



Half Yearly Report
January - June
2020

CAPRI

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Contents

Half Yearly Report Jan-June 2020

Company Information	02
Directors' Review	04
Auditor's Review Report	05
Condensed Interim Balance Sheet	06
Condensed Interim Profit and Loss Account	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Cash Flow Statement	09
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11

Company Information

Board of Directors

Mrs. Ferial 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 (Representing NIT)	Independent, Non-Executive Director

Board Audit Committee

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

Human Resource & Remuneration Committee

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

Statutory Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

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

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 first six months ended June 30, 2020.

Summary of Business Review:

In a challenging environment related to COVID-19 during which trade and operations were disturbed the company achieved the net sales of Rs. 1.1bn similar to that of last year.

The management continued to practice the work from home policy ensuring compliance with the government's measures and the health and safety policy of the employees in the company.

The management took efficient measures to control selling and administrative expenses and reduced working capital to minimize impact on the profit during the period.

Financial Position at a Glance:

	Six month period from January to June		
	2020	2019	Growth %
Net Sales	1,100M	1,098M	0.1%
Gross Profit	286M	334M	-14%
Gross Profit %	26%	30%	-443 bps
Profit/(Loss) after taxation	11.9M	35.5M	-66%

Future Outlook:

Management acknowledges the uncertainty emanating from the COVID-19 and its impact on the economy and consumers. It has reviewed its business performance and goals for the balance of the year and has developed distinct strategies to cope with the change in the environment and is committed to drive business fundamentals and maintain its position.

Acknowledgement:

On behalf of the Board of Directors, we would like to express our gratitude and appreciation to all our employees, shareholders, business partners and other institutions for their continued trust and support.

For and on behalf of the Board of Directors



Mubashir Hasan Ansari
Director and CEO

Karachi: Aug 25, 2020



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Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ZIL Limited (the Company)

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ZIL Limited** (the Company) as at **30 June 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these 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 interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 30 June 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2020.

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 interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial information of the Company for the six months period ended 30 June 2019 and annual financial statements for the year ended 31 December 2019 were reviewed and audited by KPMG Taseer Hadi & Co. Chartered Accountants who through their reports, dated 29 August 2019 and 09 May 2020 respectively, expressed an unqualified conclusion and opinion thereon.

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

EY Ford Rhodes
Chartered Accountants
Place: Karachi
Date: 25th August, 2020

ZIL Limited

Condensed Interim Statement of Financial Position (Un-audited)

As at 30 June 2020

		30 June 2020 (Un-audited)	31 December 2019 (Audited)
	Note	------(Rupees in '000)-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	736,272	764,360
Intangible assets		8,415	101
Long-term deposits		1,593	1,593
Long-term loans to employees		612	630
<i>Total non-current assets</i>		<u>746,892</u>	<u>766,684</u>
CURRENT ASSETS			
Stores and spares		6,110	6,725
Stock-in-trade	5	311,891	179,267
Trade debts - unsecured, considered good	6	46,882	45,560
Advances, prepayments and other receivables	7	170,033	154,493
Cash and bank balances	8	26,293	63,640
<i>Total current assets</i>		<u>561,209</u>	<u>449,685</u>
TOTAL ASSETS		<u>1,308,101</u>	<u>1,216,369</u>
EQUITY AND LIABILITIES			
EQUITY			
Authorised capital 40,000,000 (31 December 2019: 40,000,000) ordinary shares of Rs. 10 each		<u>400,000</u>	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		359,210	363,711
Revenue reserves			
General reserve		6,000	6,000
Un-appropriated profit		<u>175,151</u>	<u>180,157</u>
		<u>601,587</u>	<u>611,094</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liability - net		25,374	27,724
Deferred staff liabilities		102,860	107,155
Liability against leased assets		53,746	60,155
Long-term loan	9	30,206	-
Deferred Grant		1,631	-
CURRENT LIABILITIES			
Trade and other payables	10	250,809	260,085
Short-term borrowings	11	110,000	-
Taxation		70,087	53,570
Contract liabilities - advance from customers		35,214	84,148
Current maturity of liability against leased assets		12,461	11,182
Current maturity of long-term loan		10,086	-
Accrued mark-up		2,653	78
Unclaimed dividend		1,387	1,178
<i>Total current liabilities</i>		<u>492,697</u>	<u>410,241</u>
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		<u>1,308,101</u>	<u>1,216,369</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.


Chief Financial Officer


Chief Executive Officer


Director

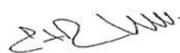
ZIL Limited

Condensed Interim Statement of Profit or Loss (Un-audited)

For the three months and six months period ended 30 June 2020

	Note	Six months period ended		Three months period ended	
		30 June	30 June	30 June	30 June
		2020	2019	2020	2019
		------(Rupees in '000)-----		------(Rupees in '000)-----	
Sales - net	13	1,099,575	1,098,239	611,247	604,268
Cost of sales	14	(813,397)	(764,169)	(463,982)	(421,386)
Gross profit		286,178	334,070	147,265	182,882
Selling and distribution expenses		(174,018)	(185,462)	(85,651)	(101,138)
Administrative expenses		(74,420)	(84,440)	(31,930)	(37,616)
Impairment loss on trade receivables		-	(858)	-	(858)
		(248,438)	(270,760)	(117,581)	(139,612)
		37,740	63,310	29,684	43,270
Other income		1,598	1,678	972	1,023
Other charges		(4,934)	(7,237)	(4,484)	(6,423)
		34,404	57,751	26,172	37,870
Finance costs		(8,316)	(10,902)	(5,157)	(5,359)
Profit before taxation		26,088	46,849	21,015	32,511
Taxation		(14,166)	(11,309)	(12,265)	(7,321)
Profit for the period		11,922	35,540	8,750	25,190
			(Rupees)		(Rupees)
Earning per share - basic and diluted		1.95	5.81	1.43	4.11

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

ZIL Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three months and six months period ended 30 June 2020

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>30 June</u> <u>2020</u>	<u>30 June</u> <u>2019</u>	<u>30 June</u> <u>2020</u>	<u>30 June</u> <u>2019</u>
	----- <u>(Rupees in '000)</u> -----		----- <u>(Rupees in '000)</u> -----	
Profit for the period after taxation	11,922	35,540	8,750	25,190
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>11,922</u>	<u>35,540</u>	<u>8,750</u>	<u>25,190</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

ZIL Limited

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended 30 June 2020

	Six months period ended	
	30 June 2020	30 June 2019
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,088	46,849
Adjustments for:		
Finance costs	8,316	10,902
Depreciation and amortisation	32,611	31,319
Provision against staff gratuity	9,246	7,099
Provision against other staff retirement benefits	1,182	1,164
Provision against slow-moving stock-in-trade	-	6,339
Return on bank deposits	(109)	(45)
Provision against slow moving stores and spares	584	-
Gain on disposal of operating fixed assets	-	(68)
	<u>51,830</u>	<u>57,568</u>
	77,918	104,417
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	31	(884)
Stock-in-trade	(132,624)	(32,003)
Trade debts	(1,322)	(16,641)
Loans to employees	(3,148)	(298)
Advances, prepayments and other receivables	2,587	(1,884)
	<u>(134,476)</u>	<u>(51,710)</u>
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	(9,276)	108,637
Contract liabilities	(48,934)	(11,300)
	<u>(114,768)</u>	<u>150,044</u>
Income tax paid	(14,962)	(31,376)
Staff gratuity paid	(7,825)	(2,550)
Other staff retirement benefits paid	(6,897)	(2,614)
Return on bank deposits received	109	45
Finance costs paid	(1,412)	(10,491)
	<u>(30,987)</u>	<u>(46,986)</u>
<i>Net (decrease) / increase in cash flows from operating activities</i>	<u>(145,755)</u>	<u>103,058</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(12,862)	(22,857)
Proceeds from disposal of operating fixed assets	27	4,927
<i>Net cash flows from investing activities</i>	<u>(12,835)</u>	<u>(17,930)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(21,220)	(9,040)
Lease rentals paid	(9,460)	(9,686)
Long-term loan obtained	41,923	-
Short term borrowings acquired / (repaid)	110,000	(50,000)
<i>Net cash flows from financing activities</i>	<u>121,243</u>	<u>(68,726)</u>
<i>Net (decrease) / increase in cash and cash equivalents during the period</i>	<u>(37,347)</u>	<u>16,402</u>
Cash and cash equivalents at beginning of the period	<u>63,640</u>	<u>43,599</u>
Cash and cash equivalents at end of the period	<u><u>26,293</u></u>	<u><u>60,001</u></u>
Cash and cash equivalents at end of the period comprises of:		
- Cash and bank balances	26,293	60,001
- Short term borrowing - running finance	-	-
	<u><u>26,293</u></u>	<u><u>60,001</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

ZIL Limited

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

For the six months period ended 30 June 2020

	Issued, subscribed and paid-up capital	Capital Reserve	Reserves		Total
		Surplus on Revaluation of assets - net of tax	General reserve	Unappropriated profit	
----- (Rupees in '000) -----					
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	-	-	-	35,540	35,540
Other comprehensive income	-	-	-	-	-
	-	-	-	35,540	35,540
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)	-	(4,890)	-	4,890	-
Balance as at 30 June 2019	61,226	369,253	6,000	148,525	585,004
Balance as at 1 January 2020	61,226	363,711	6,000	180,157	611,094
Total comprehensive income for the period					
Profit after taxation	-	-	-	11,922	11,922
Other comprehensive income	-	-	-	-	-
	-	-	-	11,922	11,922
Cash dividend for the year ended 31 December 2019 (Rs. 3.5 per share) - approved in annual general meeting held on 29 May 2020.	-	-	-	(21,429)	(21,429)
Effect of change in future tax rate	-	-	-	-	-
Transferred from surplus on revaluation of property, plant and equipment - net of tax (incremental depreciation)	-	(4,501)	-	4,501	-
Balance as at 30 June 2020	61,226	359,210	6,000	175,151	601,587

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

ZIL Limited

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

For the six months period ended 30 June 2020

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.

- 1.1 The impact of the COVID-19 coronavirus outbreak is expected to have a significant impact on economic conditions and an increase in economic uncertainty around the globe. Since the Company is manufacturing products such as personal wash, hygiene and skin care and therefore possesses minimal risk of decrease in demand of Company's products. With prudent risk management practice, the Company will be able to meet its financial liabilities when due and would be able to pursue its normal business activities. The company is confident that the ability of the company to Continue as a going concern has not been materially impacted by the effects of pandemic COVID-19.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed interim financial information of the Company for the six months period ended 30 June 2020 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 (the Act).

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

- 2.2 These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures required for complete set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.
- 2.3 The comparative statement of financial position presented in these condensed interim financial information as at 31 December 2019 have been extracted from the audited financial statements of the Company for the year ended 31 December 2019, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flow have been extracted from the unaudited condensed interim financial information for the three months and six months period ended 30 June 2019 (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 Significant Accounting Judgements, Estimates and Financial Risk Management

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 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2019. The carrying value of all financial and non-financial assets and liabilities, measured at other than amortised cost, approximate their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 31 December 2019:

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to income, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out.

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

IFRS 3 – Definition of a Business
 IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform
 IFRS 16 - COVID 19 Related Rent Concessions
 IAS 1 and IAS 8 – Definition of Material

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of the above amendments to accounting standards did not have any material effect on the condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2020 (Un-audited) ------(Rupees in '000)-----	31 December 2019 (Audited)
Operating fixed assets	4.1	673,450	691,395
Capital work-in-progress	4.3	4,457	6,963
Right of use assets	4.4	58,365	66,002
		<u>736,272</u>	<u>764,360</u>

4.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	------(Rupees in '000)-----		
Plant, machinery and equipment	3,213	-	-
Furniture and fixtures	581	-	-
Computers	2,041	-	-
Vehicles	378	64	36
Capital Spares	155	-	-
	<u>6,368</u>	<u>64</u>	<u>36</u>

- 4.2 At 30 June 2020, 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. 149.96 million (31 December 2019: Rs. 152.125 million) and Rs 1.29 million (31 December 2019: Rs. 1.4 million) respectively.

4.3 Capital work-in-progress

	Note	30 June 2020 (Un-audited) ------(Rupees in '000)-----	31 December 2019 (Audited)
Opening balance		6,963	11,471
Additions during the period / year	4.3.2	<u>12,862</u>	<u>56,402</u>
		19,825	67,873
Transfers during the period / year	4.3.2	<u>(15,368)</u>	<u>(60,910)</u>
	4.3.1	<u>4,457</u>	<u>6,963</u>

- 4.3.1 This includes advance for vehicle of Rs.1.8 million, advance for building of Rs. 1.1 million and advance for plant and machinery of Rs. 1.4 million.

4.3.2 Following are the details of the additions and transfers from capital work-in-progress during the period:

	Additions ------(Rupees in '000)-----	Transfers
Building on leasehold land	500	-
Plant, machinery and equipment	1,147	(1,597)
Dies and change parts	3,066	(1,616)
Capital spares	155	(155)
Furniture and fixtures	578	(581)
Computers	975	(2,041)
Vehicles	2,243	(378)
Intangibles	4,198	(9,000)
	<u>12,862</u>	<u>(15,368)</u>

4.4 Breakup of Right-of-use assets:

	30 June 2020 (Un-audited) ------(Rupees in '000)-----	31 December 2019 (Audited)
Vehicles	4,123	4,581
Rented Premises	54,242	61,421
	<u>58,365</u>	<u>66,002</u>

5. STOCK-IN-TRADE

	30 June 2020 (Un-audited) ------(Rupees in '000)-----	31 December 2019 (Audited)
Raw material		
- in hand	144,270	69,897
- in transit	6,779	5,942
	<u>151,049</u>	<u>75,839</u>
Packing material	45,458	29,160
Work-in-progress	4,926	5,050
Finished goods	143,078	101,838
	<u>344,511</u>	<u>211,887</u>
Provision against slow moving items of stock-in-trade	(32,620)	(32,620)
	<u>311,891</u>	<u>179,267</u>

5.1 Provision against slow moving stock-in-trade

Opening balance	32,620	16,363
Charge for the period / year	-	14,265
Write off during the period / year	-	1,992
Closing balance	<u>32,620</u>	<u>32,620</u>

6. TRADE DEBTS - unsecured, considered good

Considered good	46,882	45,560
Considered doubtful	9,097	9,097
	<u>55,979</u>	<u>54,657</u>
Allowance for expected credit loss	(9,097)	(9,097)
	<u>46,882</u>	<u>45,560</u>

6.1 Allowance for expected credit loss:

Opening balance	9,097	8,239
Charge for the period / year	-	858
Closing balance	<u>9,097</u>	<u>9,097</u>

7. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2020 (Un-audited)	31 December 2019 (Audited)
Note	----- (Rupees in '000) -----	
Considered good		
Advance for taxation	156,523	141,562
Advances to suppliers and contractors		
Considered good	3,018	4,232
Considered doubtful	803	803
	3,821	5,035
Provision for doubtful advances	(803)	(803)
	3,018	4,232
Prepayments	2,183	3,563
Current maturity of loans to employees	4,398	1,232
Deposit with Sui Southern Gas Company Limited	2,786	2,786
Letter of guarantee deposit	650	650
Deposit with Central Depository Company of Pakistan Limited	13	13
Other receivables	462	455
	10,492	8,699
	170,033	154,493

8. CASH AND BANK BALANCES

Cash in hand		238	156
Cash at banks			
- current / collection accounts		25,957	20,239
- profit and loss sharing account	8.1	98	3,245
		26,055	23,484
Term deposit receipt	8.2	-	40,000
		26,293	63,640

8.1 This carries profit rate at 3.5% to 4.5% (31 December 2019: 5.5% to 11.25%) per annum.

8.2 These carry profit at 5.5% per annum and encashed during the period.

9. LONG-TERM LOAN

This represents long-term financing facility availed under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). This facility carries limit of Rs. 48.75 million and mark-up of 3% per annum payable quarterly. The principal will be repaid in 8 equal quarterly installments starting 01 January 2021. The difference between the nominal rate and market rate has been accounted as deferred government grant in these condensed interim financial statements.

10. TRADE AND OTHER PAYABLES

	Note	30 June	31 December
		2020	2019
		(Un-audited)	(Audited)
		----- (Rupees in '000) -----	
Trade creditors		143,580	124,650
Accrued expenses		79,271	117,672
Sales tax payable		20,305	10,917
Deposit from employees against vehicles and equipments		1,239	1,126
Workers' Welfare Fund		2,595	1,851
Workers' Profit Participation Fund		1,342	2,013
Other liabilities		2,477	1,856
		<u>250,809</u>	<u>260,085</u>

11. SHORT TERM BORROWINGS

Salam finance - under shariah arrangement	11.1	110,000	-
Running finance - under mark-up arrangements	11.2	-	-
		<u>110,000</u>	<u>-</u>

11.1 These facilities, representing Salam, Istisna and karobar facilities, are available from certain commercial banks up to Rs. 270 million (31 December 2019: Rs. 270 million) and carries mark-up of KIBOR+0.5% to 1% (2019: KIBOR+0.5% to 1%) per annum and are repayable between 03 July 2020 to 8 Sept 2020. The facilities are secured by way of first pari passu charge over present and future current assets of the Company. As at 30 June 2020, unutilised facilities aggregated to Rs. 160 million (2019: Rs. 270 million). These unutilized facilities, represent Istisna / karobar facilities of Rs. 120 million and Salam of Rs. 40 million.

11.2 The facility for running finance is also available from a commercial bank amounting to Rs. 200 million (31 December 2019: Rs. 200 million) carrying mark-up at 1 month KIBOR+1% (31 December 2019: 1 month KIBOR+1%) per annum valid until 30 June 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. As at 30 June 2020, unutilised facility for running finance aggregated to Rs. 200 million (31 December 2019: Rs. 200 million).

11.3 At 30 June 2020, unutilised letter of credit facilities from certain commercial banks amounted to Rs. 334 million (31 December 2019: Rs. 353.43 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 420 million (31 December 2019: Rs. 420 million).

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There has been no change in the status of contingencies as disclosed in note 22.1 to the annual financial statements of the Company for the year ended 31 December 2019 except for the following:

During the period ended June 30, 2020, orders under sub section (1) of section 122(5A) of the Income Tax Ordinance, 2001 were passed by Additional Commissioner Inland Revenue (ACIR) for the tax year 2018 and 2019 (corresponding financial year 2017 and 2018) in which certain disallowances amounting to Rs. 7.463 million and Rs. 5.91 million respectively were made. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue - Appeals (CIR-A) against the alleged order of ACIR, which is pending adjudication. Based on the Company's tax advisor's view, reasonable grounds are available to contest the issues raised before CIR-A. Accordingly, no provision has been made in these condensed interim financial statements.

12.2 Commitment

Commitments under letters of credit for the import of stock in trade items at 30 June 2020 amounted to Rs. 35.7 million (31 December 2019: Rs. 33.7 62 million).

13. SALES - net (unaudited)

	Six months period ended		Three months period ended		
	30 June	30 June	30 June	30 June	
		2020	2019	2020	2019
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Gross sales	1,442,700	1,497,981	800,055	837,253	
Sales tax	(231,799)	(238,833)	(129,270)	(133,616)	
Trade discount	(111,326)	(160,570)	(59,538)	(99,030)	
Sales return and rebate	-	(339)	-	(339)	
	<u>(343,125)</u>	<u>(399,742)</u>	<u>(188,808)</u>	<u>(232,985)</u>	
	<u>1,099,575</u>	<u>1,098,239</u>	<u>611,247</u>	<u>604,268</u>	

14. COST OF SALES (unaudited)	Six months period ended		Three months period ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	------(Rupees in '000)-----		------(Rupees in '000)-----	
Raw material consumed	634,779	549,903	317,649	284,139
Packing material consumed	79,960	72,307	39,067	37,488
Salaries, wages and other benefits	52,186	74,925	25,091	37,593
Goods purchased for resale	38,793	22,778	16,654	18,479
Depreciation and amortisation	17,258	17,174	8,612	8,946
Fuel and power	5,448	7,749	2,744	3,694
Freight and handling charges	3,244	4,814	1,624	1,641
Stores and spares consumed	1,475	2,137	703	1,143
Rent, rates and taxes	11,559	5,640	6,617	5,235
Travelling and conveyance	1,406	1,979	384	1,259
Insurance	1,045	1,243	480	579
Repair and maintenance	228	853	90	782
Postage and telephones	317	205	187	108
Others	276	512	114	46
Legal and professional charges	32	11	-	-
Printing and stationery	204	81	100	52
Water charges	-	-	-	-
Subscription charges	16	122	4	88
Provision for slow moving stock-in-trade	-	6,339	-	6,339
Product research and development	5,704	22	5,684	22
Provision for slow moving stores and spares	584	-	584	-
	854,514	768,794	426,388	407,633
Opening stock of work-in-process	5,050	7,814	4,301	10,062
Closing stock of work-in-process	(4,926)	(7,293)	(4,926)	(7,293)
Cost of good manufactured	854,638	769,315	425,763	410,402
Opening stock of finished goods	101,837	85,430	181,297	101,560
Closing stock of finished goods	(143,078)	(90,576)	(143,078)	(90,576)
	(41,241)	(5,146)	38,219	10,984
	813,397	764,169	463,982	421,386

15. 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	Six months period ended	
		30 June	30 June
		2020	2019
		------(Rupees in '000)-----	
		(Un-audited)	
Transactions with related parties			
Contribution to the employees' provident fund	15.1	4,662	4,342
Key Management Personnel			
Total remuneration of the Chief Executive, Chair person and other key management personnel	15.2	63,753	48,295
Other Director's remuneration (meeting fee)	15.2	480	420

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

15.2 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.

15.3 Other transactions with the related parties are at the agreed terms, if any.

16. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue on 25th August, 2020 by the Board of Directors of the Company.


17. GENERAL

17.1 Certain corresponding figures have been rearranged and reclassified where ever considered necessary for the purpose of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the period:

	Reclassified from	Reclassified to	Rupees 000's
Statement of profit or loss	Selling and distribution expenses	Sales-net	4,102
Property, plant and equipment	Operating finance assets	Right of use asset	4,581



Chief Financial Officer



Chief Executive Officer



Director

