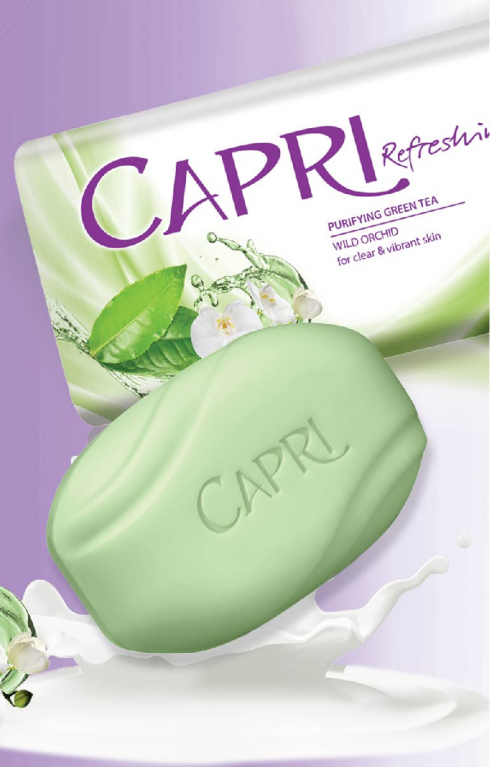




**Half Yearly Report
January - June
2023**





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Company Information

Board of Directors

Dr. Saloman Jacobus Van Rooijen
Chairman, Non-Executive Director

Mr. Mubashir Hasan Ansari
Executive Director & Chief Executive Officer

Mrs. Ferial Ali-Mehdi
Non-Executive Director

Mr. Saad Amanullah Khan
Non-Executive Director

Mr. Muhammad Irfan-ul-Haq
Non-Executive Director

Mr. Muhammad Salman H. Chawala
Independent, Non-Executive Director

Mr. Ahsan Rashid
Independent, Non-Executive Director

Board Audit Committee

Mr. Muhammad Salman H. Chawala
Chairman

Mrs. Ferial Ali-Mehdi
Member

Mr. Ahsan Rashid
Member

Human Resource and Remuneration Committee

Mr. Ahsan Rashid
Chairman

Mrs. Ferial Ali-Mehdi
Member

Mr. Saad Amanullah Khan
Member

Mr. Mubashir Hasan Ansari
Member

Statutory Auditors

BDO Ebrahim & Co. Chartered
Accountants

Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh

Company Secretary

Mr. Muhammad Shahid

Secretary HR&R Committee

Mr. Aneel Arshad Ali

Head of Internal Audit

Mr. Syed Abid Raza Rizvi

Legal Advisors

Pinjani & Vadria Lawyers

Registered Office

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

Factory

Link Hali Road, Hyderabad - 71000

Bankers

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

Shares Registrar

THK Associates (Pvt) Limited
Plot No. 32, Jami Commercial Street 2,
D.H.A., Phase VII,
Karachi.
Ph: (021) 111-000-322



Directors' Review

The Board of Directors of ZIL Limited is delighted to present the reviewed financial results of the Company for the first six months ended June 30, 2023.

Company's operating performance:

The Company recorded a robust growth of over 50% in sales value compared to the corresponding period last year. This achievement was on account of optimization of the sales mix, coupled with judicious price revisions to navigate the challenges posed by rising inflation. Our gross profit witnessed an increase from 8.3% to 29% which can be attributed to smart raw material procurement, product price adjustments, and savings accrued from manufacturing facility related decisions.

During the period ended, the company endured soaring financial costs, aggravated by escalating markup rates and unfavorable currency exchange fluctuations. Despite this and the imposition of super tax, the bottom line witnessed a turnaround when compared with last year same period transforming a loss of Rs. (159) million into a historic profit of Rs. 145 million. Had super-tax not been imposed, the profit after tax would amount to Rs.155M for the six-month period.

Financial Performance at a Glance:

	YTD Jun-23	YTD Jun-22	Increase %
	Rs. In Millions		
Gross Sales	3460M	2269M	52%
Net Sales	2553M	1690M	51%
Gross Profit	739M	140M	428%
Gross Profit %	28.9%	8.3%	2066BPS
Operating Profit	336M	(101)M	433%
Profit/(Loss) after taxation	145M	(159)M	191%
Earnings/(Loss) per share	23.8	-25.9	191%

Future Outlook:

Looking ahead, we remain aware of the multifaceted challenges that confront Pakistan's economy, including surging inflation impacting consumer purchasing power, restrictive import policies, political uncertainty, fiscal management complexities, and the ongoing energy crisis. While the road ahead remains difficult and uncertain, the recent staff level agreement reached with the IMF for financing, is anticipated to maintain exchange rates at current levels in the immediate future.

In response to these challenges, the company management is proactively undertaking key initiatives to foster both volume and value growth. Through the rationalization of our current SKUs, introduction of new value packs, revitalizing low tier segment brand, the enhancement of distribution network and motivation of sales team, we aim to expand our market reach and bolster productivity within our sales teams.

We are committed to achieving optimal efficiencies throughout the value chain as we endeavor towards reducing costs, resulting in improved margins while defending our market position.

Acknowledgement:

We, the Board of Directors, extend heartfelt gratitude to our dedicated employees, whose unwavering commitment and tireless efforts have been instrumental in navigating the challenges faced during this period. Our success would not have been possible without the steadfast support and trust placed in us by our esteemed business partners, including customers, distributors, dealers, bankers, suppliers, and all stakeholders.

For and on behalf of the Board of Directors

Mubashir Hasan Ansari
Director / CEO

Karachi: August 16, 2023

Half Yearly Report June 30, 2023



Independent Auditor's Report on Review of Condensed Interim Financial Statements to the Members

Introduction

We have reviewed the accompanying condensed interim statement of financial position of ZIL LIMITED ("the Company") as at June 30, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of cash flows, the condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the six-month period ended June 30, 2023 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The financial statements of the Company for the year ended December 31, 2022 were audited and condensed interim financial information for the half year ended June 30, 2022 was reviewed by another firm of chartered accountants who through their audit report dated March 14, 2023, and review report dated October 11, 2022 expressed an unmodified opinion and conclusion thereon, respectively.

The figures for the quarters ended June 30, 2023 and June 30, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and accordingly we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI
DATED:

UDIN: _____


BDO EBRAHIM & Co
CHARTERED ACCOUNTANTS



**Condensed Interim Statement of Financial Position (Un-audited)
As at June 30, 2023**

		June 30, 2023 (Un-audited)	31 December 2022 (Audited)
	Note	(Rs. in '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,060,365	1,031,953
Intangible asset		4,556	1,735
Long term deposits		6,096	5,161
Long term loans to employees		990	978
		<u>1,072,007</u>	<u>1,039,827</u>
CURRENT ASSETS			
Stock-in-trade	7	660,763	528,305
Trade debts	8	217,431	140,669
Advances, prepayments and other receivables	9	128,922	13,720
Short term investments	10	50,000	150,434
Taxation - net	16	-	17,326
Cash and bank balances	11	151,650	73,356
		<u>1,208,766</u>	<u>923,810</u>
Assets classified as held for sale	12	<u>590,858</u>	<u>583,897</u>
		<u>2,871,631</u>	<u>2,547,534</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 40,000,000 (December 31, 2022: 40,000,000) ordinary shares of Rs. 10/- each		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up capital		61,226	61,226
Capital reserves			
Surplus on revaluation of property, plant and equipment		968,664	976,744
Revenue reserves			
General reserves		6,000	6,000
Unappropriated profit / (accumulated loss)		<u>89,423</u>	<u>(64,094)</u>
		<u>1,125,313</u>	<u>979,876</u>
NON-CURRENT LIABILITIES			
Long term loan	13	4,400	5,122
Deferred taxation		204,993	206,058
Deferred staff liabilities		124,889	104,278
Lease liabilities		32,163	27,192
		<u>366,445</u>	<u>342,650</u>
CURRENT LIABILITIES			
Current maturity of non-current liabilities	13	123,574	124,505
Trade and other payables	14	1,142,648	1,037,756
Contract liabilities		68,567	61,337
Short term borrowings	15	20,000	-
Taxation - net	16	23,674	-
Unclaimed dividends		1,410	1,410
		<u>1,379,873</u>	<u>1,225,008</u>
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u>2,871,631</u>	<u>2,547,534</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Director

Half Yearly Report June 30, 2023



Condensed Interim Statement of Profit or Loss (Un-audited)
For the Half Year Ended June 30, 2023

	Half year ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Note	----- (Rupees in '000) -----			
Sales - net	18 2,552,677	1,690,137	1,311,060	951,424
Cost of sales	19 (1,813,892)	(1,550,010)	(923,950)	(915,327)
Gross profit	738,785	140,127	387,110	36,097
Selling and distribution expenses	(273,807)	(163,736)	(143,269)	(79,927)
Administrative expenses	(136,033)	(81,876)	(65,949)	(42,105)
	(409,840)	(245,612)	(209,218)	(122,032)
Other income	7,322	4,736	1,584	2,078
Operating profit / (loss)	336,267	(100,749)	179,476	(83,857)
Other charges	(49,782)	(5,485)	(11,025)	(4,923)
Financial charges	(60,286)	(30,207)	(38,460)	(22,587)
	(110,068)	(35,692)	(49,485)	(27,510)
Profit / (loss) before taxation	226,199	(136,441)	129,991	(111,367)
Taxation	(80,762)	(22,222)	(52,146)	(9,653)
Profit / (loss) for the period	145,437	(158,663)	77,845	(121,020)
	(Rupees)		(Rupees)	
Earnings / (loss) per share - basic and diluted (Rupees)	23.754	(25.92)	12.71	(19.77)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer



Director



**Condensed Interim Statement of
Comprehensive Income (Un-audited)
For The Half Year Ended June 30, 2023**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
	<u>----- (Rupees in '000) -----</u>			
Profit / (loss) for the period	145,437	(158,663)	77,845	(121,020)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>145,437</u>	<u>(158,663)</u>	<u>77,845</u>	<u>(121,020)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Director

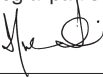


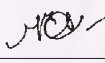
Condensed Interim Statement of Cash Flow (Un-audited) For The Half Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	226,199	(136,441)
Adjustments for:		
Finance costs	60,147	30,207
Depreciation and amortization	41,059	41,650
Provision against staff gratuity	22,590	10,540
Provision against other staff retirement benefits	493	1,378
Provision of slow moving Store and Spares	-	72
Return on bank deposit	(483)	(421)
Amortization of government grant	-	(2,115)
Liability no longer payable written off	-	(1,330)
Dividend income	(1,172)	(393)
Gain on early termination of lease	-	(250)
Provision of slow moving obsolete stock	(7,989)	-
Loss / (gain) on disposal of operating fixed assets	469	(784)
	<u>115,114</u>	<u>78,554</u>
Profit / (loss) before working capital changes	341,313	(57,887)
Working Capital Changes		
Decrease in assets:		
Stores and spares	60	306
Stock-in-trade	(124,468)	8,635
Trade debts	(76,762)	(4,234)
Loans to employees	275	(1,188)
Long term deposits	(935)	(2,905)
Advances to suppliers	-	(95)
Advances, prepayments and other receivables	(122,506)	(29,481)
	<u>(324,336)</u>	<u>(28,962)</u>
Increase in current liabilities:		
Contract liabilities	7,230	559
Trade and other payables	104,140	446,858
	<u>128,347</u>	<u>360,568</u>
Income taxes paid	(40,828)	(22,094)
Staff gratuity paid	(1,981)	(11,221)
Other staff retirement benefits paid	(325)	(8,448)
Return received on bank deposits - under markup arrangements	483	421
Dividend received	1,172	393
Finance costs paid	(56,094)	(28,994)
	<u>(97,573)</u>	<u>(69,943)</u>
Net cash flows from operating activities	30,774	290,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in capital expenditure	(54,747)	(26,894)
Addition in intangible	(4,724)	-
Proceeds from disposal of operating fixed assets	3,233	3,357
Short term investments	100,434	(10,000)
Net cash flows generated from / (used in) investing activities	<u>44,196</u>	<u>(33,537)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease repayment	(14,852)	(11,310)
Long term loan	(1,824)	(47,113)
Short term borrowings - Karobar and Salam finances	20,000	(115,000)
Net generated from / (used in) financing activities	<u>3,324</u>	<u>(173,423)</u>
Net increase in cash and cash equivalents	<u>78,294</u>	<u>83,665</u>
Cash and cash equivalents at the beginning of the period	<u>73,356</u>	<u>31,709</u>
Cash and cash equivalents at the end of the period	<u>151,650</u>	<u>115,374</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer



Director



**Condensed Interim Statement of
Changes in Equity (Un-audited)
For The Half Year Ended June 30, 2023**

	Capital Reserves		Reserves		Total	
	Issued, subscribed and paid up capital	Surplus on Revaluation of fixed assets	General reserve	Un-appro- priated profit		Total Reserves
	(Rs. in '000)					
Balance as at January 01, 2022	61,226	997,902	6,000	(108,353)	(102,353)	956,775
Total comprehensive loss for the period						
Loss for the period	-	-	-	(158,663)	(158,663)	(158,663)
Other comprehensive income						
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(10,800)		10,800	10,800	-
	-	(10,800)		(147,863)	(147,863)	(158,663)
Balance as at June 30, 2022 (unaudited)	61,226	987,102	6,000	(256,216)	(250,216)	798,112
Balance as at January 01, 2023 (audited)	61,226	976,744	6,000	(64,094)	(58,094)	979,876
Total comprehensive income for the period						
Profit for the period	-	-		145,437	145,437	145,437
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(8,080)		8,080	8,080	-
Balance as at June 30, 2023 (unaudited)	-	(8,080)		153,517	153,517	145,437
	61,226	968,664	6,000	89,423	95,423	1,125,313

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Director



Notes to the Condensed Interim Financial Statements (Un-audited) For The Period Ended June 30, 2023

1 STATUS AND NATURE OF BUSINESS

ZIL Limited (“the Company”) was incorporated as a private limited company in February 16, 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 (formerly Karachi and Lahore Stock Exchanges). The principal activity of the Company is manufacture and sale of home and personal care products.

M/s New Future Consumer International General Trading LLC has acquired a total of 5,194,514 ordinary shares of 10 each of the Company, representing 84.84% of the total issued share capital. The arrangement was made through a share purchase agreement dated March 01, 2023 entered into with Ms. Ferial Ali-Mehdi at PKR 286.64 per share and through a Mandatory Tender Offer at PKR 340.00 per share to the remaining shareholders of the Company as required under the Securities Act 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS / IMMOVABLE PROPERTIES

Location	Address
Head office	Bahria Complex 3, M.T Khan Road, Karachi
Factory	Link Hali Road, Hyderabad (Refer note 12 below)
Plot under construction	Plot No G-1, Located in Chemical Area of Eastern industrial Zone, Port Qasim Authority, Karachi
Warehouse	1st Part of Plot No 21-B, Industrial Estate, Multan
Warehouse and Sales office	Khewat No 55, Situated at 16-KM, Multan Road, Lahore
Regional Sales Office	House No 522, Street No. 18, Chaklala Scheme 3, Rawalpindi
QA laboratory & South Region Sales Office	Plot No, 2/1 RY-16, old Queens Road, Karachi.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.



Notes to the Condensed Interim Financial Statements (Un-audited) For The Period Ended June 30, 2023

These condensed interim financial statements of the Company for the half year ended June 30, 2023 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 comprise of:

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

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

3.2 These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended December 31, 2022, which have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the half year ended June 30, 2022.

3.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention unless stated otherwise.

3.4 Functional and presentation currency

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



Notes to the Condensed Interim Financial Statements (Un-audited) For The Period Ended June 30, 2023

4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended December 31, 2022.

4.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended December 31, 2022.



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Period Ended June 30, 2023**

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
6 PROPERTY, PLANT AND EQUIPMENT			
(Rs. in '000)			
Owned assets	6.1	930,784	886,671
Right-of-use assets	6.2	43,330	37,051
Capital work in progress	6.3	86,251	108,231
		<u>1,060,365</u>	<u>1,031,953</u>
6.1 Fixed assets			
Opening net book value (NBV)		886,671	1,479,884
Transfer (at cost) from capital work in progress during the period / year	6.1.1	76,726	55,907
Transfer to asset held for sale (NBV)		-	(575,408)
		<u>963,397</u>	<u>960,383</u>
Disposals (at NBV) during the period / year	6.1.2	(3,702)	(8,176)
Depreciation charged during the period / year		(28,911)	(65,536)
		<u>(32,613)</u>	<u>(73,712)</u>
Closing net book value (NBV)		<u>930,784</u>	<u>886,671</u>
6.1.1 Details of transfer from CWIP during the period / year are as follows:			
Owned			
Plant and machinery		831	7,119
Furniture and fixtures		603	12,566
Dies and change part		-	5,475
Vehicles		57,656	28,418
Computers		17,636	2,329
		<u>76,726</u>	<u>55,907</u>
6.1.2 Details of deletion (NBV) during the period / year are as follows:			
Owned			
Plant and machinery		59	368
Furniture and Fixtures		51	39
Computers		784	719
Vehicles		2,808	7,050
		<u>3,702</u>	<u>8,176</u>



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Period Ended June 30, 2023**

6.1.3 Fair value of freehold land is considered to be based on level 2 in the fair value hierarchy due to significant observable input used in the valuation.

Valuation techniques used to derive level 2 fair values

Fair value of freehold was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes such as location and size of the land. Moreover, value of land also depends upon the area and location. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
(Rs. in '000)			
6.2 Right-of-use assets			
Opening net book value (NBV)		37,051	38,761
Additions (at cost) during the period / year		16,525	21,572
Disposal (at NBV) during the period / year		-	(5,756)
Modification during the period / year		-	870
Depreciation charged during the period / year		<u>(10,246)</u>	<u>(18,396)</u>
		<u>43,330</u>	<u>37,051</u>
6.3 Capital work in progress			
Building on leasehold land		72,825	72,825
Vehicles		12,813	23,866
Intangible		-	4,724
Plant, machinery and equipment		-	9
Computers		<u>613</u>	<u>6,807</u>
		<u>86,251</u>	<u>108,231</u>
Movement in capital work in progress			
Balance at the beginning of the period / year		108,231	76,986
Addition during the period		59,471	87,152
Transfer to operating fixed asset and intangibles		<u>(81,451)</u>	<u>(55,907)</u>
Balance at the end of the period / year		<u>86,251</u>	<u>108,231</u>
7 STOCK IN TRADE			
Raw material			
In hand		101,840	149,197
In transit		<u>11,239</u>	<u>69,378</u>
		113,079	218,575
Packing material		72,716	56,482
Work-in-progress		-	1,550
Finished goods		<u>484,507</u>	<u>269,227</u>
		670,302	545,834
Provision for slow moving inventory		<u>(9,539)</u>	<u>(17,529)</u>
		<u>660,763</u>	<u>528,305</u>



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Period Ended June 30, 2023**

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
(Rs. in '000)			
8 TRADE DEBTS			
Unsecured - considered good		217,431	140,669
Considered doubtful		<u>9,397</u>	<u>9,397</u>
		226,828	150,066
Less: allowance for expected credit loss	8.1	<u>(9,397)</u>	<u>(9,397)</u>
		<u>217,431</u>	<u>140,669</u>
8.1 Allowance for expected credit loss			
Opening balance		9,397	9,397
Allowance recognized during the period / year		<u>-</u>	<u>-</u>
Closing balance		<u>9,397</u>	<u>9,397</u>
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
LC Margin against imports		120,265	-
Advances to suppliers and contractors		1,513	1,656
Prepayments		4,751	508
Current maturity of loans to employees		2,024	2,311
Deposit to Sui Southern Gas Company Limited / Bank	12	9,807	10,157
Other receivables		<u>369</u>	<u>1,874</u>
		138,729	16,506
Considered doubtful			
Advances to suppliers and contractors		803	803
Less: Provision held		<u>(803)</u>	<u>(803)</u>
		-	-
Asset classified held for sale		<u>(9,807)</u>	<u>(2,786)</u>
		<u>128,922</u>	<u>13,720</u>
10 SHORT TERM INVESTMENTS			
At fair value through profit and loss	10.1	<u>50,000</u>	<u>150,434</u>
		June 30, 2023	December 31, 2022
		----- (Number of units) -----	
10.1 Breakup of investment units at year:			
Meezan Rozana Amdani Fund	10.2	<u>1,000,000</u>	<u>3,008,671</u>
10.2 This represent investment in Meezan Rozana Amdani Fund at the rate of Rs. 50 per unit.			



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Period Ended June 30, 2023**

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
(Rs. in '000)			
11 CASH AND BANK BALANCES			
Local currency			
Cash in hand		574	101
Cash with banks			
Current / Collection accounts		144,233	67,418
PLS saving accounts	11.1	6,843	5,837
		<u>151,076</u>	<u>73,255</u>
		<u>151,650</u>	<u>73,356</u>

11.1 The balance in savings accounts carry mark-up at the rates ranging from 14.50% to 20.50% per annum (December 31, 2022: 4.00% to 14.50% per annum).

12 ASSETS CLASSIFIED AS HELD FOR SALE

Freehold land		400,040	400,040
Building on freehold land		40,223	40,223
Plant, machinery and equipment		116,823	116,823
Furniture and fixtures		1,283	1,283
Capital spares		17,039	17,039
Stores and spares		5,643	5,703
Deposit to Sui Southern Gas Company Limited	9	9,807	2,786
		<u>590,858</u>	<u>583,897</u>

12.1 On January 12, 2022, the Board of Directors in their meeting discussed and reviewed the operational difficulties of existing manufacturing facility (comprising of freehold land, building on freehold land, plant, machinery and equipment, capital spares, furniture and fixtures, store and spares tools and other related assets) located at Hyderabad due to housing society built in its surrounding area and approved the closure of factory, offering of Voluntarily Separation Scheme to factory staff and shifting of all manufacturing operations to toll manufacturing through third party arrangements. The above decisions have been approved by the shareholders in an extraordinary general meeting held on November 30, 2022 under section 183 (3) of Companies Act, 2017. Accordingly, the stated assets have been classified as assets held for sale. The sale of manufacturing facility is expected to be completed within a year from the date of classification. Further, Management is evaluating different proposals before taking final decision and the facility is a part of the existing single operating segment of the Company as at June 30, 2023.



Notes to the Condensed Interim Financial Statements (Un-audited) For The Period Ended June 30, 2023

12.2 The Company hired an independent valuer for the determination of the fair values of the assets classified as held for sale. The valuations performed by the valuer are based on proprietary databases of prices of transaction for properties of similar nature, location and condition. The fair values are based on valuations performed by Arif Evaluators, an accredited independent valuer certified by Pakistan Bankers' Association. The fair values of the above assets fall under level 2 " Valuation Techniques (market observable)" of fair value hierarchy. Accordingly, the assets classified as held for sale are recorded at their carrying amounts as their fair values less cost to sell were higher than the carrying amounts at the date of classification.

	Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
(Rs. in '000)			
13 LONG TERM LOAN			
Diminishing musharaka	13.1	7,042	8,866
Loan from director	13.2	100,000	100,000
		107,042	108,866
Less: current maturity shown under current liability		(102,642)	(103,744)
		4,400	5,122

13.1 The Company has acquired vehicles under diminishing musharka agreement from First habib Modaraba. The loan is for a period of four years expiring on September 17, 2025, with an option to purchase the asset at nominal amount. This carries profit at the rate 3 months' KIBOR + 2% per annum (December 31,2022: 3 months' KIBOR + 2% per annum).

13.2 The Company has obtained loan amounting to Rs. 100 million from director of the company for one and half year i.e. December 31, 2021 to July 05, 2023 for meeting its working capital requirement. It carries markup rate of 1 month KIBOR-1% per annum payable monthly. The Loan was originally agreed to be repaid by July 05, 2023, However with mutual consent of director and management, the terms of loan agreement has been renewed. The loan is now repayable in four equal installments of Rs. 25 million with principal repayment beginning from January 05, 2024 and ending on July 05, 2024.

14 TRADE AND OTHER PAYABLES

Trade creditors	924,287	881,269
Accrued expenses	139,339	105,339
Sales tax payable	47,388	41,140
Deduction on account of vehicles for the employees	3,874	357
Accrued mark-up on short term borrowings	2,185	1,429
Workers' welfare fund	9,106	4,084
Workers' profit participation fund	12,282	3,897
Other liabilities	4,187	241
	1,142,648	1,037,756



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Period Ended June 30, 2023**

Note	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
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(Rs. in '000)

15 SHORT TERM BORROWINGS

From banking companies - secured Salam financing	<u>20,000</u>	<u>-</u>
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15.1 The represents Salam and Istisna financing facility available from a commercial bank amounting to Rs. 150 million (2022: Salam and Istisna finance facility of Rs. 150 million) and carries mark-up of matching tenure KIBOR+1.5% (2022: matching tenure KIBOR+1.5%) per annum. The facility is secured by way of first pari passu charge over present and future current assets amounting to Rs. 400 million. As of the reporting date, unutilised facility aggregated to Rs. 130 million (2022: Rs. 150 million). Above facility is valid up to June 30, 2023 and is generally renewable.

15.2 At June 30, 2023, unutilised letter of credit facilities from certain banks amounted to Rs.25.78 million (31 December 2022: Rs.64.9 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 200 million (December 31, 2022: Rs. 200 million).

16 TAXATION - NET

Advance taxation	95,988	101,517
Prior years tax liability	(38,236)	(32,797)
Provision for taxation	<u>(81,426)</u>	<u>(51,394)</u>
	<u>(23,674)</u>	<u>17,326</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The status of other contingencies are same as disclosed in the annual audited financial statements for the year ended December 31, 2022 except for the matter disclosed below:

On May 30, 2023, Company received a Show Notice u/s 122(5A) read with section 122(9) of the Income Tax Ordinance ,2001 from Additional Commissioner Inland Revenue for the Tax Year 2020 (Corresponding financial year 2019). Proceeding initiated by the department but yet not finalized.

17.2 Commitment

Commitment under letters of credit for the import of stock-in-trade items amounted to Rs. 46.25 million (December 31, 2022: Rs. 40.28 million).



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Period Ended June 30, 2023**

	Half-year ended		Three months period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Un-audited)			
	----- (Rupees in '000) -----			
18 SALES - NET				
Gross sales	3,459,698	2,269,239	1,783,271	1,284,462
Sales tax	(573,195)	(362,656)	(299,158)	(205,259)
Trade discount	(333,758)	(216,225)	(172,985)	(127,779)
Sales return and rebate	(68)	(221)	(68)	-
	<u>(907,021)</u>	<u>(579,102)</u>	<u>(472,211)</u>	<u>(333,038)</u>
Net sales	<u>2,552,677</u>	<u>1,690,137</u>	<u>1,311,060</u>	<u>951,424</u>
19 COST OF SALES				
Raw material consumed	1,714,300	1,242,736	732,671	752,385
Packing material consumed	152,958	106,382	68,944	58,402
Salaries, wages and other benefits	54,343	84,637	25,523	46,127
Goods purchased for resale	61,938	38,755	25,613	22,609
Depreciation and amortisation	17,506	25,566	8,938	12,894
Fuel and power	2,257	3,530	1,309	1,554
Freight and handling charges	2,110	1,015	1,234	598
Stores and spares consumed	1,194	362	601	216
Rent, rates and taxes	9,952	8,163	5,779	7,990
Travelling and conveyance	3,529	2,409	1,892	1,298
Insurance	1,000	982	491	555
Repair and maintenance	340	39	232	28
Postage and telephones	198	256	101	159
Legal and professional charges	22	71	22	11
Printing and stationery	56	52	15	5
Subscription charges	626	63	157	56
Provision for slow moving stock-in-trade	1,000	-	1,000	-
Product research and development	2,713	346	2,639	99
Provision for slow moving stores and spares	-	72	-	72
Others	1,580	3,487	707	3,244
	<u>2,027,622</u>	<u>1,518,923</u>	<u>877,868</u>	<u>908,302</u>
Opening work in process	1,550	13,085	1,550	1,522
Closing work in process	-	(9,414)	-	(9,414)
	<u>1,550</u>	<u>3,671</u>	<u>1,550</u>	<u>(7,892)</u>
Cost of goods manufactured	<u>2,029,172</u>	<u>1,522,594</u>	<u>879,418</u>	<u>900,410</u>
Opening stock of finished goods	269,227	152,198	529,039	139,699
Closing stock of finished goods	(484,507)	(124,782)	(484,507)	(124,782)
	<u>(215,280)</u>	<u>27,416</u>	<u>44,532</u>	<u>14,917</u>
	<u>1,813,892</u>	<u>1,550,010</u>	<u>923,950</u>	<u>915,327</u>



**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Period Ended June 30, 2023**

20 TRANSACTIONS WITH RELATED PARTIES

Related parties of the company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of directors of the company. Detail of transactions with related parties during the year, other than disclosed elsewhere in the condensed interim financial statements, are as follows:

20.1 Names of related parties, nature and basis of relationship

Name of related parties	Note	Nature and basis of Relationship	Percentage of shareholding in the Company
New Future Consumer International General Trading LLC Mrs. Ferial Ali Mehdi		Parent Company Director	84.84% 10.01%

20.2 Transactions during the period / year:

Other related parties

Contribution to the employees' provident fund	20.2.1	6,982	4,885
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Directors and chief executive officer (key management personnel)

Remuneration	20.2.2	37,396	17,821
Other directors remuneration -meeting fees	20.2.2	540	690
Interest on loan from director		9,755	5,618

Other key management personnel

Managerial remuneration (excluding directors and chief executive officer)		81,356	41,819
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20.2.1 Contribution to the provident fund is made in accordance with the requirements of staff service rules.

20.2.2 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.

21 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements for the year ended December 31, 2022.



Notes to the Condensed Interim Financial Statements (Un-audited) For The Period Ended June 30, 2023

22 CORRESPONDING FIGURES

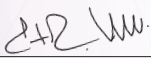
Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

23 GENERAL

Figures have been rounded off to the nearest of rupees unless otherwise stated.

24 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on August 16, 2023 by the Board of Directors of the Company.



Chief Financial Officer



Chief Executive Officer



Director



**Providing Quality,
Convenience & Affordability**



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

SAAW PEENTIES