Transactions with owners recorded directly in equity - distributions					
- Final cash dividend paid for the year ended 30 June 2011		-	(10,648)	(10,648)	(10,648)
Transferred from surplus on revaluation of fixed assets - incremental depreciation (recognised directly in equity)	-	-	4,013	4,013	4,013
Balance as at 30 June 2012	53,240	6,000	273,733	279,733	332,973
Total comprehensive income for the year - Profit for the six months period ended 31 December 2012	-	-	14,349	14,349	14,349
Transactions with owners recorded directly in equity - distributions					
- Final cash dividend paid for the year ended 30 June 2012	-	-	(15,972)	(15,972)	(15,972)
Transferred from surplus on revaluation of fixed assets - incremental depreciation (recognised directly in equity)	-	-	1,821	1,821	1,821
Balance as at 31 December 2012	53,240	6,000	273,931	279,931	333,171

* The Company has changed its accounting year from 30 June to 31 December (refer note 1.2).

The annexed notes from 1 to 36 form an integral part of these financial statements.

Mrs. Feriel Ali Mehdi
Chairman

Mr. Mubashir Hasan Ansari
Chief Executive Officer

Notes to the Financial Statements
For the six months period ended 31 December 2012

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 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 During the six months period ended 31 December 2012, the financial year end of the Company was changed from 30 June to 31 December. Accordingly, the financial statements cover the period from 1 July 2012 to 31 December 2012 while the comparative figures shown in these financial statments pertains to the year ended 30 June 2012 and therfore, are not comparable.

The Commissioner of Inland Revenue (Federal Board of Revenue) has approved the change in tax year through its letter no. CIR/EC/LTU/KHI/2012/573-A, dated 31 December 2012. Further, the Company has sent an intimation regarding the change in the financial year to Securities and Exchange Commission of Pakistan (SECP) and Karachi and Lahore Stock Exchanges vide its letter dated 22 February 2013.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain class of property, plant and equipment (i.e. Land, Building and plant and machinery) have been included at revalued amount.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is also Company's functional currency. All financial information presented in Pakistani rupee has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting polices, management has made the following accounting estimates and judgments which are significant to the financial statements:

2.4.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.4.2 Staff gratuity and retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 19 to these financial statements) for the actuarial valuation of staff gratuity and retirement benefits. Changes in these assumptions in future years may affect the liability under these schemes in those years.

2.4.3 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade with a corresponding affect on the profit and loss account of those future years.

2.4.4 Trade and other debts

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

2.4.5 Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of land, buildings and plant and machinery are based on a valuation carried out by an external professional valuer of the Company. The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the above estimates, in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

2.5 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on the financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is not likely to have any impact on the Company's financial statements.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations:

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Owned

Freehold land is stated at revalued amount. Building on freehold land and plant, machinery and equipments are measured at revalued amounts, which is the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. Other operating fixed assets (including capital spares) are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on operating fixed assets, other than freehold land, is charged under the reducing balance method at rates specified in note 4. Depreciation on addition is charged from the month in which asset is available for use, and no depreciation is charged in the month in which the asset is disposed off.

Assets, which have been fully depreciated, are retained in the books at a nominal value of Re.1.

Gains or losses on disposal of operating fixed assets, if any, are taken to profit and loss account When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its profit and loss account.

Normal repairs and maintenance is charged to the profit and loss account during the financial period in which they are incurred, as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Surplus on revaluation of building and plant, machinery and equipments to the extent of incremental depreciation charged there on is transferred from surplus on revaluation of building and plant, machinery and equipments to retained earnings (unappropriated profit), net of deferred tax.

Leased

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are stated at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments, less accumulated depreciation and impairment losses, if any.

Leased assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost (less impairment losses, if any) and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

3.2 Intangible assets

Intangible assets (comprising of computer softwares) are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised under the straight line method at the rate of thirty percent per annum.

Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets.

Cost associated with maintaining computer software products are recognised as an expense when incurred.

In respect of additions and deletions of intangible assets during the year, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

3.3 Staff retirement benefits

a) Gratuity scheme - defined benefit plan

The Company operates an un-funded gratuity scheme for its eligible employees. The permanent employees who have completed four years of services with the Company are eligible employees for this scheme. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 30 June 2012) using the Projected Unit Credit Method. Actuarial gains / losses are recognised as income or expense in the year in which they arise. Past service cost resulting from changes to defined plan to the extent the benefits are already vested is recognized immediately and remaining unrecognized past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.

b) Retirement benefit scheme - defined benefit plan

In addition, the Company also operates an un-funded retirement benefit scheme for its eligible employees. The employees who were on Company's permanent payroll on or before 30 June 1999 and had completed ten years of services with the Company are eligible for benefits under this scheme. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 30 June 2012) using the Projected Unit Credit Method. Actuarial gains / losses are recognised as income or expense in the year in which they arise.

Past service cost resulting from changes to defined plan to the extent the benefits are already vested is recognized immediately and remaining unrecognized past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.

c) Provident fund - defined contribution plan

The Company operates an approved provident fund scheme for its eligible employees. The Company and the employees make equal monthly contributions at ten percent of the basic salary.

3.4 Compensated absences

The Company also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

3.5 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

i) Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and tax rebates, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years.

ii) Deferred

Deferred taxation is recognised, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amounts of deferred tax recognised is based on the expected manner of the realisation or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets, are reduced to the extent that they are no longer probable that the related tax benefit will be realised.

The Company also recognises deferred tax liability on surplus on revaluation of fixed assets which is adjusted and the related surplus in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

3.6 Stores and spares

These are stated at lower of moving average cost and net realizable value except items in transit which are stated at invoice value plus other charges incurred thereon. Provision is made for slow moving items where necessary and is recognised in the profit and loss account.

Net realizable value is the estimated selling price in the ordinary course of the business less estimated costs necessary to make a sale.

3.7 Stock-in-trade

These are valued at lower of cost and net realisable value. Cost of raw materials, packing materials, work in process and finished goods is determined under average cost basis, except that in case of stock in transit, it is determined at invoice value and other charges incurred thereon.

Cost of finished goods consists of materials, labour and applicable production overheads. However, the work-in- process is valued at material cost only as conversion costs are immaterial.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

3.8 Trade debts and other receivables

These are stated at cost less impairment losses, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivable are written off when considered irrecoverable.

3.9 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash / demand draft in hand, balances with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include bank overdrafts and form an integral part of the Company's cash management.

3.10 Revenue recognition

- Revenue from sale of goods is measured at fair value of the consideration received or receivable. Domestic sales are recognised as revenue on dispatch of goods to customers. Export sales are recognised as revenue on the basis of goods shipped to customers.

- Profit on debt instruments and term deposits with banks are recognised using the effective yield method on a time proportion basis.

- Dividend income on equity instruments is recognised when a right to receive the dividend is established.

- Gain or loss on sale of mutual fund units / certificates is accounted for in the period in which it arises.

3.11 Trade and other payables

Liabilities for trade and other amounts payable are recognised and carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.12 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.13 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to profit and loss account.

3.14 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognises the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.15 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is 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.

3.16 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.17 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the profit and loss account over the period of the borrowings on an effective mark-up basis.

Borrowing costs are charged to profit and loss account currently.

3.18 Dividend and appropriations

Dividends and reserve appropriations are recognised in the period in which these are declared/approved.

3.19 Earning per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Notes to the Financial Statements

For the six months period ended 31 December 2012

4. PROPERTY, PLANT AND EQUIPMENT

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Operating assets	4.1	346,829	326,788
Capital work-in-progress	4.2	19,123	32,880
		365,952	359,668

4.1 Operating fixed assets

31 December 2012

		COST				Rate	DEPRECIATION				Written down
		As at 1 July 2012	Addition	(Disposal)	As at 31 December 2012	%	As at 1 July 2012	For the period	(Disposal)	As at 31 December 2012	value as on 31 December 2012
		(Rupees in '000)					(Rupees in '000)				
Freehold land	4.5	42,000	-	-	42,000	-	-	-	-	-	42,000
Leasehold land	4.5	42,140	-	-	42,140	2	1,308	408	-	1,716	40,424
Building on freehold land	4.5	29,204	-	-	29,204	10	5,444	1,188	-	6,632	22,572
Building on leasehold land		2,069	-	-	2,069	10	222	92	-	314	1,755
Lease hold improvements		3,068	-	-	3,068	10	1,462	80	-	1,542	1,526
Plant, machinery and equipment	4.5	239,586	31,422	-	271,008	10	95,188	7,552	-	102,740	168,268
Capital spares		9,876	-	-	9,876	10	4,054	291	-	4,345	5,531
Furniture and fixtures		24,654	520	-	25,174	10	3,492	1,074	-	4,566	20,608
Vehicles		60,108	3,456	(4,037)	59,527	20	20,923	4,054	(3,228)	21,749	37,778
Computers		14,742	1,356	(148)	15,950	30	8,584	1,065	(51)	9,598	6,352
Professional books		31	-	-	31	30	13	3	-	16	15
		467,478	36,754	(4,185)	500,047		140,690	15,807	(3,279)	153,218	346,829

30 June 2012

		COST				Rate	DEPRECIATION				Written down
		As at 1 July 2011	Addition /	(Disposal)	As at 30 June 2012	%	As at 1 July 2011	For the year	(Disposal)	As at 30 June 2012	value as on 30 June 2012
		(Rupees in '000)					(Rupees in '000)				
Freehold land	4.5	42,000	-	-	42,000	-	-	-	-	-	42,000
Leasehold land	4.5	42,140	-	-	42,140	2	465	843	-	1,308	40,832
Building on freehold land	4.5	28,944	260	-	29,204	10	2,811	2,633	-	5,444	23,760
Building on leasehold land		2,069	-	-	2,069	10	17	205	-	222	1,847
Lease hold improvements		3,068	-	-	3,068	10	1,285	177	-	1,462	1,606
Plant, machinery and equipment	4.5	235,393	5,194	(1,001)	239,586	10	80,381	15,735	(928)	95,188	144,398
Capital spares		8,979	897	-	9,876	10	3,459	595	-	4,054	5,822
Furniture and fixtures		19,435	5,219	-	24,654	10	1,323	2,169	-	3,492	21,162
Vehicles		45,587	21,726	(7,205)	60,108	20	16,442	7,512	(3,031)	20,923	39,185
Computers		13,026	1,716	-	14,742	30	6,271	2,313	-	8,584	6,158
Professional books		31	-	-	31	30	5	8	-	13	18
		440,672	35,012	(8,206)	467,478		112,459	32,190	(3,959)	140,690	326,788

4.2 Capital work-in-progress

	COST			
	As at 1 July 2012	Addition	(Transfers to operating assets)	As at 31 December 2012
	(Rupees in '000)			
Plant, machinery and equipments	31,422	17,747	(31,422)	17,748
Furniture and fixtures	-	520	(520)	-
Vehicles	-	3,456	(3,456)	-
Intangibles	1,357	18	-	1,375
Computers	101	1,255	(1,356)	-
	32,880	22,996	(36,754)	19,123

4.3 Disposal of operating fixed assets

	Year of purchase	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Sold to	Address
		(Rupees in '000)							
Vehicles									
Honda Accord	2005	3,970	3,221	749	1,263	514	Negotiation	Car Deals	Car Deals BC-13, Block No. 5, Main Clifton road, Karachi
Honda CD 70	2012	67	7	60	60	-	Insurance Claim	IGI Insurance Limited	D-32, Block-2, Kehkashan Clifton, Karachi-75600 and EFU House, M.A. Jinnah Road, P.O. Box 5005, Karachi-74000
		4,037	3,228	809	1,323	514			
Computers									
Laptop	2011	29	6	23	24	1	Insurance Claim	IGI Insurance Limited	D-32, Block-2, Kehkashan Clifton, Karachi-75600 and EFU House, M.A. Jinnah Road, P.O. Box 5005, Karachi-74000
Blackberry	2011	119	45	74	66	(8)	Insurance Claim	IGI Insurance Limited	D-32, Block-2, Kehkashan Clifton, Karachi-75600 and EFU House, M.A. Jinnah Road, P.O. Box 5005, Karachi-74000
		148	51	97	90	(7)			
31 December 2012		4,185	3,279	906	1,413	507			
30 June 2012		8,206	3,959	4,248	6,952	2,704			

4.4 Depreciation on property, plant and equipment and amortisation of intangible asset (note 5) for the period / year has been allocated as follows:

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Depreciation for the period / year on property, plant and equipment	4.1	15,807	32,190
Amortisation of intangible asset for the period / year	5	1,601	2,994
		17,408	35,184
Cost of sales	23	10,664	21,750
Selling and distribution expenses	24	2,775	5,648
Administrative expenses	25	3,969	7,786
		17,408	35,184

4.5 Freehold land, building on freehold land, plant, machinery and equipment of the Company were revalued as of 30 June 2010 by an independent valuer M/s Iqbal A. Nanjee & Co., on the basis of market value. This valuation has been incorporated in the financial statements as of 30 June 2010 and has resulted in a surplus of Rs.12.474 million before tax for that year (Rs.11.589 million on building and Rs. 0.885 million on plant, machinery and equipment). The details of revalued amounts as of 30 June 2010 are as follows:

	(Rupees in '000)
Free hold land	42,000
Buildings on free hold land	27,423
Plant, machinery and equipment	153,057
	222,480

Leasehold land of the Company was revalued as of 31 December 2010 by an independent valuer Aman Ullah Associates, on the basis of market value. This valuation has been incorporated in the financial statements as of 30 June 2011 and has resulted in a surplus of Rs.22.950 million before tax for that year.

In addition to the above revaluation, the company had also arranged the revaluation of its properties in previous years which resulted in revaluation surplus as follows:

	1981 - 82	1999 - 2000	2003 - 04	2007 - 08
	(Rupees in '000)			
Free hold land	580	7,009	13,440	21,000
Buildings on free hold land	765	10,582	5,781	8,678
Plant, machinery and equipment	15,174	24,651	20,524	24,616
	16,519	42,242	39,745	54,294

4.6 Had the freehold land, lease hold land, buildings on free hold land and plant and machinery not been revalued, the total carrying values as at 31 December 2012 would have been as follows:

	(Rupees in '000)
Free hold land	29
Lease hold land	18,427
Buildings on free hold land	5,290
Plant, machinery and equipment	136,578
	160,324

5. INTANGIBLE ASSETS

31 December 2012

	COST			Rate	AMORTIZATION			Written down value as on 31 December 2012
	As at 1 July 2012	Additions/ (disposals)	As at 31 December 2012	%	As at 1 July 2012	For the period	As at 31 December 2012	
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	12,963	-	12,963	30	6,105	1,601	7,706	5,257

30 June 2012

	COST			Rate	AMORTIZATION			Written down value as on 30 June 2012
	As at 1 July 2011	Additions / (disposals)	As at 30 June 2012	%	As at 1 July 2011	For the year	As at 30 June 2012	
	(Rupees in '000)				(Rupees in '000)			
Computer software and licenses	11,017	1,946	12,963	30	3,111	2,994	6,105	6,858

6. LONG TERM DEPOSITS - considered good	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Deposits:			
- against letter of guarantee		2,106	2,106
- against office premises		1,705	1,705
- to Central Depository Company of Pakistan Limited		13	13
- to Sui Southern Gas Company Limited		2,725	2,725
- others		364	364
		6,913	6,913
Provision held		(78)	(78)
		6,835	6,835
7. LONG TERM LOANS TO EMPLOYEES - Considered good - secured			
Non-executive employees	7.1	585	839
Non executive employees - sales staff	7.2	165	328
Receivable within one year		(386)	(502)
		364	665

7.1 These mark-up free loans have been given to the non-executive employees for purchase of motorcycles as per Company's Motor Cycle loan policy. They are recoverable in 36 to 57 equal monthly instalments and are secured against employees' provident fund balances.

7.2 These mark-up free loans have been given to the non-executive sales staff as per Company's Float Money policy. They are recoverable within one year from the date of disbursement and are secured against the employees' provident fund balances.

Notes to the Financial Statements

For the six months period ended 31 December 2012

8. STORES AND SPARES

	Note	31 December 2012 (Rupees in '000)	30 June 2012
Stores		12,645	12,223
Spares		4,153	2,920
		16,798	15,143
Provision against slow moving stores and spares	8.1	(3,014)	(2,727)
		13,784	12,416

8.1 Provision against slow moving stores and spares

Balance as at 1 July 2012	2,727	2,153
Charge for the period / year	287	574
Balance as at 31 December 2012	3,014	2,727

9. STOCK-IN-TRADE

	Note	31 December 2012	30 June 2012
Raw material - in hand	9.1	56,474	126,593
- in transit		127,790	139,548
		184,264	266,141
Packing material		21,926	20,507
Work-in-process		46,825	55,331
Finished goods		79,431	84,082
		332,446	426,061
Provision against slow moving and obsolete stock	9.2	(6,650)	(7,494)
		325,796	418,567

9.1 This includes stocks aggregating Rs.0.77 million (30 June 2012: Rs. 0.77 million) stated at their net realizable values as against their cost of Rs.2.58 million (30 June 2012: Rs. 2.58 million).

9.2 Provision against slow moving and obsolete stock

	Note	31 December 2012 (Rupees in '000)	30 June 2012
Balance as at 1 July 2012		7,494	3,727
(Reversal) / charge for the period / year		(844)	3,767
Balance as at 31 December 2012		6,650	7,494

10. TRADE DEBTS - unsecured

	Note	31 December 2012	30 June 2012
Considered good	10.1	55,546	54,219
Considered doubtful		1,133	1,133
		56,679	55,352
Provision against impaired debts	10.2	(1,133)	(1,133)
		55,546	54,219

10.1 Trade debts include balance amounting to Rs. 0.152 million (30 June 2012: Rs. 0.354 million) due from Treet Corporation Limited(related party).

Notes to the Financial Statements

For the six months period ended 31 December 2012

10.2 Provision against impaired debts

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Balance as at 1 July 2012		1,133	1,133
Charge for the year		-	-
Write off during the year		-	-
Balance as at 31 December 2012		1,133	1,133

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	31 December 2012	30 June 2012
Advances - considered good:			
- taxation		70,983	58,255
- to suppliers and contractors		3,322	4,670
Less: Provision held	11.1	(803)	(803)
		2,519	3,867
- to sales staff		508	508
Current maturity of loans to employees	7	386	502
Special Excise Duty receivable		206	206
Prepayments		4,099	2,230
Other receivables		1,559	1,724
		80,260	67,292

11.1 Provision against advances to suppliers and contractors

	Note	31 December 2012	30 June 2012
Balance as at 1 July 2012		803	803
Charge for the year		-	-
Balance as at 31 December 2012		803	803

12. CASH AND BANK BALANCES

	Note	31 December 2012	30 June 2012
Cash in hand		283	201
Demand drafts in hand		-	24,782
Cash at banks in - current accounts		4,032	6,930
- collection accounts		6,137	13,250
- profit and loss sharing accounts	12.1	765	525
		10,934	20,705
		11,217	45,688

12.1 These carry interest / mark-up rate ranging from 6% to 6.02% per annum (30 June 2012: 6.% to 6.5% per annum).

13. TRADE AND OTHER PAYABLES

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Trade creditors		116,059	138,290
Accrued expenses		61,096	93,424
Advances from customers		10,894	9,900
Sales tax payable	13.1	24,073	30,970
Worker's Profit Participation Fund	13.2	915	183
Worker's Welfare Fund		2,474	2,126
Accrued mark-up		1,972	2,118
Other liabilities		11,831	7,270
Dividend payable		240	-
Unclaimed dividend		698	614
		230,252	284,895

13.1 This was paid by the Company subsequent to the period ended 31 December 2012.

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
13.2 Workers' Profit Participation Fund			
Balance as on 1 July 2012		183	580
Mark-up on Workers' Profit Participation Fund	28	-	12
Contribution during the period / year	27	918	2,574
Payments during the period / year		(186)	(2,983)
Balance as at 31 December 2012		915	183

14. SHORT TERM BORROWING

Murabaha Financing		75,000	130,000

During the period the Company availed Murabaha financing (Karobar facility) from a bank to fulfil working capital requirement. The facility carries mark-up at 3 month KIBOR + 0.5% per annum and is repayable on 31 March 2013. The facility is secured by pari passu charge on current assets of the Company.

15. UNUTILISED CREDIT FACILITIES

15.1 At 31 December 2012, unutilised facilities for running finance under mark-up arrangements available from certain banks aggregated to Rs.714 million (30 June 2012: Rs. 520 million). The rate of mark-up on running facilities ranges between 3 month KIBOR + 0.5% per annum to 1 month KIBOR + 1.25% per annum (30 June 2012: 1 month KIBOR + 0.5% per annum to 1 month KIBOR + 1.25% per annum). These are secured against plant and machinery and current assets of the Company and are valid up to 31 March 2013.

15.2 At 31 December 2012, unutilised letter of credit facilities from certain banks amounted to Rs.622.210

16. TAXATION

16.1 Details of tax charge for the year

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Current			
- for the year		76	24,014
- for prior year		(5,900)	5,900
		(5,824)	29,914
Deferred	20	8,570	(12,879)
		2,746	17,035

16.2 Relationship between income tax expense and accounting profit

	31 December 2012	30 June 2012
Profit before tax	17,095	47,502
Tax at the applicable tax rate of 35% (30 June 2012: 35%)	5,983	16,626
Effect of lower tax rate on insurance commission	(169)	157
Tax effect of expenses that are not allowable in determining the taxable income	82	130
Effect of tax credit	(2,567)	-
Others	(583)	122
Tax expense	2,746	17,035

16.3 The returns of income have been filed up to and including tax year 2012 (corresponding to financial year ended 30 June 2012), while the income tax assessments have been finalized up to and including tax year 2004. The return of income for tax year 2005 to 2012 have been filed under the Universal Self Assessment Scheme and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001 unless selected for audit by the taxation authorities. The tax department had selected tax year 2011 of the Company for audit under section 177 of the Ordinance and has requested certain information to be furnished by the company.

Return for financial year ended 30 June 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order was passed in which certain disallowances were made by the taxation authorities (tax effect of which amounts to Rs. 2.8 million). The Company has filed an appeal against the subject order before the Appellate Commissioner of Income Tax (ACIT). During the year ACIT decided the appeal in favour of the Company and allowed Rs.1.740 million (tax effect) which were disallowed by the amended assessment order. The department has filed an appeal against said decision before the Income Tax Appellate Tribunal (ITAT) which is still pending The Company and its tax advisor is confident that the decision of the appellate authorities will be in the Company's favour.

16.4 The Company has not recognized minimum tax charge amounting to Rs. 4.239 million in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in next five years against which such liability would be adjusted.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

31 December 2012	30 June 2012		31 December 2012	30 June 2012
(Numbers of shares)			(Rupees in '000)	
3,550,000	3,550,000	Fully paid ordinary shares of Rs.10 each issued for cash	35,500	35,500
50,000	50,000	Fully paid ordinary shares of Rs.10 each issued for consideration other than cash	500	500
1,724,000	1,724,000	Fully paid ordinary shares of Rs.10 each issued as bonus shares	17,240	17,240
5,324,000	5,324,000		53,240	53,240

At 31 December 2012, 173,691 (30 June 2012: 173,691) shares of the company were held by associated companies.

18. SURPLUS ON REVALUATION OF FIXED ASSETS- net of tax

	31 December 2012	30 June 2012
	(Rupees in '000)	
Balance as on 1 July 2012	115,728	121,902
Transferred to accumulated profit in respect of incremental depreciation charged during the year	(1,821)	(4,013)
Related deferred tax liability	(980)	(2,161)
	112,927	115,728
Less:		
Related deferred tax liability at beginning of the period / year	25,793	27,954
On incremental depreciation for the period / year	(980)	(2,161)
	24,813	25,793
Balance as on 31 December 2012	88,114	89,935

19. DEFERRED STAFF LIABILITIES

19.1 Gratuity and staff retirement benefit schemes

The Company operates two unfunded defined benefit plans namely gratuity scheme and staff retirement benefit scheme for its permanent eligible employees. Gratuity / retirement benefit is payable under the scheme to employees on cessation of employment on the following grounds:

- Death
- Retirement
- Resignation

The latest actuarial valuations of the above gratuity / retirement benefit schemes were carried out as at 31 December 2012 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the schemes are as follows:

	Gratuity Scheme		Staff retirement benefits scheme	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012
	(%)	(%)	(%)	(%)
Valuation discount rate	11.5	12.5	11.5	12.5
Salary increase rate	11.5	12.5	11.5	12.5

19.2 Payable to defined benefit schemes

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012	31 December 2012	30 June 2012
	(Rupees in '000)					
Present value of defined benefit obligations	48,031	47,719	25,116	24,105	73,147	71,824
Unrecognised past service cost	-	-	-	-	-	-
Net payable recognised as at the year-end	48,031	47,719	25,116	24,105	73,147	71,824

19.3 Movement in balance payable

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012	31 December 2012	30 June 2012
Opening balance	47,719	43,262	24,105	21,952	71,824	65,214
Expense recognised	3,496	8,551	1,779	3,662	5,275	12,213
Benefits paid	(3,184)	(4,094)	(768)	(1,509)	(3,952)	(5,603)
Closing balance	48,031	47,719	25,116	24,105	73,147	71,824

19.4 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012	31 December 2012	30 June 2012
	(Rupees in '000)					
Present value of obligation as at 1 July 2012	47,719	43,262	24,105	21,952	71,824	65,214
Current service cost	2,063	3,290	407	713	2,470	4,003
Interest cost	2,982	6,057	1,471	3,075	4,453	9,132
Benefits paid	(3,184)	(4,094)	(768)	(1,509)	(3,952)	(5,603)
Past service cost - vested	-	-	-	12	-	12
Actuarial (gains) / losses	(1,549)	(796)	(99)	(138)	(1,648)	(934)
Present value of obligation as at 31 December 2012	48,031	47,719	25,116	24,105	73,147	71,824

19.5 Charge for defined benefit plans and other benefits

The following amounts have been charged to the profit and loss account in respect of defined benefit plan and other benefits:

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012	31 December 2012	30 June 2012
	(Rupees in '000)					
Current service cost	2,063	3,290	407	713	2,470	4,003
Interest cost	2,982	6,057	1,471	3,075	4,453	9,132
Net actuarial (gains) / losses recognised	(1,549)	(796)	(99)	(138)	(1,648)	(934)
Recognised past service cost	-	-	-	12	-	12
	3,496	8,551	1,779	3,662	5,275	12,213

19.6 Expected accrual of expenses in respect of gratuity scheme and retirement benefit scheme in the next financial year on the advice of the actuary are as follows:

	2013 (Rupees in '000)
Gratuity scheme	9,979
Staff retirement benefits scheme	3,633

19.7 Historical information of obligation

	Gratuity Scheme				
	31 December 2012	30 June 2012	30 June 2011	30 June 2010	30 June 2009
	(Rupees in '000)				
Present value of obligation	48,031	47,719	43,262	40,156	35,832
Actuarial (gains) / losses on obligation	(1,549)	(796)	1,926	(143)	290

	Staff retirement benefits scheme				
	31 December 2012	30 June 2012	30 June 2011	30 June 2010	30 June 2009
	(Rupees in '000)				
Present value of obligation	25,116	24,105	21,964	20,823	20,462
Actuarial gains / (losses) on obligation	(99)	138	(740)	633	805

20. DEFERRED TAX LIABILITY -net

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

	Balance as at 1 July 2011	Recognized in profit and loss	"Balance at 30 June 2012"	Recognized in profit and loss	"Balance at 31 December 2012"
	(Rupees in '000)				
Taxable temporary difference:					
-on accelerated tax depreciation	35,091	(986)	34,105	3,918	38,023
-on surplus on revaluation of fixed assets	27,954	(2,161)	25,793	(980)	24,813
-on minimum tax	-	(5,900)	(5,900)	5,900	-
Deductible temporary differences:					
-on provision for gratuity and retirement benefits	22,825	(2,314)	25,139	(462)	25,601
-on provision against slow moving stock and doubtful debts	2,762	(1,518)	4,280	195	4,085
Net deferred tax liability	37,458	(12,879)	24,579	8,570	33,149

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs.7.02 million (30 June 2012: Rs. 7.02 million).

21.1.2 Post dated cheques of Rs.47.43 million (30 June 2012: Rs.114.854 million) have been issued to Collector of Customs against partial exemption of import levies.

21.2 Commitments

21.2.1 Commitments under letters of credit for the import of stock in trade items at 31 December 2012 amounted to Rs.65.517 million (30 June 2012: Rs. 135.179 million).

Notes to the Financial Statements

For the six months period ended 31 December 2012

22. NET SALES

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Gross sales		1,026,196	2,282,008
Sales tax		(156,338)	(346,975)
Trade discount		(53,407)	(105,759)
Rebate and sales return		(58)	(19)
		(209,803)	(452,753)
		816,393	1,829,255

22.1 Principal business of the Company is sale of home and personal care products, majority of which are taxed as per third schedule of Sales Tax Act, 1990 (retail price basis). Value for the application of sales tax amounted to Rs. 977.113 million (30 June 2012: Rs. 2,168.568 million).

23. COST OF SALES

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Raw and packing material consumed	23.1	474,000	1,184,930
Salaries, wages and other benefits	23.2	52,402	94,328
Fuel and power		27,746	58,899
Depreciation / amortisation	4.4	10,664	21,750
Provision for slow moving and obsolete stock	9.2	-	3,767
Stores and spares consumed		4,124	8,230
Freight and handling material		2,453	7,499
Rent, rates and taxes		497	818
Travelling and conveyance		2,999	4,168
Insurance		1,296	2,954
Contribution to the provident fund		987	1,737
Repairs and maintenance		929	2,499
Postage, telegrams and telephones		240	534
Printing and stationery		203	357
Subscription		6	18
Product research and development		211	352
Legal charges		15	108
Provision for slow moving stores and spares	8.1	287	574
Professional fee		33	87
Other expenses		1,564	3,488
		580,656	1,397,097
Opening stock of work-in-process		55,331	40,947
Closing stock of work-in-process		(46,825)	(55,331)
Cost of good manufactured		589,162	1,382,713
Opening stock of finished goods		84,082	24,486
Closing stock of finished goods		(79,431)	(84,082)
		593,813	1,323,117

23.1 Raw and packing material consumed

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Opening stock		147,100	138,088
Purchases		405,300	1,193,942
		552,400	1,332,030
Closing stock		(78,400)	(147,100)
		474,000	1,184,930

23.2 Salaries, wages and other benefits include Rs.3.944 million (30 June 2012: Rs. 9.045 million) in respect of the accrual for defined benefit obligations of the Company.

24. SELLING AND DISTRIBUTION EXPENSES

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Advertising & Promotional expenses		47,782	167,410
Salaries, wages and other benefits	24.1	41,144	68,898
Freight, distribution and handling		25,169	46,641
Travelling and conveyance		10,753	18,845
Product research and development		5,764	8,958
Insurance		1,773	3,272
Depreciation / amortisation	4.4	2,775	5,648
Postage and telegram		2,354	3,185
Rent, rates and taxes		1,270	2,730
Repairs and maintenance		176	341
Printing and stationery		317	717
Contribution to the provident fund		1,009	1,690
Legal charges		190	300
Utilities		370	387
Other expenses		2,145	3,005
		142,991	332,027

24.1 These include Rs.0.567 million (30 June 2012: Rs. 1.60 million) in respect of the accrual for defined benefit obligations of the Company.

Notes to the Financial Statements

For the six months period ended 31 December 2012

25. ADMINISTRATIVE EXPENSES

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Salaries, wages and other benefits	25.1	32,316	64,654
Depreciation / amortisation	4.4	3,969	7,786
Professional fee		1,557	4,580
Rent, rates and taxes		4,236	8,054
Fuel and power		1,263	3,207
Printing and stationery		650	1,525
Travelling and conveyance		1,999	3,748
Repairs and maintenance		1,260	1,904
Postage, telegrams and telephones		1,071	1,764
Contribution to the provident fund		549	960
Trainings and seminars		74	404
Insurance		340	584
Auditors' remuneration	25.2	430	628
Directors' fee		270	600
Legal charges		39	95
Charity and donation		60	371
Computer expenses		81	204
Other expenses		1,003	1,127
		51,167	102,195

25.1 These include Rs. 0.764 million (30 June 2012: Rs. 1.568 million) in respect of the accrual for defined benefit obligations of the Company.

25.2 Auditors' remuneration	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Audit fee		350	400
Fee for half yearly review		-	100
Fee for the review of Code of Corporate Governance		50	40
Fee for other certifications		-	10
Out of pocket expenses		30	78
		430	628

26. OTHER OPERATING INCOME

	Note	31 December 2012	30 June 2012
Return / income on financial assets			
Return on bank deposits		61	433
Income from non-financial assets			
Gain / (loss) on disposal of fixed assets	4.3	507	2,704
Scrap sales	26.1	1,022	3,157
Insurance claim		-	777
Insurance commission		676	626
Others		-	664
		2,266	8,361

Notes to the Financial Statements

For the six months period ended 31 December 2012

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
26.1 Gross Scrap Sales		1,174	3,655
Less: Sales Tax		(152)	(498)
Net Scrap Sales		1,022	3,157

27. OTHER OPERATING EXPENSES

	Note	31 December 2012	30 June 2012
Workers' Welfare Fund		349	1,397
Workers' Profit Participation Fund	13.2	918	2,574
Foreign exchange loss		2,562	5,802
		3,829	9,773

28. FINANCIAL EXPENSES

	Note	31 December 2012	30 June 2012
Mark-up on:			
- Short term borrowings/Running finance	28.1	8,993	22,027
- Worker's Profit Participation Fund	13.2	-	12
Bank charges and commission		771	963
		9,764	23,002

28.1 These carry interest / mark-up rate ranging from10.63% to 13.39% per annum (30 June 2012: 12.38% to 14.87% per annum).

29. EARNINGS PER SHARE- basic and diluted

	31 December 2012	30 June 2012
Profit for the year	14,349	30,467
	(Number of shares)	
Weighted average number of ordinary shares	5,324,000	5,324,000
	(Rupees)	
Earnings per share	2.70	5.72

29.1 Diluted earnings per share has not been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives: Key Management Personnel		Executives: Others	
	Six months ended 31 December 2012	Year ended 30 June 2012	Six months ended 31 December 2012	Year ended 30 June 2012	Six months ended 31 December 2012	Year ended 30 June 2012	Six months ended 31 December 2012	Year ended 30 June 2012
	(Rupees in '000)							
Remuneration	1,863	3,240	8,838	16,068	6,689	9,487	3,270	1,041
Provident fund	186	324	-	-	541	907	300	82
Special pay	1,066	1,854	-	-	5,005	6,377	2,197	685
Housing and utilities	1,026	1,815	27	75	3,822	5,475	1,933	584
Medical	186	324	-	-	216	310	160	98
Incentive	-	760	8,034	14,843	-	1,578	37	317
Gratuity	155	270	-	-	432	791	192	87
	4,482	8,587	16,899	30,986	16,705	24,925	8,089	2,894
Number of persons	1	1	1	1	8	6	9	3

The chief executive and certain executives of the Company are provided with free use of cars and medical facilities in accordance with their entitlements.

30.1 Remuneration of non-executive directors

In addition to the above, aggregate amount charged in these financial statements for director's fee paid to non-executive directors was Rs. 0.270 million (30 June 2012: Rs. 0.600 million).

31. FINANCIAL INSTRUMENTS

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	31 December 2012	30 June 2012
	(Rupees in '000)	
Long term deposits	6,835	6,835
Loans to employees	585	839
Trade debts	55,546	54,219
Other receivables	1,559	1,724
Bank balances	10,934	45,487
	75,459	109,104

All the above exposure relates to domestic customers / entities or individuals only.

The maximum exposure to credit risk of the above financial assets at the balance sheet date by type of customer / entity, etc is as follows:

Distributors / retailers	55,546	54,120
End-user customers	-	99
Banks	13,040	47,593
Others	6,873	7,292
	75,459	109,104

As at the year end the Company's most significant trade debts customers included a distributor / retailer from whom Rs.41.008 million was due (30 June 2012: Rs.28.842 million).

Management of credit risk

To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security / advance payments, wherever considered necessary). Cash is held only with reputable banks with high quality credit worthiness.

Impairment losses and past due balances

The age analysis of trade debts at the balance sheet date was as follows:

	31 December 2012		30 June 2012	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1-60 days	40,841	-	51,983	-
Past due 61 days -1 year	14,705	-	2,236	-
More than one year	1,133	1,133	1,133	1,133
Total	56,679	1,133	55,352	1,133

Based on the past experience, consideration of financial position, past tracks records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these financial statements. None of the other financial assets are past due or impaired. Movement of provision against trade debts is disclosed in note 10.2.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	31 December 2012			
	Carrying amount	Contractual cash flows	Six months or less	More than six months
	(Rupees in '000)			
Non-Derivative Financial Liabilities				
Long term deposits	450	450	-	450
Short term borrowing	75,000	75,000	75,000	-
Trade and other payables	230,252	230,252	230,252	-
	305,702	305,702	305,252	450

	30 June 2012			
	Carrying amount	Contractual cash flows	Six months or less	More than six months
	(Rupees in '000)			
Non-Derivative Financial Liabilities				
Long term deposits	450	450	-	450
Short term borrowing	130,000	130,000	130,000	-
Trade and other payables	241,716	241,716	241,716	-
	372,166	372,166	371,716	450

31.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

31.3.1 Currency risk

Foreign currency risk is the risk that the value of financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where payables exist due to transactions entered in foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk on trade credit liability that is denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

	31 December 2012		30 June 2012	
	Rupees In '000	US Dollars	Rupees In '000	US Dollars
Trade creditors/ trade credit liability	65,164	670,826	63,712	676,348
Gross balance sheet exposure	65,164	670,826	63,712	676,348
Estimated committed purchases as at the year end	65,517	674,460	135,179	1,435,021
Gross exposure	130,681	1,345,286	198,891	2,111,369

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtains forward cover against the net exposure.

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012
Rupees / US Dollars	95.65	89.44	97.10	94.20

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at the period ended 31December 2012 would have increased / (decreased) equity and profit and loss account by Rs. 3.258 million (30 June 2012: Rs. 3.185 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for June 2012.

31.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's interest rate exposure arises on deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Carrying amount	
	31 December 2012	30 June 2012
	(Rupees in '000)	
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	765	525
Financial liabilities	75,000	130,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and the equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would not have a material impact on equity and profit for the year ended 31 December 2012 and 30 June 2012.

31.3.3 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

Notes to the Financial Statements

For the six months period ended 31 December 2012

32. PLANT CAPACITY AND PRODUCTION

	31 December 2012	30 June 2012
	(Metric Tons)	
Soap		
Assessed / rated	10,500	10,500
Actual production	3,360	8,448

Due to the growing competition and easy availability of foreign brands of soap, the assessed plant capacity could not be fully utilized.

33. TRANSACTIONS WITH RELATED PARTIES

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

	Note	31 December 2012	30 June 2012
		(Rupees in '000)	
Associated Companies			
Sale of goods		109	209
Services rendered		-	927
Purchase of goods		677	3,844
Services received		5,418	7,291
Dividend paid		521	1,807
Other related parties			
Contribution to the employees' provident fund	33.1	2,545	4,388
Directors and Chief Executive Officer (Key management personnel)			
Dividend paid		5,934	2,993

Detail of balances with a related party is disclosed in note 10.1 to these financial statements.

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

33.2 Details of remuneration of key management personnel in accordance with their terms of employment, etc are given in note 30.

33.3 Other transactions with related parties are at agreed terms and dividend payment and bonus issues are at the rates approved by the shareholders.

34. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no change in the reportable segments during the year.

Revenue from major customers is Rs. 107.58 million (30 June 2012: Rs. 277.01 million), which account for more than 10% of total revenue of the company.

The Company is domiciled in Pakistan. The Company's revenue is generated substantially from the sale of home and personal care products.

All non-current assets of the Company at the period ended 31 December 2012 are located in Pakistan.

35. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 21, 2013 has proposed a cash dividend of Rs.1.50 per share (30 June 2012: Rs. 3.0 per share) amounting to Rs. 7.986 million (30 June 2012: Rs. 15.972 million) for approval by the members of the company in forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2012 do not include the effect of the proposed cash dividend, which will be accounted for in the financial statements for the year ending 31 December 2013.

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on February 21, 2013.

Mrs. Feriel Ali Mehdi Chairman	Mr. Mubashir Hasan Ansari Chief Executive Officer

Pattern of Shareholding

As at December 31, 2012

Number of shareholders	Share Holding From	To	Total shares held	Percentage
891	1	100	15,285	0.2871
188	101	500	45,515	0.8549
34	501	1000	25,239	0.4741
44	1001	5000	99,114	1.8616
7	5001	10000	44,703	0.8397
5	10001	15000	68,537	1.2873
1	15001	20000	19,200	0.3606
2	20001	25000	42,923	0.8062
1	25001	30000	29,486	0.5538
3	30001	35000	93,301	1.7525
2	40001	45000	88,053	1.6539
1	110001	115000	114,835	2.1569
1	170001	175000	173,191	3.2530
1	195001	200000	200,000	3.7566
1	200001	205000	200,051	3.7575
1	315001	320000	319,672	6.0044
1	340001	345000	340,859	6.4023
1	510001	515000	513,419	9.6435
1	515001	520000	520,000	9.7671
1	600001	605000	601,788	11.3033
1	840001	845000	844,600	15.8640
1	920001	925000	924,229	17.3597
1	920001	925000	924,229	17.3597
1189			5,324,000	100.0000

Pattern of Shareholding

As at December 31, 2012

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Directors & their Spouses			
Mrs. Feriel Ali- Mehdi - Chairman / CEO	3	521,141	9.7885
Mr. Mujahid Hamid - Director	2	602,288	11.3127
Syed Yawar Ali - Director	4	865,195	16.2508
Syeda Nighat Ali w/o Syed Yawar Ali	2	7,837	0.1472
Mr. Shahid Nazir Ahmed - Director	1	665	0.0125
Mr. Zafar Ahmed Siddiqui - Director	1	500	0.0094
Mr. Omer Ehtisham - Director	1	665	0.0125
Executives		Nil	
Associated Companies			
Treet Corporation Limited	1	500	0.0094
IGI Insurance Limited	1	173,191	3.2530
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	114,835	2.1569
Banks; DFIs; NBFCs; Insurance, Takaful, Modarbas & Pension Funds			
National Bank of Pakistan-Trustee Department Ni(U)T Fund	1	340,859	6.4023
National Investment Trust Limited	1	8,777	0.1649
National Bank of Pakistan	2	51,648	0.9701
MCB Bank Limited - Treasury	1	30,537	0.5736
State Life Insurance Corporation of Pakistan	1	30,316	0.5694
Shareholders holding five percent or more voting rights in the Company			
Shareholders holding five percent or more voting rights More Voting Interest In The Company			
Mrs. Fakhre Jehan Begum	2	953,715	17.9135
Syed Muhammad Zeyd Ali	1	513,419	9.6435
Mr. Munaf Ibrahim	1	520,000	9.7671
Individuals	1147	583,116	10.9526
Others			
Joint Stock Companies	14	4,578	0.0860
Abandoned Properties	1	218	0.0041
	1189	5,324,000	100.0000

Pattern of Shareholding

As at December 31, 2012

Additional Information

Information on shareholding required under reporting framework of the Code of Corporate Governance is as follows:

Shareholders' Category	Number of Shareholders	Number of Shares held
Associated Companies, undertakings and related parties	2	173,691
Mutual Funds		
Golden Arrow Selected Stocks Fund Limited	1	114,835
Directors and their spouses and minor children		
Mrs. Feriel Ali- Mehdi	3	521,141
Mr. Mujahid Hamid	2	602,288
Syed Yawar Ali	5	865,195
Syeda Nighat Ali w/o Syed Yawar Ali	2	7,837
Mr. Shahid Nazir Ahmed	1	665
Mr. Zafar Ahmed Siddiqui	1	500
Mr. Omer Ehtisham	1	665
Executives		Nil
Public Sector Companies & corporations		Nil
Banks; DFIs; NBFCs; Insurance, Takaful, Modarbas & Pension Funds	6	462,137
Shareholders holding five percent or more voting rights		
Mrs. Fakhre Jehan Begum	2	953,715
Syed Muhammad Zeyd Ali	1	513,419
Mr. Munaf Ibrahim	1	520,000

Trading of shares by Chief Executive Officer, Directors, Chief Financial Officer & Company Secretary, Executives, their spouses and minor children:

Purchase of shares	No, of shares
Chief Executive Officer	26,248
Syed Yawar Ali	708
CFO & Company Secretary	NIL
Executives	NIL
Spouses	NIL

Sale of shares	No, of shares
Chief Executive Officer	30,902
CFO & Company Secretary	NIL
Executives	NIL
Spouses	NIL

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-third Annual General Meeting of ZIL Limited will be held on Tuesday, April 23, 2013 at 11:00 am. at The Royal Rodale, Plot No. Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on Tuesday, October 23, 2012.

2. To receive, consider and approve the Audited Financial Statements of the Company for the transitional period of six months ended December 31, 2012 together with the directors' and auditors` report thereon.

3. To approve as recommended by directors a final cash dividend @15% i.e. Rs.1.50 per share.

4. To consider the appointment of statutory auditors for annual audit (for the year ending December 2013), half yearly review (for the period ending June 30, 2013), review of code of corporate governance compliance and to fix their remuneration for the same.

By order of the Board

Ata-ur-Rehman Shaikh
Company Secretary

Karachi: February 21, 2013

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 17, 2013 to April 23, 2013 (both days inclusive).

2. A member entitled to attend and vote at the general meeting is entitled to appoint another person as proxy to attend and vote in his place, in the case of company, by a representative duly authorized.

3. The instrument appointing a proxy must be received at the registered office of the Company not less than forty-eight hours before the time of the meeting.

4. Members are requested to notify the change in their addresses, if any, immediately to the Share Registrars of the company, M/s THK Associates (Pvt) Ltd. Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530.

5. CDC Account Holders will further have to follow the guidelines as laid down by the Securities & Exchange Commission of Pakistan.

Form of Proxy

The Secretary
ZIL Limited
12th Floor, Executive Tower,
Dolmen City, Marine Drive,
Block IV, Clifton, Karachi

I/We ....

of.................................being a member of ZIL Limited and holding.........................ordinary

shares as per Share Register Folio No. and/or CDC Participant I.D. No................................

and Sub-Account No.........................hereby appoint...,

..................................of ....or failing him
....of .... as

my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Tuesday, April 23, 2013 at 11:00 am. at the Royal Rodale, Plot no Tc-V, 34th Street, Khayaban-e-Sehar, Phase-V Ext., DHA, Karachi, Pakistan and at any adjournment thereof.

Witnesses:

1. Signature:
   Name:
   Address:

CNIC or
Passport No.

II. Signature:
   Name:
   Address:

CNIC or
Passport No.

Signature on
Rupees Five
Revenue Stamp

The Signature should agree with the specimen registered with the Company

Signature of Proxy

Notes:

The instrument appointing a proxy must be received at the registered office of the Company not less then forty eight hours before the meeting.

CDC Shareholders and their Proxies are each requested to attach and attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

ZIL
LIMITED

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Marine Drive, Block IV, Clifton, Karachi - Pakistan.
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Fax: +9221 35297585
Website: www.zil.com.pk