ZIL
LIMITED

Third Quarterly Report
January - September
2019

Rising Higher

Contents

Company Information

Board of Directors

Mrs. Feriel Ali Mehdi *	Chairman, Non-Executive Director
Mr. Mubashir Hasan Ansari *	Executive Director & Chief Executive Officer
Mr. Saad Amanullah Khan *	Independent, Non-Executive Director
Mr. Kemal Shoaib *	Non-Executive Director
Mr. Syed Hasnain Ali *	Non-Executive Director
Mr. Mir Muhammad Ali *	Independent, Non-Executive Director
Mr. Muhammad Salman H.Chawala* (Nominee NIT)	Independent, Non-Executive Director

Retired Direcotor

Mr. M. Qaysar Alam **

Board Audit Committee

Mr. Muhammad Salman H.Chawala (Nominee NIT)	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Kemal Shoaib	Member

Human Resource & Remuneration Committee

Mr. Saad Amanullah Khan	Chairman
Mrs. Feriel Ali Mehdi	Member
Mr. Syed Hasnain Ali	Member
Mr. Mubashir Hasan Ansari	Member

* Elected / Re-elected on June 27. 2019 for the next term of 3 years commencing from July 01, 2019.
** Retired on June 30, 2019.

Statutory Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor
Hussain & Haider, Advocates

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Ground Floor, Bahria Complex III,
M. T. Khan Road, Karachi - Pakistan.
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Website: www.zil.com.pk
Email: info@zil.com.pk

Factory
Link Hali Road, Hyderabad - 71000

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

Shares Registrars
THK Associated (Pvt) Limited
1st Floor, 40-C, Block-6
P.E.C.H.S., Karachi
www.thk.com.pk
Phone: +92 (21) 111-000-322

Chief Financial officer
Mr. Ata-ur-Rehman Shaikh

Company Secretary
Mr. Muhammad Shahid

Head of Internal Audit
Mr. Syed Abid Raza Rizvi

Directors' Review

The directors of the company are pleased to present the unaudited financial results of the company for the nine month period ended September 30, 2019.

Summary of Business Review:

Financial performance during the period has been remarkable as the topline grew by 31% and bottom-line grew by more than five folds. This is mainly due to a significant growth in company's flagship brand Capri. During the period company has continued to improve brand visibility, and sales productivity and launched effective consumer & trade promotions as part of "Unlocking Growth Potential" strategy.

During the period the macroeconomic environment has been significantly volatile. Consequent to the government's economic and tax reforms inflationary trend has been present within the economy which has impacted consumers' purchasing power. Through Finance Act 2019, government introduced some taxation and documentation measures. Initially these were not welcomed by the business community; however some flexibility on either side has resulted in continuation of the business activity. Despite these challenges, prompt pricing and promotion strategies together with strong controls over input costs has resulted in achievement of 29% gross profit.

Consistent efforts by management on controlling costs have resulted in dilution of fixed factory overheads on higher production. Advertising expenses have been incurred as per the re-aligned advertising strategy, while other marketing expenses have been incurred as per annual plan. As part of 50^{th} Anniversary Celebrations a special promotional SKU was launched and effectively communicated to the consumers. Other selling and distribution expenses have reduced from 13.45% of NSV to 11.53%. A considerable increase in administrative expenses is observed, mainly due to the celebration of Capri brand 50^{th} Anniversary.

Financial performance during the period has been outstanding as significant growth in profit after tax is achieved compared to the same period last year.

Financial Position at Glance:

	Nine month period from January to September		
	2019	**2018**	**Growth**
Gross Sales	**2,397M**	1,823M	31%
Net Sales	**1,775M**	1,339M	33%
Gross Profit	**509M**	365M	39%
Gross Profit %	**28.7%**	27.3%	140 bps
Profit/(Loss) after taxation	**51.4M**	9.0M	5.7 times
EPS	**8.40**	1.47	5.7 times

Future Outlook:

Though PKR has been stable in the last quarter of the current period, the risk of further depreciation cannot be ignored as PKR depreciated by 13% in the current nine-month period. In respect of budgetary measures traders are required to share CNIC with distributors. Due to some resistance from traders the agreement is yet to be reached between the business community and government until then the market activity will remain subdued. For the balance of the year effective and efficient measures with respect to streamlining product mix and prompt pricing decisions have been planned. Through these measures, we hope to create further value for the shareholders and are determined to achieve business goals for the year 2019.

Acknowledgement

The Board would like to convey its gratitude to all the people involved with ZIL Limited. Over the years they have enabled the company to flourish and achieve its business goals. Our people and all other stakeholders have remained committed and agile for the betterment of the company as we have been able to overcome the difficulties in this rapidly evolving economic climate, which in turn is reflected in company's financial performance. We treasure their dedicated efforts and feel obliged.

For and on behalf of the Board of Directors

Mubashir Hasan Ansari
Director and CEO

Karachi: October 29, 2019

ZIL Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 30 September 2019

	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*6*	**770,713**	713,945
Intangible assets		**118**	228
Long term deposits		**5,442**	5,442
Long term loans to employees		**211**	784
Total non-current assets		**776,484**	720,399
CURRENT ASSETS			
Stores and spares		**13,065**	12,683
Stock-in-trade	*7*	**212,570**	186,932
Trade debts	*8*	**72,397**	46,188
Advances, prepayments and other receivables	*9*	**135,936**	98,736
Cash and bank balances	*10*	**56,355**	43,599
Total current assets		**490,323**	388,138
TOTAL ASSETS		**1,266,807**	1,108,537
EQUITY AND LIABILTIES			
EQUITY			
Authorised capital			
40,000,000 (31 December 2018: 40,000,000) ordinary shares of Rs. 10 each		**400,000**	400,000
Issued, subscribed and paid up capital		**61,226**	61,226
Capital reserve			
Surplus on revaluation of property, plant and equipment - net of tax		**366,807**	382,962
Revenue reserves			
General reserve		**6,000**	6,000
Un-appropriated profit		**166,854**	117,279
		600,887	567,467
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax Liability	*11*	**25,931**	980
Deferred staff liabilities		**105,645**	98,580
Liability against right of use assets and finance lease		**48,205**	4,515
CURRENT LIABILITIES			
Current maturity of liability against right of use assets and finance lease		**14,919**	941
Trade and other payables	*12*	**285,748**	188,335
Contract liabilities - advance from customers		**49,879**	43,147
Short term borrowings	*13*	**120,000**	190,000
Taxation		**14,415**	13,538
Unclaimed Dividend		**1,178**	1,034
Total current liabilities		**486,139**	436,995
Contingencies and Commitments	*14*		
TOTAL EQUITY AND LIABILITIES		**1,266,807**	1,108,537

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer	**Director**	**Chief Financial Officer**

ZIL Limited

Condensed Interim Profit and Loss Account (Un-audited)

For the three months and nine months period ended 30 September 2019

	Note	Nine months period ended		Three months period ended	
		30 September 2019	30 September 2018	**30 September 2019**	30 September 2018
		(Rupees in '000)		**(Rupees in '000)**	
Sales - net	*15*	**1,774,502**	1,339,134	**672,162**	516,484
Cost of sales	*16*	**(1,265,892)**	(974,154)	**(501,723)**	(371,082)
Gross profit		**508,610**	364,980	**170,439**	145,402
					-
Selling and distribution expenses	*17*	**(295,157)**	(257,418)	**(105,591)**	(103,255)
Administrative expenses		**(119,913)**	(87,710)	**(35,473)**	(30,390)
Impairment loss on trade receivables		**(858)**	-	**-**	-
		(415,928)	(345,128)	**(141,064)**	(133,645)
		92,682	19,852	**29,375**	11,757
Other income		**2,318**	11,079	**639**	6,712
Other charges		**(10,623)**	(4,693)	**(3,386)**	(2,805)
		84,377	26,238	**26,628**	15,664
Finance cost		**(15,711)**	(13,227)	**(4,809)**	(4,701)
Profit before taxation		**68,666**	13,011	**21,819**	10,963
Taxation	*11*	**(17,243)**	(3,998)	**(5,934)**	(6,819)
Profit for the period		**51,423**	9,013	**15,885**	4,144
		(Rupees)		**(Rupees)**	
Earning per share - basic and diluted		**8.40**	1.47	**2.59**	0.68

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer | **Director** | **Chief Financial Officer**

ZIL Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months and nine months period ended 30 September 2019

	Nine months period ended		Three months period ended	
	30 September 2019	30 September 2018	**30 September 2019**	30 September 2018
	(Rupees in '000)		**(Rupees in '000)**	
Profit for the period after taxation	**51,423**	9,013	**15,885**	4,144
Other comprehensive income for the period	**-**	-	**-**	-
Total comprehensive income for the period	**51,423**	9,013	**15,885**	4,144

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer | **Director** | **Chief Financial Officer**

ZIL Limited

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended 30 September 2019

	Nine months period ended	
	30 September 2019	30 September 2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**68,666**	13,011
Adjustments for:		
Finance costs	**15,711**	13,227
Depreciation and amortisation	**46,810**	30,304
Provision against staff gratuity	**10,703**	8,934
Provision against other staff retirement benefits	**1,710**	2,043
Provision against obsolete stock in trade	**6,339**	-
Provision against doubtful debts	**858**	-
Return on bank deposits	**(61)**	(31)
Gain on disposal of operating fixed assets	**(46)**	(4,701)
	82,024	49,776
	150,690	62,787
Decrease / (increase) in assets:		
Stores and spares	**(383)**	1,306
Stock-in-trade	**(31,977)**	11,183
Trade debts	**(27,068)**	(20,166)
Loans to employees	**255**	(609)
Long term deposits	**-**	8
Advances, prepayments and other receivables	**1**	8,015
	(59,172)	(263)
Increase / (decrease) in current liabilities:		
Trade and other payables	**97,136**	27,581
Contract liabilities - advance from customers	**6,732**	-
	195,386	90,105
Income tax paid	**(37,119)**	(31,113)
Staff gratuity paid	**(2,734)**	(12,833)
Other staff retirement benefits paid	**(2,614)**	(10,845)
Return received on bank deposits	**61**	31
Finance costs paid	**(15,428)**	(10,845)
	(57,834)	(65,605)
Net cash flows from operating activities	**137,552**	24,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	**(38,117)**	(50,589)
Proceeds from disposal of operating fixed assets	**5,988**	13,228
Net cash flows from investing activities	**(32,129)**	(37,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(9,040)**	(7,449)
Lease rentals paid	**(13,627)**	-
Short term borrowings	**(70,000)**	30,000
Net cash flows from financing activities	**(92,667)**	22,551
Net increase / (decrease) in cash and cash equivalents during the period	**12,756**	9,690
Cash and cash equivalents at beginning of the period	**43,599**	32,548
Cash and cash equivalents at end of the period	**56,355**	42,238
Cash and cash equivalents at end of the period comprises of:		
- Cash and bank balances	**56,355**	42,238
- Short term borrowing - running finance	**-**	-
	56,355	42,238

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer	**Director**	**Chief Financial Officer**

ZIL Limited

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

For the nine months period ended 30 September 2019

		Capital Reserve	Reserves		Total
	Issued, subscribed and paid-up capital	**Surplus on Revaluation of assets - net of tax**	**General reserve**	**Unappropriated profit**	
	----------------------	----------------------	(Rupees in '000)	----------------------	----------------------
Balance as at 1 January 2018	61,226	192,954	6,000	91,737	351,917
Total comprehensive income for the period					
Profit after taxation	-	-	-	9,013	9,013
Cash dividend for the year ended 31 December 2017 (Rs. 1.25 per share) - approved in annual general meeting held on 26 April 2018	-	-	-	(7,654)	(7,654)
Effect of change in future tax rate	-	-	-	2,142	2,142
Reversal of deferred tax liability recorded on revaluation of property, plant and equipment - (on sale of plant and machinery)	-	431	-	-	431
Transferred from surplus on revaluation of property, plant and equipment - (on sale of plant and machinery)	-	(1,435)	-	1,435	-
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(5,099)	-	5,099	-
Balance as at 30 September 2018	**61,226**	**186,851**	**6,000**	**101,772**	**355,849**
Balance as at 1 January 2019	**61,226**	**382,962**	**6,000**	**117,279**	**567,467**
Total comprehensive income for the period					
Profit after taxation	**-**	**-**	**-**	**51,423**	**51,423**
Cash dividend for the year ended 31 December 2018 (Rs. 1.5 per share) - approved in annual general meeting held on 29 April 2019.	**-**	**-**	**-**	**(9,184)**	**(9,184)**
Effect of change in future tax rate	**-**	**(8,819)**	**-**	**-**	**(8,819)**
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	**-**	**(7,336)**	**-**	**7,336**	**-**
Balance as at 30 September 2019	**61,226**	**366,807**	**6,000**	**166,854**	**600,887**

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer	**Director**	**Chief Financial Officer**

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 Act, 2017) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Pakistan Stock Exchange Limited. 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 Ground Floor, Bahria Complex III, M.T. Khan Road, Karachi.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed interim financial information of the Company for the nine months period ended 30 September 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting framework comprise of:

- International Financial Reporting Standard (IAS 34) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2018.

2.3 The comparative balance sheet presented in these condensed interim financial information as at 31 December 2018 have been extracted from the audited financial statements of the Company for the year ended 31 December 2018, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement have been extracted from the unaudited condensed interim financial information for the three months and nine months period ended 30 September 2018 (as applicable).

2.4 Functional and presentation currency

These 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.

2.5 Use of judgments and estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the audited financial statements of the Company for the year ended 31 December 2018.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

There are various standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current year. These are not likely to have material effect on the Company's condensed interim financial information.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these condensed interim financial information, except for the change mentioned in note 4.1 to these financial statements.

4.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers', IFRS 9 'Financial Instruments' and IFRS 16 'Leases' from 01 January 2019. IFRS 15 and IFRS 9 are effective from annual periods beginning on or after 01 July 2018, however IFRS 16 is applicable from annual periods beginning on or after 01January 2019.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company manufactures and contracts with customers for the sale of home and personal care products which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are delivered to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Invoices are usually payable within 30 days. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 January 2019, did not have an effect on the condensed interim financial information of the Company.

In addition, the Company receives short term advances from its customers. Prior to adoption of IFRS 15, an advance consideration received from customers was included in 'Trade and other payables' which now is reclassified in 'Contract liabilities' presented separately on the statement of financial position. In addition, reclassification has been made from 'Trade and other payables' to 'Contract liabilities' for outstanding balance of advance from customers for prior year to provide comparison.

4.1.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Details of the new significant accounting policy adopted and the nature and effect of the changes to previous accounting policies are set out below:

i Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

At present the Company do not have any financial asset carried at fair value through OCI or through Profit or Loss. Accordingly the accounting policy relating to financial asset at amortized cost is as follows:

Financial asset at amortized cost is initially measured at fair value plus, transaction cost that is directly attributable to its acquisition and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

ii Impacts of change in classification and measurement of financial assets and financial liabilities due to adoption of IFRS 9

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 31 December 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original Carrying Amount	New Carrying Amount
			(Rupees in '000)	
Financial assets				
Deposits	Loans and receivables	Amortized cost	5,442	5,442
Loans to employees	Loans and receivables	Amortized cost	1,535	1,535
Trade debts	Loans and receivables	Amortized cost	72,397	72,397
Other receivables	Loans and receivables	Amortized cost	59	59
Cash and bank balances	Loans and receivables	Amortized cost	56,355	56,355

iii Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses relating to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company’s experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has no impact on the financial position and / or financial performance of the Company. Short term investments and bank balances are also measured at expected credit losses. Since these assets are short term in nature, no credit loss is expected on these balances.

iv Transition

The change in accounting policy resulting from the adoption of IFRS 9 have been applied retrospectively except that comparative periods have not generally been restated. However, there is no impact of the change in accounting policy on the condensed interim statement of financial position except for the classification of assets and liabilities of the comparative period.

4.1.3 IFRS 16 'Leases'

On 1 January 2019, the Company adopted IFRS 16 Leases. This IFRS has introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 - Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The discount rate applied to lease liabilities on the transition date 1 January 2019 was 15.23 percent.

The impact of IFRS 16 on the Company is primarily where the Company is a lessee in property lease contracts. The Company has elected to adopt simplified approach on transition and has not restated comparative information. On 1 January 2019, the Company recognized a lease liability, being the remaining lease payments, including extension options where renewal is reasonably certain, discounted using the Company's incremental borrowing rate at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid related to those leases. The balance sheet has increased as a result of the recognition of lease liability and right-to-use assets as of 1 January 2019 was Rs. 71,295 thousand with no adjustment to retained earnings. The asset is presented in 'Fixed Assets' and the liability is presented in 'Liability against right of use assets' presented separately on the statement of financial position. Also in relation to those leases under IFRS 16, the Company has recognized depreciation and interest costs, instead of operating lease expenses.

Upto 31 December 2018, assets held under property leases, not equivalent to ownership rights, were classified as operating leases and were not recognized as asset in the statement of financial position. Payments or accruals under operating leases were recognised in profit and loss on a straight line basis over term of the lease.

The effect of this change in accounting policy is as follows:

	30-Sep 2019 (Rupees in '000)
Impact on Statement of Financial Position	
Increase in fixed assets - right-of-use assets	61,540
Decrease in other assets - advances, deposits and other prepayments	(1,476)
Decrease in other assets - taxation	(499)
	59,565
Increase in other liabilities - lease liability against right-of-use assets	(58,342)
Increase in net assets	**1,223**

Impact on Profit and Loss account	**Nine months ended 30-Sep 2019 (Rupees in '000)**
Increase in mark-up expense - liability against right-of-use assets	(658)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(9,755)
- Rent expense	12,135
Increase in profit before tax	**1,722**
Increase in tax	(499)
Increase in profit after tax	**1,223**

In view of the application of above IFRS, the Company's accounting policy for right-of-use assets and its related lease liability is as follow:

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeaurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

4.1.4 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 January 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in this condensed interim financial Information.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2018.

6. PROPERTY, PLANT AND EQUIPMENT	*Note*	**30 September 2019 (Un-audited)**	31 December 2018 (Audited)
		(Rupees in '000)	
Operating fixed assets	*6.1*	**695,413**	702,474
Capital work-in-progress	*6.4*	**13,760**	11,471
Right of use assets (buildings)	*6.3*	**61,540**	-
		770,713	713,945

6.1 Operating fixed assets

Following are the details of the additions and disposals of operating fixed assets during the current period.

			Disposals	
	Note	**Additions**	**Cost**	**Accumulated depreciation**
		(Rupees in '000)		
Plant, machinery and equipment		22,029	184	3
Capital spares		1,082	-	-
Furniture and fixtures		397	250	141
Computers		1,519	645	387
Vehicles		10,801	11,558	6,157
Right of use assets (buildings)	*6.3*	64,795	-	-
		100,623	**12,637**	**6,688**

6.2 At 30 Sep 2019, the written down value of the temporarily idle property, plant and equipments comprising of leasehold land and building (and leasehold improvements on leasehold land) amounted to Rs. 150.91 million (31 December 2018: Rs. 156.486 million) and Rs 1.39 million (31 December 2018: Rs. 1.5 million) respectively.

6.3 This relates to right-of-use assets amounting to Rs. 64.795 million (2018: NIL) due to the adoption of IFRS 16 more fully explained in note 4.1.3.

6.4 Capital work-in-progress	*Note*	**30 September 2019 (Un-audited)**	31 December 2018 (Audited)
		(Rupees in '000)	
Opening balance		**11,471**	26,246
Additions during the period		**38,117**	65,161
		49,588	91,407
Transfers during the period		**(35,828)**	(79,936)
	6.4.1	**13,760**	11,471

6.4.1 This includes advance for intangible of Rs. 4.80 million, advance for vehicles of Rs. 0.29 million and uninstalled plant and machinery of Rs. 1.4 million.

7. STOCK-IN-TRADE

	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
Raw material			
- in hand		**118,827**	64,303
- in transit		**3,747**	24,875
		122,574	89,178
Packing material		**32,059**	20,874
Work-in-progress		**6,478**	7,814
Finished goods		**74,161**	85,429
		235,272	203,295
Provision against slow moving items of stock-in-trade	*7.1*	**(22,702)**	(16,363)
		212,570	186,932

7.1 Provision against slow moving and obsolete stock

Opening balance		**16,363**	18,315
Charge for the year		**6,339**	40
Write off during the year		**-**	(1,992)
Closing balance		**22,702**	16,363

8. TRADE DEBTS

Considered good		**72,397**	46,188
Considered doubtful		**9,097**	8,239
		81,494	54,427
Provision against doubtful debts	*8.1*	**(9,097)**	(8,239)
		72,397	46,188

8.1 Provision against doubtful trade debts

Opening balance		**8,239**	8,239
Charge for the year	*8.1.1*	**858**	-
Closing balance		**9,097**	8,239

8.1.1 The additional charge is due to the adoption of IFRS 9 as morefully explained in Note 4.1.2 to these condensed interim financial information.

9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
Considered good			
Advance			
- for taxation		**127,625**	90,740
- to sales staff		**502**	502
Advances to suppliers and contractors		**3,303**	3,489
Prepayments		**3,123**	2,859
Current maturity of loans to employees		**1,324**	1,006
Other receivables		**59**	140
		135,936	98,736
Considered doubtful			
Advances to suppliers and contractors		**803**	803
Less: Provision held		**(803)**	(803)
		-	-
		135,936	98,736

10. CASH AND BANK BALANCES

	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
Cash in hand		**171**	165
Cash at banks			
- collection accounts		**51,658**	36,711
- current accounts		**4,489**	6,639
- profit and loss sharing account	*10.1*	**37**	84
		56,184	43,434
		56,355	43,599

10.1 This carries profit rate at 8.25% - 10.25% (31 December 2018: 3.5% - 4.5%) per annum.

11. DEFERRED TAX LIABILITY - net

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

	Balance at 01 January 2019	Recognized in profit and loss	Recognised in surplus on revaluation of property, plant and equipment	Recognized in other comprehensive income	Balance at 30 September 2019 (Unaudited)
	(Rupees in '000)				
Taxable temporary differences on:					
- accelerated tax depreciation	19,822	3,185	-	-	**23,007**
- surplus on revaluation of property, plant and equipment	60,899	(2,996)	8,819	-	**66,722**
- Right of use assets	67	884	-		**951**
	80,788	**1,073**	**8,819**	**-**	**90,680**
Deductible temporary differences on:					
- provision for defined benefit plans	(25,660)	(4,978)	-	-	**(30,638)**
- provision against slow moving and obsolete stock and doubtful trade debts	(8,651)	(3,472)	-	-	**(12,123)**
- tax losses (note 11.1)	(45,497)	23,509	-	-	**(21,988)**
	(79,808)	**15,059**	**-**	**-**	**(64,749)**
Deferred tax liability - net	**980**	**16,132**	**8,819**	**-**	**25,931**

11.1 Includes deferred tax of Rs. 13.15 million (31 December 2018: Rs. 12.24 million) recorded on unabsorbed tax depreciation and amortisation.

11.2 Deferred tax balance has been recognised at the rates at which these are expected to be settled / realised.

11.3 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

11.4 In view of loss for the financial year ended 31 December 2015, provision for tax for the then year ended 31 December 2015, including the minimum tax under the Income Tax Ordinance, 2001, was not made in the financial statements for the year ended 31 December 2015. The Company had obtained an opinion from a tax advisor based on which it believes that it is not required to pay tax under section 113 of the Income Tax Ordinance, 2001, in view of gross loss for the year ended 31 December 2015, before the set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001 (as under the above section minimum tax is not payable in case of gross loss before the set off of depreciation and other inadmissible expenses). However, Finance Act 2016 has deleted the said proviso of gross loss. The management, believes that the minimum tax for the year ended 31 December 2015 is not payable as the amendment to the said proviso is applicable for tax year 2017 and onwards and accordingly provision for minimum tax amounting to Rs. 14.23 million has not been made. However, CIR had levied minimum tax on the Company vide an amended assessment order, against which the Company has filed an appeal with the CIR Appeals. During the year ended 31 December 2018, CIR(A) vide an order dated 5 October 2018 has confirmed the levy of minimum tax. Disagreeing with this, the Company has filed an appeal with the Appellate Tribunal Inland Revenue, since the management believes that the minimum tax for the year ended 31 December 2015 is not payable due to the reason given above.

11.5 Income Tax Assessments of the Company have been completed up to and including the financial year ended 31 December 2017 with the exception of accounting years 2007, 2011, 2012, 2014, and 2015. For financial year ended 2011, audit proceedings were initiated and completed vide order passed under section 122(1)(5) of the Income Tax Ordinance, 2001 in which certain disallowances were made amounting to Rs. 12.289 million against which appeal was filed by the Company. The appeal was heard and then subsequently the CIR Appeals passed a revised order in which certain expenses earlier disallowed were allowed amounting to Rs. 4.66 million while expenses amounting to Rs. 6.65 million were remanded back by CIR Appeals to Deputy Commissioner Inland Revenue (DCIR). In respect of the remaining amount, the Company has already filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

Furthermore, on 21 April 2015, an order under sub-section (5A) of section 122 of the Income Tax Ordinance, 2001 was passed by the Additional Commissioner Inland Revenue for the financial year 2012, disallowed certain expenses and raised a tax demand of Rs. 0.75 million. The Company has filed an appeal against the alleged order before the Commissioner Inland Revenue Appeals who vide its order dated 8 September 2016 has allowed certain expenses of Rs. 1.82 million which were earlier disallowed (tax effect being Rs. 0.65 million). In respect of the remaining amount, the Company has already filed an appeal before the ATIR which is pending decision. Based on the Company's tax advisor's view, a favourable decision is expected and therefore the subject demand is expected to be quashed.

Return for the financial year 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order dated 30 March 2009 was passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company filed an appeal before the Commissioner Inland Revenue, Appeal (CIR-A) and also filed an appeal before the CIR-A against the refusal of the Taxation Officer to rectify certain mistakes. The CIR-A vide his order No. 15 and 16 dated 25 October 2011 deleted all the additions except for the alleged unreconciled production of manufactured goods amounting to Rs. 3.3 million. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) for not allowing relief in respect of disallowance of Rs. 3.3 million on account of alleged unreconciled production of manufactured goods. Further, the tax department has also filed an appeal before ATIR on certain reliefs of Rs. 4.8 million earlier decided in favour of the Company. In the Appellate Order (AO) dated 8 October 2013 passed by the ATIR, the issue of unreconciled production was deleted (decided in favour of the Company) and simultaneously setting aside the same for reverification. In response to it the department filed MA in response to which, ATIR passed AO dated 5 May 2015 by remanding back the issue for reverification of unreconciled difference, strictly in the light of history of the case and subsequent years. Following the judgement of ATIR, department has initiated set-aside proceedings. The Company has submitted the response and details regarding unreconciled production. No order has been passed by the department in relation to the set-aside proceedings. The Company expects a decision in its favour.

Returns for the financial years ended 31 December 2014 and 31 December 2015 were amended under section 122(9) of Income Tax Ordinance 2001 and amended assessment orders dated 22 September 2017 and 18 April 2017 respectively were passed in which certain disallowances were made by the taxation authorities. Disagreeing to the above, the Company had filed appeals before the CIR Appeals. These appeals have been partly decided in favour of the Company by the CIR(A), allowing the Company expenses amounting to Rs. 15.70 million (for year ended 31 December 2015) and Rs. 36.6 million (for year ended 31 December 2016). The tax authorities have filed appeals before the ATIR against the CIR(A)'s order to allow relief to the Company. The Company expects a decision in its favor.

12. TRADE AND OTHER PAYABLES

	30 September 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Trade creditors	**122,266**	58,348
Accrued expenses	**122,863**	89,472
Sales tax payable	**29,292**	28,256
Deposit from employees against vehicles and equipments	**1,713**	3,089
Accrued mark-up on short term borrowings	**2,785**	2,502
Workers' welfare fund	**979**	918
Workers' Profit Participation Fund	**3,620**	3,116
Other liabilities	**2,230**	2,634
	285,748	188,335

13. SHORT TERM BORROWINGS

	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
Salam finance - under shariah arrangement	*13.1*	**120,000**	190,000

13.1 These facilities, representing Salam, Istisna and karobar facilities, are available from certain commercial banks up to Rs.270 million (31 December 2018: Rs. 270 million) and carries mark-up of 6 Month KIBOR+0.5% to KIBOR+1% (2018: 6 Months KIBOR+0.5% to1%) per annum and are repayable between 03 October 2019 to 09 Jan 2020. The facilities are secured by way of first pari passu charge over present and future current assets of the Company.At 30th September 2019,unutilized facilities aggregated to Rs.150 million (2018: Rs.80 million). these facilities, being sub limit of the above available facility of Rs. 270 million, include Murabaha ,Istana Salam and Karobar and LC facilities .

13.2 The facility for running finance is also available to the company from a commercial bank amounting to Rs. 200 million (31 December 2018: Rs. 300 million) carrying mark-up at 1 month KIBOR+1.0% (31 December 2018: 1 month KIBOR+0.75%) per annum valid until 30 April 2020 and is generally renewable. The facility is secured by first pari passu charge of Rs. 400 million by way of hypothecation over all present and future current assets of the Company and first pari passu charge of Rs. 113.33 million over plant and machinery of the Company. At 30 September 2019, unutilized facility for running finance aggregated to Rs. 200 million (31 December 2018: Rs. 300 million).

13.3 At 30 September 2019, unutilised letter of credit facilities from certain banks amounted to Rs. 368 million (31 December 2018: Rs. 322.748 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 420 million (31 December 2018: Rs. 420 million).

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs. 7.02 million (31 December 2018: Rs. 7.02 million) in addition to which security deposit of Rs. 2.786 million has also been given to Sui Southern Gas Company Limited. Bank guarantee has also been issued in favour of Pakistan State Oil for issuance of PSO fleet cards aggregating to Rs. 1.3 million (31 December 2018: Rs. 1.3 million) against which security deposit of Rs. 0.65 million have been given.

14.2 Commitment

Commitments under letters of credit for the import of stock in trade items at 30 September 2019 amounted to Rs. 9.2 million (31 December 2018: Rs.27.252 million).

15. SALES - net (unaudited)

	Nine months period ended		Three months period ended	
	30 September 2019	30 September 2018	**30 September 2019**	30 September 2018
	(Rupees in '000)		(Rupees in '000)	
Gross sales	**2,397,446**	1,823,290	**899,465**	705,738
Sales tax	**(382,346)**	(290,062)	**(143,512)**	(111,926)
Trade discount	**(240,259)**	(187,608)	**(83,791)**	(72,923)
Sales return and rebate	**(339)**	(6,486)	**-**	(4,405)
	(622,944)	(484,156)	**(227,303)**	(189,254)
	1,774,502	1,339,134	**672,162**	516,484

16.	**COST OF SALES (unaudited)**	*Note*	**Nine months period ended**		**Three months period ended**	
			30 September 2019	30 September 2018	**30 September 2019**	30 September 2018
			(Rupees in '000)		**(Rupees in '000)**	
	Raw & packing material consumed		**1,038,646**	818,722	**416,436**	326,071
	Salaries, wages and other benefits	*16.1*	**105,976**	89,623	**31,051**	30,939
	Goods purchased for resale		**40,714**	14,055	**17,936**	1,540
	Depreciation and amortisation		**26,564**	19,663	**8,665**	7,008
	Fuel and power		**12,214**	14,905	**4,465**	7,107
	Freight and handling charges		**7,107**	11,302	**2,293**	4,651
	Stores and spares consumed		**3,474**	4,204	**1,336**	1,455
	Rent, rates and taxes		**5,763**	3,167	**122**	995
	Travelling and conveyance		**3,004**	2,266	**1,026**	781
	Insurance		**1,779**	1,760	**536**	611
	Repair and maintenance		**216**	521	**88**	245
	Postage and telephones		**379**	405	**174**	193
	Others		**702**	815	**189**	636
	Legal and professional charges		**35**	149	**25**	43
	Printing and stationery		**111**	169	**31**	64
	Subscription charges		**226**	40	**104**	3
	Provision for slow moving stock in trade	*7.1*	**6,339**	-	**-**	
	Product research and development		**38**	43	**16**	25
			1,253,287	981,809	**484,493**	382,367
						-
	Opening stock of work-in-process		**7,814**	6,379	**7,293**	7,920
	Closing stock of work-in-process		**(6,478)**	(11,259)	**(6,478)**	(11,259)
	Cost of good manufactured		**1,254,623**	976,929	**485,308**	379,028
	Opening stock of finished goods		**85,430**	77,963	**90,576**	72,792
	Closing stock of finished goods		**(74,161)**	(80,738)	**(74,161)**	(80,738)
			11,269	(2,775)	**16,415**	(7,946)
			1,265,892	974,154	**501,723**	371,082

16.1 Salaries, wages and other benefits include Rs.7.16 million (30 Sept 2018: Rs.5.5 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs.1.91 million (30 Sept 2018:1.6 Rs. million) to the provident fund.

17.	**SELLING AND DISTRIBUTION EXPENSES (unaudited)**					
	Salaries, wages and other benefits	*17.1*	**110,697**	94,351	**36,985**	31,887
	Advertising expense		**90,571**	77,299	**33,376**	38,997
	Freight and handling charges		**53,611**	47,188	**19,636**	18,238
	Travelling and conveyance		**16,069**	14,502	**5,656**	5,530
	Product research and development		**5,268**	6,877	**3,526**	2,896
	Depreciation and amortisation		**10,053**	5,114	**3,352**	1,743
	Rent, rates and taxes		**114**	4,241	**93**	1,461
	Insurance expense		**1,495**	1,549	**525**	539
	Legal and Professional fee		**960**	1,185	**330**	325
	Postage, telegram and telephone		**1,639**	1,362	**599**	568
	Meeting expenses		**691**	692	**319**	160
	Utility charges		**577**	532	**282**	248
	Repair and maintenance		**361**	307	**170**	31
	Printing and stationery		**262**	280	**94**	93
	Others		**2,789**	1,939	**648**	539
			295,157	257,418	**105,591**	103,255

17.1 Salaries, wages and other benefits include Rs.1.889 million (30 Sept 2018: Rs.1.169 million) in respect of the accrual for defined benefit obligations of the Company and contribution of Rs.2.766 million (30 Sept 2018:Rs.2.078 million) to the provident fund.

18. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Details of transactions with related parties and balances with them, unless disclosed elsewhere are as follows:

	Note	Nine months period ended	
		30 September 2019	30 September 2018
		(Rupees in '000)	
Transactions with related parties		**(Un-audited)**	
Contribution to the employees' provident fund	*18.1*	**5,927**	4,792
Key Management Personnel			
Total remuneration of the Chief Executive, Chairperson and other key management personnel	*18.2*	**56,355**	44,759
Other Director's remuneration (meeting fee)		**560**	520

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

18.2 Remuneration of the key management personnel is in accordance with the terms of their employment. Directors meeting fee is as approved by the Board of Directors.

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

18.4 Executives are those employees, other than the Chief Executive and directors, whose basic salary exceeds twelve hundred thousand Rupees in a financial year (2018 figures have also been restated to address to the explanation given in Companies Act, 2017).

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

30 September 2019	*Note*	**Carrying amount**		**Fair value**
		Loans and receivables	**Total**	**Total**
		(Rupees in '000)		
On-balance sheet financial and non-financial instruments				
Financial assets not measured at fair value	*19.1*			
Long term deposits		**4,792**	**4,792**	**-**
Loans to employees		**1,535**	**1,535**	**-**
Trade debts		**72,397**	**72,397**	**-**
Other receivables		**59**	**59**	**-**
Cash and bank balances (including security deposit)		**57,005**	**57,005**	**-**
		135,788	**135,788**	**-**

30 September 2019		**Carrying amount**		**Fair value**
		Other financial liabilities	**Total**	**Total**
		(Rupees in '000)		
On-balance sheet financial and non-financial instruments				
Financial liabilities not measured at fair value	*19.1*			
Trade and other payables		**247,359**	**247,359**	**-**
Contract liabilities - advance from customers		**49,879**	**49,879**	
Short term borrowings (including mark-up)		**122,785**	**122,785**	**-**
Liability against right of use assets and finance lease		**63,124**	**63,124**	
		483,147	**483,147**	**-**

31 December 2018		Carrying amount		Fair value
		Loans and receivables	Total	Total
		(Rupees in '000)		
On-balance sheet financial and non-financial instruments				
Financial assets not measured at fair value	*19.1*			
Long term deposits		4,792	4,792	-
Loans to employees		1,790	1,790	-
Trade debts		46,188	46,188	-
Other receivables		140	140	-
Cash and bank balances (including security deposit)		44,249	44,249	-
		97,159	97,159	-

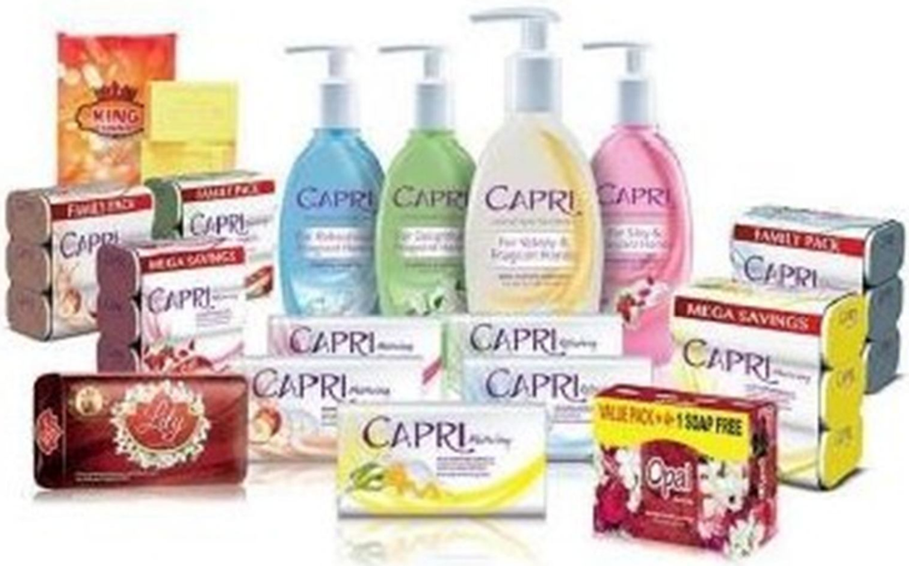
31 December 2018		Carrying amount		Fair value
		Other financial liabilities	Total	Total
		(Rupees in '000)		
On-balance sheet financial and non-financial instruments				
Financial liabilities not measured at fair value	*19.1*			
Trade and other payables		150,454	150,454	-
Contract liabilities - advance from customers		43,147	43,147	
Short term borrowings (including mark-up)		192,502	192,502	-
Liability against asset subject to finance lease		5,456	5,456	-
		391,559	391,559	-

19.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced, periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

20. GENERAL

This condensed interim financial information were authorised for issue on October 29, 2019 by the board of directors of the Company.

Chief Executive Officer	**Director**	**Chief Financial Officer**



ZIL
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