

1ST QUARTER REPORT SEPTEMBER 30, 2012



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Life



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Corporate Information

Board of Directors

- Mrs. Ferial Ali Mehdi
Chairman / Chief Executive Officer
- Mr. Mujahid Hamid
Executive 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 Shoab
Non-Executive Director (Nominee NIT)
- Mr. Amir Zia
Non-Executive Director (Nominee TCL.)

Company Secretary & Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh

Statutory Auditors

KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisors

Hussain & Haider, Advocates

Registered Office

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

Board Audit Committee

- Mr. Shahid Nazir Ahmed
Chairman
- Mr. Kemal Shoab
Member
- Mr. Omer Ehtisham
Member

Human Resource & Remuneration Committee

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

Bankers

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
MCB Bank Limited

Shares Registrars

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

Factory

Link Hali Road, Hyderabad - 71000

Directors' Review

The Directors of the Company are pleased to present the un-audited financial statements of the Company for the quarter ended September 30, 2012. The main highlights of the results are as follows:

	Quarter ended Sep 30, 2012	Quarter ended Sep 30, 2011
	(Rupees in '000)	
Gross Sales	469,997	638,044
Gross Profit	94,643	133,544
Gross Profit Ratio	26%	26%
Profit after Tax	(11,426)	(18,207)
Earning /(Loss) per share	(2.15)	(3.42)

The bottom-line of the company for the first quarter of fiscal year 2012-13 showed improvement of approximately 37% over last year. Gross sales earnings which were campaign led in the same quarter previous year remained lower at Rs. 470 million in the current quarter mainly due to corrections in the pipeline stocks at the distributor level and retail trade end. The net sales and gross profit remained at Rs. 367 million and Rs. 95 million respectively.

Advertising spent in the current quarter remained at sustainable level as compared to similar period previous year. Promotion focused on trade relations building activities along with innovative and competitive spent on the electronic media.

Financial costs rose to Rs. 5.7 million from Rs. 3.6 million on account of enhanced working capital requirements during the current three-month period.

Future Outlook

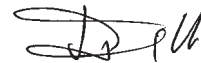
ZIL Limited is committed to meet the expectations of its consumers through innovations and investment in the existing product category.

Acknowledgement

The Board is grateful to its shareholders, bankers, distributors and business associates and all staff members for their support and commitment towards the Company.

Karachi: October 23, 2012

For and on behalf of the Board



Ferial Ali Mehdi

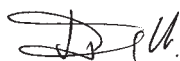
Chief Executive Officer

Condensed Interim Balance Sheet

As at 30 September 2012

		30 September 2012 (Un-audited)	30 June 2012 (Audited)
	Notes	----- (Rs. in '000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	6	368,431	359,668
Intangible assets		6,059	6,858
Long term deposits		6,835	6,835
Long term loans to employees		650	665
CURRENT ASSETS			
Stores and spares		12,760	12,416
Stock-in-trade	7	444,232	418,567
Trade debts		64,159	54,219
Advances, deposits, prepayments and other receivables		83,518	67,292
Cash and bank balances	8	19,636	45,688
		624,305	598,182
CURRENT LIABILITIES			
Running finance under mark-up arrangement/ Short Term Borrowings	9	153,419	130,000
Trade and other payables		310,553	284,895
Taxation		32,850	37,552
		496,822	452,447
NET CURRENT ASSETS			
		127,483	145,735
NET ASSETS			
		509,458	519,761
FINANCED BY			
SHARE CAPITAL AND RESERVES			
Authorised capital 10,000,000 (30 June 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		269,218	279,733
		322,458	332,973
Surplus on revaluation of fixed assets - net of tax		89,025	89,935
NON-CURRENT LIABILITIES			
Long term deposits		450	450
Deferred staff liabilities		74,864	71,824
Deferred tax liability - net		22,661	24,579
		509,458	519,761
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Ferial Ali Mehdi
Chairman / Chief Executive



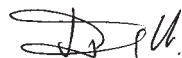
Shahid Nazir Ahmed
Director

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended 30 September 2012

		Quarter Ended	
		30 September 2012	30 September 2011
		----- (Rs. in '000) -----	
	Notes		
Net sales	12	367,240	505,756
Cost of Sales	13	(272,597)	(372,211)
Gross profit		94,643	133,544
Selling and distribution expenses		(82,557)	(137,236)
Administrative expenses		(26,748)	(22,379)
		(109,305)	(159,615)
		(14,662)	(26,071)
Other operating income		1,593	1,550
Other operating expenses		685	419
		(12,384)	(24,102)
Finance cost		(5,662)	(3,640)
Profit/(Loss) before taxation		(18,046)	(27,742)
Taxation		6,621	9,535
Profit/(Loss) after taxation		(11,426)	(18,207)
		(Rupees)	
Earnings/(Loss) per share - basic and diluted		(2.15)	(3.42)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Ferieh Ali Mehdi
Chairman / Chief Executive



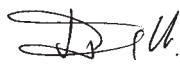
Shahid Nazir Ahmed
Director

Condensed Interim Cash Flow Statement (Un-audited)


For the quarter ended 30 September 2012

		Quarter Ended	
		30 September 2012	30 September 2011
Notes		----- (Rs. in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	14	(19,163)	(46,192)
Cash generated from operations		(9,243)	(10,768)
Income tax paid		(381)	(377)
Gratuity paid		-	(330)
Retirement benefits paid		53	230
Profit received on short term deposit		(4,816)	(5,246)
Mark-up paid		(14,387)	(16,490)
Net cash flows from operating activities		(33,550)	(62,682)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(17,275)	(5,979)
Proceeds from disposal of fixed assets		1,353	800
Net cash flows from investing activities		(15,922)	(5,179)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(9,724)
Short Term Loan and Murabaha Financing		(55,000)	-
Net cash flows from financing activities		(55,000)	(9,724)
Net (decrease) / increase in cash and cash equivalents		(104,472)	(77,584)
Cash and cash equivalents at beginning of the period		45,688	45,299
Cash and cash equivalents at end of the period	10	(58,783)	(32,285)
Cash and cash equivalents comprises		(58,783)	(32,285)
Cash and bank balances		(58,783)	(32,285)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Ferieh Ali Mehdi
Chairman / Chief Executive



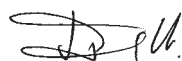
Shahid Nazir Ahmed
Director

Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2012

	Issued, subscribed and paid up capital	Revenue reserves General reserves	Un-appro- priated profit	Total reserves	Total
	(Rs. in '000)				
Balance as at 1 July 2011	53,240	6,000	249,901	255,901	309,141
Total comprehensive income for the period- Profit/(loss) for the quarter ended 30 September 2011	-	-	(18,207)	(18,207)	(18,207)
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 (recognized directly in equity)	-	-	1,003	1,003	1,003
Balance as at 30 September 2011	53,240	6,000	222,049	228,049	281,289
Total comprehensive income for the period- Profit/(loss) for the nine months ended 30 June 2012	-	-	48,675	48,675	48,675
Transferred from surplus on revaluation of fixed assets - Incremental depreciation (recognized directly in equity)	-	-	3,010	3,010	3,010
Balance as at 30 June 2012	53,240	6,000	273,733	279,733	332,973
Total comprehensive income for the period- Profit/(loss) for the quarter ended 30 September 2012	-	-	(11,426)	(11,426)	(11,426)
Transferred from surplus on revaluation of fixed assets - Incremental depreciation (recognized directly in equity)	-	-	910	910	910
	-	-	(10,515)	(10,515)	(10,515)
Balance as at 30 September 2012	53,240	6,000	263,218	269,218	322,458

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Ferial Ali Mehdi
Chairman / Chief Executive



Shahid Nazir Ahmed
Director



Condensed Interim Statement of Comprehensive Income (Un-audited)


For the quarter ended 30 September 2012

	Quarter Ended	
	30 September 2012	30 September 2011
	----- (Rs. in '000) -----	
Profit / (loss) for the period	(11,426)	(18,207)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>(11,426)</u>	<u>(18,207)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Ferieh Ali Mehdi
Chairman / Chief Executive



Shahid Nazir Ahmed
Director

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

For the quarter ended 30 September 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 the manufacture and sale of home and personal care products.

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

2. BASIS 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 year ended 30 June 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 year ended 30 June 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 year ended 30 June 2012.

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 year ended 30 June 2012.

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

For the quarter ended 30 September 2012

	30 September 2012 (Un-audited)	30 June 2012 (Audited)
Notes	----- (Rs. in '000) -----	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	323,987	326,788
Capital work-in-progress	6.2 44,444	32,880
	368,431	359,668
6.1 Operating fixed assets		

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	----- (Rs. in '000) -----		
Building on Freehold Land	-	-	-
Plant, Machinery & Equipment	2,515	-	-
Furniture & Fixture	480	-	-
Computers	933	149	51
Vehicles	1,783	3,970	3,221
	5,711	4,119	3,271

	30 September 2012 (Un-audited)	30 June 2012 (Audited)
	----- (Rs. in '000) -----	
6.2 Capital work-in-progress		
Opening balance	32,880	5,328
Additions during the period	17,275	61,667
	50,155	66,995
Transfers during the period	(5,711)	(34,115)
	44,444	32,880
7. STOCK-IN-TRADE		
Raw materials – in hand	127,301	126,593
– in transit	144,641	139,548
	271,942	266,141
Packing materials	24,582	20,507
Work-in-process	53,433	55,331
Finished goods	101,769	84,082
	451,726	426,061
Provision against slow moving stock-in-trade	(7,494)	(7,494)
	444,232	418,567

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

For the quarter ended 30 September 2012

	30 September 2012 (Un-audited)	30 June 2012 (Audited)
	----- (Rs. in '000) -----	
8. CASH AND BANK BALANCES		
Cash in hand	242	201
Demand drafts in hand	12,484	24,782
Cash at banks in – current accounts	6,747	20,180
– profit and loss sharing account	163	525
	6,910	20,705
	19,636	45,688
9. RUNNING FINANCE UNDER MARKUP ARRANGEMENTS/SHORT TERM BORROWING		
Running finance under mark-up arrangement	78,419	-
Short Term Borrowings	75,000	130,000
	153,419	130,000

	Quarter Ended	
	30 September 2012	30 September 2011
	----- (Rs. in '000) -----	
10. CASH AND CASH EQUIVALENTS		
Cash and bank balances	19,636	20,740
Running finance under markup arrangement	(78,419)	(53,026)
	(58,783)	(32,285)

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingency

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

11.1.2 Post dated cheques of Rs.91.581 million (30 June 2012: Rs. 114.854 million) have been issued to Collector of Customs against partial exemption of import levies.

11.2 Commitment

Commitments under letters of credit for the import of stock-in-trade items amounting to Rs.5.425 million (30 June 2012: Rs.135.179 million).

	Quarter Ended	
	30 September 2012	30 September 2011
	----- (Rs. in '000) -----	
12. NET SALES		
Gross sales	469,997	638,044
Sales tax	(71,401)	(97,010)
Trade promotion discount	(31,308)	(35,277)
Rebate and sales return	(48)	(1)
	(102,757)	(132,288)
	367,240	505,756

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

For the quarter ended 30 September 2012

13. COST OF SALES

	Quarter Ended	
	30 September 2012	30 September 2011
	----- (Rs. in '000) -----	
Raw and packing materials consumed	234,509	367,848
Stores and spares consumed	1,719	3,391
Salaries, wages and other benefits	25,729	24,524
Contribution to the provident fund	473	411
Repair and maintenance	578	333
Fuel and power	13,423	13,794
Rent, rates and taxes	485	193
Insurance	519	854
Product research and development	166	46
Travelling & conveyance	1,320	958
Printing & stationery	61	74
Postage & telephone	111	121
Legal charges	24	7
Professional fee	-	41
Subscription	1	3
Depreciation / Amortisation	5,186	5,446
Freight and handling material	1,192	1,912
Other expenses	2,891	1,711
	288,386	421,669
Opening stock of work-in-process	55,331	40,947
Closing stock of work-in-process	(53,433)	(56,484)
Cost of goods manufactured	290,284	406,132
Opening stock of finished goods	84,082	24,486
Closing stock of finished goods	(101,769)	(58,407)
	272,597	372,211

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

For the quarter ended 30 September 2012

14. CASH GENERATED FROM OPERATIONS

	Quarter Ended	
	30 September 2012	30 September 2011
	----- (Rs. in '000) -----	
Profit before taxation	(18,046)	(27,742)
Adjustments for:		
Mark-up expense	5,662	3,640
Depreciation / amortisation	8,467	8,295
Provision for gratuity	2,483	2,327
Provision for staff retirement benefits	939	936
Profit on short term deposit	(53)	(230)
Gain on disposal of fixed assets	(506)	(83)
	16,991	14,884
Operating profit before working capital changes	(1,055)	(12,858)
(Increase) / Decrease in operating assets:		
Stores and spares	(343)	(659)
Stock-in-trade	(25,665)	43,451
Trade debts	(9,940)	(9,104)
Loans and Advances	15	29
Advances, deposits, prepayments and other receivables	(6,985)	(3,185)
	(42,919)	30,531
Increase / (decrease) in operating liabilities:		
Trade and other payables	24,811	(63,865)
Cash generated from operations	(19,163)	(46,192)

15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

For the quarter ended 30 September 2012

15.1. Transactions with related parties

Associated Companies

Sale of goods	55	80
Services received	4,499	4,165
Purchases of goods	353	1,901
Services rendered	-	158
Dividend	-	1,806

Staff Retirement Benefit Plans

Contribution to employees' provident fund	1,123	940
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Directors and Chief Executive Officer

Remuneration	6,601	5,905
Dividend	-	2,994

Other Key Management Personnel

Managerial remuneration (excluding directors and Chief Executive Officer)	11,670	6,788
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Quarter Ended	
30 September 2012	30 September 2011
----- (Rs. in '000) -----	

15.2. Balances with related parties:

Trade and other payables	570	-
Trade and other receivables	315	354

30 September 2012 (Un-audited)	30 June 2012 (Audited)
----- (Rs. in '000) -----	

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

For the quarter ended 30 September 2012

16. GENERAL

- 16.1 Figures in these financial statements have been rounded off to the nearest thousands of rupees.
- 16.2 These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 23,2012.



Ferieh Ali Mehdi
Chairman / Chief Executive



Shahid Nazir Ahmed
Director

www.zil.com.pk



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LIMITED

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