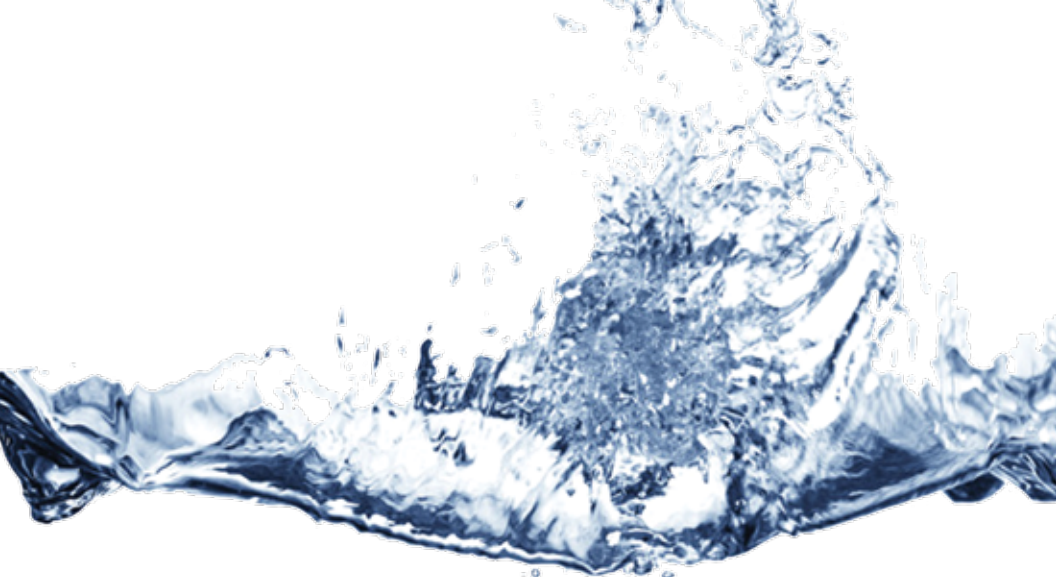


1<sup>st</sup> Quarter Ended  
March 31, 2013



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Naturally





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# Corporate Information

## Board of Directors

Mrs. Ferial 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. Nessar Ahmed  
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.

# Director's Review

The Directors of the Company are pleased to present the unaudited financial results of the company for the quarter ended March 31, 2013.

## Overview

The turnaround achieved in October to December quarter of 2012 sustained its momentum in January to March quarter of 2013. Resultantly, Sales revenue grew by 46% during this period as compared to similar period of previous year. Sustained focus on input costs and a better product mix helped improve gross margins.

Financial results for the period under review are as follows:

	Quarter ended March 31, 2013	Quarter ended March 31, 2012
	Rupees in '000	
Sales	382,807	262,626
Gross profit	108,513	59,426
Profit / (Loss) after taxation	635	(23,213)

The company is focused on consolidation of the current business and exploration of new fields within skin care categories.

## Future Outlook

Political uncertainty, higher input costs, influx of imported soaps, and poor security situation continue to pose significant challenges to the business. Despite all these hindrances, the Company, with its positive outlook, is committed to further improving its performance through market penetration, promotional initiatives, innovation, cost effective programmes and organization development.

All efforts will be made to convert challenges into opportunities and focus energies towards sustainable growth and development of the business.

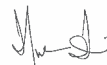
## Acknowledgement

We wish to thank our customers for their continued support. We also take this opportunity to thank our suppliers, bankers and distributors for providing us their valuable support. Finally we wish to thank our staff members for their commitment towards the development of the Company.

On behalf of the Board of Directors



Mrs. Ferial Ali Mehdi  
Chairman



Mr. Mubashir Hasan Ansari  
Chief Executive Officer


Karachi: April 24, 2013

# Condensed Interim Balance Sheet

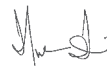
As at 31 March 2013

	Notes	31 March 2013 (Unaudited) (Rupees in '000)	31 December 2012 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	369,388	365,952
Intangible assets		4,458	5,257
Long term deposits		6,838	6,835
Long term loans to employees		195	364
<b>CURRENT ASSETS</b>			
Stores and spares		14,018	13,784
Stock-in-trade	7	368,441	325,796
Trade debts		57,587	55,546
Advances, deposits, prepayments and other receivables		88,399	80,260
Cash and bank balances	8	15,798	11,217
		544,244	486,603
<b>CURRENT LIABILITIES</b>			
Running finance	8.1	9,409	-
Murabaha Financing	8.2	155,500	75,000
Trade and other payables		204,830	230,252
Taxation		29,343	31,728
		399,082	336,980
<b>NET CURRENT ASSETS</b>			
		145,162	149,623
<b>NET ASSETS</b>			
		526,041	528,031
<b>FINANCED BY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 10,000,000 (31 Dec 2012: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital		53,240	53,240
Reserves		281,434	279,931
		334,674	333,171
Surplus on revaluation of fixed assets - net of tax		87,243	88,114
<b>NON-CURRENT LIABILITIES</b>			
Long term deposits		450	450
Deferred staff liabilities		68,572	73,147
Deferred tax liability - net		35,102	33,149
		526,041	528,031
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Mrs. Ferial Ali Mehdi  
Chairman



Mr. Mubashir Hasan Ansari  
Chief Executive Officer

# Condensed Interim Profit and Loss Account (Unaudited)

For the quarter ended 31 March 2013

	Notes	Quarter ended	
		31 March 2013	31 March 2012
		(Rupees in '000)	
Net sales	10	382,807	262,626
Cost of Sales	11	(274,295)	(203,199)
Gross profit		108,513	59,426
Selling and distribution expenses		(74,096)	(65,420)
Administrative expenses		(31,291)	(24,510)
		(105,387)	(89,930)
		3,126	(30,504)
Other operating income		1,225	2,404
Other operating expenses		(366)	400
		3,985	(27,700)
Finance cost		(3,788)	(7,707)
Profit before taxation		197	(35,407)
Taxation		437	12,194
Profit after taxation		635	(23,213)

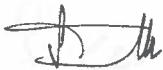
(Rupees)

Earnings per share - basic and diluted

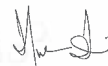
0.12

(4.36)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Mrs. Feriel Ali Mehdi  
Chairman



Mr. Mubashir Hasan Ansari  
Chief Executive Officer

# Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended 31 March 2013

Notes	Quarter ended	
	31 March 2013	31 March 2012
(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	Cash generated from operations	(139,818)
12	(52,656)	(139,818)
	Income tax paid	(5,195)
	Gratuity paid	(661)
	Retirement benefits paid	(573)
	Profit received on short term deposit	43
	Mark-up paid	(4,665)
	(21,007)	(11,051)
	Net cash flows from operating activities	(150,869)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	Capital expenditure	(33,644)
	(11,664)	(33,644)
	Proceeds from disposal of fixed assets	1,235
	-	1,235
	Net cash flows from investing activities	(32,409)
	(11,664)	(32,409)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Dividend paid	(0.03)
	-	(0.03)
	Short Term Loan & Murabaha	88,178
	80,500	88,178
	Net cash flows from financing activities	88,178
	(4,827)	(95,099)
	Net (decrease) / increase in cash and cash equivalents	(95,099)
	Cash and cash equivalents at beginning of the period	(25,048)
	11,217	(25,048)
	Cash and cash equivalents at end of the period	(120,147)
	6,389	(120,147)
<b>Cash and cash equivalents comprise of</b>		
	Cash and bank balances	23,055
	15,798	23,055
	Running finance under mark up arrangements	(143,201)
	(9,409)	(143,201)
	6,389	(120,147)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Mrs. Feriel Ali Mehdi  
Chairman



Mr. Mubashir Hasan Ansari  
Chief Executive Officer



# Condensed Interim Statement of Changes in Equity (Unaudited)

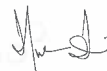
For the quarter ended 31 March 2013

	Issued, subscribed and paid up capital	Revenue reserve		Total reserves	Total
		General reserve	Unappropriated profit		
(Rs. in '000)					
<b>Balance as at 1 July 2011</b>	53,240	6,000	249,901	255,901	309,141
<b>Transactions with owners recorded directly in equity</b>					
Final dividend paid for the year ended 30 June 2011	-	-	(10,648)	(10,648)	(10,648)
Total comprehensive income for the nine months period ended 31 March 2012-Profit for the period	-	-	16,873	16,873	16,873
Transferred from surplus on revaluation of fixed assets -net of deferred Tax	-	-	3,010	3,010	3,010
	-	-	19,883	19,883	19,883
<b>Balance as at 31 March 2012</b>	53,240	6,000	259,136	265,136	318,376
Total comprehensive income for the three months period ended 30 June 2012	-	-	13,594	13,594	13,594
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	1,003	1,003	1,003
	-	-	14,597	14,597	14,597
<b>Balance as at 30 June 2012</b>	53,240	6,000	273,733	279,733	332,973
<b>Transactions with owners recorded directly in equity</b>					
Final dividend paid for the year ended 30 June 2012	-	-	(15,972)	(15,972)	(15,972)
Total comprehensive income for the six months period ended 31 Dec 2012-Profit for the period	-	-	14,349	14,349	14,349
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	1,821	1,821	1,821
	-	-	16,170	16,170	16,170
<b>Balance as at 31 Dec 2012</b>	53,240	6,000	273,931	279,931	333,171
Total comprehensive income for the three months period ended 31 March 2013-Profit for the period	-	-	635	635	635
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	869	869	869
	-	-	1,504	1,504	1,504
<b>Balance as at 31 March 2013</b>	53,240	6,000	275,434	281,434	334,674

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Mrs. Feriel Ali Mehdi  
Chairman



Mr. Mubashir Hasan Ansari  
Chief Executive Officer

# Condensed Interim Statement of Comprehensive Income (Unaudited)

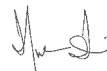
For the quarter ended 31 March 2013

Notes	Quarter ended	
	31 March 2013	31 March 2012
	(Rupees in '000)	
Profit / (loss) for the period	635	(23,213)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>635</u>	<u>(23,213)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Mrs. Ferial Ali Mehdi  
Chairman



Mr. Mubashir Hasan Ansari  
Chief Executive Officer

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

## 1. STATUS AND NATURE OF BUSINESS

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

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

## 2. BASIS FOR PRESENTATION

### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the approved international accounting standard “Interim Financial Reporting” (IAS 34) as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company’s annual financial statements as at and for the six months ended 31 Dec 2012.

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

### 2.2 Functional and presentation currency

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the six months period ended 31 Dec 2012 .

## 4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as for the six months period ended 31 Dec 2012.

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

## 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the six months period ended 31 Dec 2012.

	Notes	31 March 2013 (Unaudited)	31 December 2012 (Audited)
(Rupees in '000)			
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	348,510	346,829
Capital work-in-progress	6.2	20,878	19,123
		<u>369,388</u>	<u>365,952</u>

### 6.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
(Rupees in '000)			
Plant, Machinery & Equipment	6,583	-	-
Computers	942	-	-
Vehicles	2,387	-	-
	<u>9,912</u>	<u>-</u>	<u>-</u>

### 6.2 Capital work-in-progress

	Notes	31 March 2013 (Unaudited)	31 December 2012 (Audited)
(Rupees in '000)			
Opening balance		19,123	32,880
Additions during the period	6.2.1	11,092	22,996
		<u>30,214</u>	<u>55,876</u>
Transfers during the period		(9,336)	(36,754)
		<u>20,878</u>	<u>19,123</u>

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

7. STOCK-IN-TRADE	31 March 2013 (Unaudited)	31 December 2012 (Audited)
	(Rupees in '000)	
Raw materials – in hand	92,448	56,474
– in transit	79,113	127,790
	171,561	184,264
Packing materials	37,307	21,926
Work-in-process	50,650	46,825
Finished goods	114,609	79,431
	374,127	332,446
Provision against slow moving stock-in-trade	(5,686)	(6,650)
	<u>368,441</u>	<u>325,796</u>

8. CASH AND BANK BALANCES	31 March 2013 (Unaudited)	31 December 2012 (Audited)
	(Rupees in '000)	
Cash in hand	100	283
Cash at banks in – current accounts	4,642	4,032
– collection accounts	10,367	6,137
– profit and loss sharing accounts	689	765
	15,698	10,934
	<u>15,798</u>	<u>11,217</u>

8.1 Running finance under mark up arrangement facility carries mark up rate of 1 month's KIBOR + 1.25%

8.2 Short term Loan and Murabaha financing carries mark up rate of respective periods' KIBOR + 0.5%.

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

## 9. CONTINGENCIES AND COMMITMENT

### 9.1 Contingencies

9.1.1 Bank guarantees aggregating to Rs. 7.02 million (31 Dec 2012: 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas.

9.1.2 Post dated cheques of Rs. 47.04 million (31 Dec 2012: Rs. 47.43 million) have been issued to Collector of Customs against partial exemption of import levies.

### 9.2 Commitment

Commitments under letters of credit for the import of stock-in-trade items amounting to Rs. 9.638 million (31 Dec 2012: Rs. 65.517 million).

	Quarter ended	
	31 March 2013	31 March 2012
10. NET SALES	(Rupees in '000)	
Gross sales	484,537	340,665
Sales tax	(73,502)	(51,829)
Trade promotion discount	(28,156)	(26,209)
Rebate and sales return	(72)	(1)
	<u>(101,730)</u>	<u>(78,039)</u>
	<u>382,807</u>	<u>262,626</u>

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

	Quarter ended	
	31 March 2013	31 March 2012
	(Rupees in '000)	
<b>11. COST OF SALES</b>		
Raw and packing materials consumed	254,583	213,827
Stores and spares consumed	2,081	1,685
Salaries, wages and other benefits	29,443	23,155
Contribution to the provident fund	571	453
Repair and maintenance	421	697
Fuel and power	15,811	11,032
Rent, rates and taxes	33	50
Insurance	777	856
Product research and development	149	63
Travelling & conveyance	1,197	1,086
Printing & stationery	65	80
Postage & telephone	199	156
Legal charges	9	89
Professional fee	-	16
Subscription	11	11
Depreciation / Amortisation	5,510	5,482
Freight and handling material	1,558	1,823
Other expenses	879	616
	<b>313,298</b>	<b>261,176</b>
Opening stock of work-in-process	46,825	53,038
Closing stock of work-in-process	(50,650)	(64,673)
Cost of goods manufactured	<b>309,472</b>	<b>249,541</b>
Opening stock of finished goods	79,431	82,250
Closing stock of finished goods	(114,609)	(128,592)
	<b>274,295</b>	<b>203,199</b>

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

	Quarter ended	
	31 March 2013	31 March 2012
	(Rupees in '000)	
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	197	(35,407)
Adjustments for:		
Mark-up expense	3,788	7,706
Depreciation / amortisation	9,028	8,963
Provision for gratuity	2,495	2,327
Provision for staff retirement benefits	908	936
Reversal of provision in disposal of Provided stock	(964)	-
Profit on short term deposit	(19)	(43)
Gain on disposal of fixed assets	-	(881)
	<u>15,236</u>	<u>19,008</u>
Operating profit before working capital changes	15,433	(16,398)
(Increase) / Decrease in operating assets:		
Stores and spares	(235)	(613)
Stock-in-trade	(41,682)	(113,855)
Trade debts	(2,042)	1,388
Loans and Advances	175	(302)
Advances, deposits, prepayments and other receivables	567	1,739
	<u>(43,217)</u>	<u>(111,643)</u>
Increase / (decrease) in operating liabilities:		
Trade and other payables	(24,872)	(11,777)
Cash generated from operations	<u>(52,656)</u>	<u>(139,818)</u>



# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

## 13. TRANSACTIONS AND BALANCE WITH RELATED PARTIES

The related parties comprise Treet Corporation Limited, I.G.I Insurance, Wazir Ali Industries, Employees' Provident Fund, directors and key management personnel. The details of transactions with related parties are as follows:

### 13.1. Transactions with related parties

	Quarter ended	
	31 March 2013	31 March 2012
	(Rupees in '000)	
<b>Associated Companies</b>		
Sale of goods	-	45
Services rendered	-	133
Purchases of goods	905	755
Services received	1,505	951
<b>Staff Retirement Benefit Plans</b>		
Contribution to employees' provident fund	1,352	911
<b>Directors and Chief Executive Officer</b>		
Remuneration	8,118	5,475
<b>Other Key Management Personnel</b>		
Managerial remuneration (excluding directors and Chief Executive Officer)	14,215	7,293

### 13.2. Balances with related parties:

	31 March 2013	31 December 2012
	(Un-audited)	(Audited)
	(Rupees in '000)	
<b>Associated Companies</b>		
Trade and other receivables	366	152

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended 31 March 2013

## 14. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 21, 2013 had 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 Annual General Meeting held on April 23 2013. The financial statements for the quarter ended March 31, 2013 do not include the effect of the proposed cash dividend, which will be accounted for in the financial statements for the half year ending 30 June 2013.

## 15. GENERAL

- 15.1. These condensed financial statements were authorised for issue by the Board of Directors of the company in their meeting held on 24th April 2013.
- 15.2. Figures have been rounded off to the nearest of thousand of rupees.



Mrs. Ferial Ali Mehdi  
Chairman



Mr. Mubashir Hasan Ansari  
Chief Executive Officer





12th Floor, Executive Tower, Dolmen City,  
Marine Drive, Block IV, Clifton, Karachi - Pakistan.  
Tel: +9221 35297570-77  
Fax: +9221 35297585  
Website: [www.zil.com.pk](http://www.zil.com.pk)