



1st Quarter Report  
September 30,  
**2009**

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## Corporate Information



### Board of Directors

Mrs. Ferial Ali Mehdi  
Chairman / Chief Executive Officer

Syed Tariq Ali  
Director

Mr. Shahid Nazir Ahmed  
Director

Mr. Khurshid Hadi  
Director

Mr. Omer Ehtisham  
Director

Syed Maratib Ali  
Director

Mr. Kemal Shoaib  
Director (Nominee NIT)

Mr. Amir Zia  
Director (Nominee Treet Corporation Ltd.)

### Board Audit Committee

Mr. Kemal Shoaib  
Chairman

Mr. Shahid Nazir Ahmed  
Member

Mr. Omer Ehtisham  
Member

### Company Secretary & Chief Financial Officer

Mr. Ata-ur-Rehman Shaikh

### Bankers

### Statutory Auditors

KPMG Taseer Hadi & Co  
Chartered Accountants

Faysal Bank Limited  
Habib Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan Limited  
Standard Chartered Bank

### Legal Advisors

Hussain & Haider, Advocates

### Shares Registrars

### Registered Office

3rd Floor, Kandawala Building,  
M. A. Jinnah Road, Karachi - 74400  
<http://www.zil.com.pk>

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

### Factory

Link Hali Road, Hyderabad - 71000

## Directors' Review



The Directors of the Company would like to present the un-audited financial statements of the Company for the quarter ended 30 September 2009.

### Overview

ZIL Limited achieved gross sales revenue of Rs.441m with a gross profit increase of 2.5% despite difficult economic conditions and precarious security situation throughout the country. The increase in gross margin resulted mainly because of a 3% decrease in cost of sales which was an outcome of stability of prices in the commodity market. Consequently, the lower input cost allowed the company to review its pricing and it was able to pass on the benefit to the consumers to give them value of money as disposable incomes remained under pressure same as period last year.

The strategic focus of the company is to build up its core business by investing in its brands to defend its market position which is reflected in 13% increase in the selling and distribution expenses. Whereas other overheads like administrative and financial expenses are controlled through cost optimization initiatives and good cash management.

Thus Company registered a growth of 21% in the post tax profit of Rs.19.7mn during the period under review as compared to Rs.16.2mn during the same period last year.

	Quarter ended 30th September	
	2009	2008
	(Rs. in '000)	
Gross Sales	Rs. 441m	Rs.444m
Net Sales	Rs. 346m	Rs. 351m
Profit after Tax	Rs. 19.7m	Rs.16.2 m

### Earning Per Share

Earning per share for the quarter under review is Rs. 4.06 as compared to Rs. 3.35 (restated) during the same period last year.

### Future Outlook

In these tough economic times with continuous pressure on disposable incomes the company is committed to provide value for money to our consumers through innovative solutions and controlling costs, hence ensuring continued sales and reasonable return to the shareholders.

### Acknowledgments

The Directors would like to express their gratitude to the shareholders, distributors, bankers and other business associates for their continued support and encouragement and also place on record their appreciation of the valuable services rendered by the officers, staff and field force of the Company.

For and on behalf of the Board

Feriel Ali Mehdi

Chief Executive Officer

Karachi: 16 October 2009

**Balance Sheet**  
As at 30 September 2009



	<b>30 September 2009 (Un-audited)</b>	<b>30 June 2009 (Audited)</b>
<i>Note</i>	<b>(Rs. in '000)</b>	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>265,155</b>	267,995
Intangible assets	<b>1,535</b>	1,656
Long term prepayment	<b>19,205</b>	19,309
Long term deposits	<b>3,830</b>	3,830
Long term loans to employees	<b>264</b>	298
<b>CURRENT ASSETS</b>		
Stores and spares	<b>6,962</b>	6,906
Stock-in-trade	<b>160,279</b>	204,835
Short-term investments	<b>45,000</b>	25,000
Trade debts	<b>27,423</b>	25,449
Advances, deposits, prepayments and other receivables	<b>59,838</b>	47,001
Cash and bank balances	<b>145,132</b>	124,573
	<b>444,634</b>	433,764
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>204,979</b>	227,303
Taxation	<b>56,582</b>	46,137
	<b>261,561</b>	273,440
<b>NET CURRENT ASSETS</b>	<b>183,073</b>	160,324
<b>NET ASSETS</b>	<b>473,062</b>	453,412
<b>FINANCED BY</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital		
10,000,000 (30 June 2009: 10,000,000) ordinary shares of Rs. 10 each	<b>100,000</b>	100,000
Issued, subscribed and paid up capital	<b>48,400</b>	48,400
Reserves	<b>259,850</b>	239,263
	<b>308,250</b>	287,663
Surplus on revaluation of fixed assets	<b>77,961</b>	78,884
<b>NON-CURRENT LIABILITIES</b>		
Long term deposits	<b>450</b>	450
Deferred staff liabilities	<b>55,993</b>	56,271
Deferred taxation	<b>30,408</b>	30,143
	<b>473,062</b>	453,412
<b>COMMITMENTS</b>	<b>7</b>	

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

  
**Ferial Ali Mehdi**  
Chairman / Chief Executive

  
**Kemal Shoab**  
Director

**Profit and Loss Account (Un-audited)**  
For the quarter ended 30 September 2009



	<i>Note</i>	<b>July to September 2009</b>	<b>July to September 2008</b>
		<b>(Rs. in '000)</b>	
Net sales	8	<b>345,862</b>	350,789
Cost of goods sold	9	<b>243,138</b>	250,559
Gross profit		<u><b>102,724</b></u>	<u>100,230</u>
Selling and distribution expenses		<u><b>61,463</b></u>	<u>54,417</u>
Administrative expenses		<u><b>10,728</b></u>	<u>10,238</u>
		<u><b>72,191</b></u>	<u>64,655</u>
		<b>30,533</b>	35,575
Other operating income		<b>4,808</b>	1,374
Other operating expenses	10	<u><b>4,869</b></u>	<u>11,150</u>
		<u><b>30,472</b></u>	<u>25,799</u>
Financial charges		<u><b>101</b></u>	<u>1,229</u>
<b>Profit before taxation</b>		<u><b>30,371</b></u>	<u>24,570</u>
Taxation	11	<u><b>10,708</b></u>	<u>8,371</u>
<b>Profit after taxation</b>		<u><b>19,663</b></u>	<u>16,199</u>
			(Restated)
<b>Earnings per share - basic and diluted</b>		<u><b>4.06</b></u>	<u>3.35</u>

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

  
**Ferial Ali Mehdi**  
Chairman / Chief Executive

  
**Kemal Shoaib**  
Director

**Cash Flow Statement (Un-audited)**  
For the quarter ended 30 September 2009



	<b>July to September 2009</b>	<b>July to September 2008</b>
<i>Note</i>	<b>(Rs. in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	12 <b>49,723</b>	(34,079)
Income tax paid	<b>(6,496)</b>	(4,960)
Gratuity paid	<b>(1,386)</b>	(217)
Retirement benefits paid	<b>(1,458)</b>	(147)
Mark-up received on investments	<b>2,103</b>	(42)
Mark-up received on short term deposit	<b>1,550</b>	224
Mark-up paid	<b>(203)</b>	(1,920)
	<b>(5,890)</b>	(7,062)
Net cash flows from operating activities	<b>43,833</b>	(41,141)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	<b>(3,854)</b>	(92)
Short-term investments	<b>(20,000)</b>	-
Proceeds from disposal of fixed assets	<b>580</b>	157
Net cash flows from investing activities	<b>(23,274)</b>	65
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash flows from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	<b>20,559</b>	(41,076)
Cash and cash equivalents at beginning of the period	<b>124,573</b>	34,161
Cash and cash equivalents at end of the period	<b>145,132</b>	(6,915)
<b>Cash and cash equivalents comprises</b>		
Cash and bank balances	<b>145,132</b>	36,686
Short term running finance under mark-up arrangement	-	(43,601)
	<b>145,132</b>	(6,915)

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

**Ferial Ali Mehdi**  
Chairman / Chief Executive

**Kemal Shoab**  
Director

## Statement of Changes in Equity For the quarter ended 30 September 2009



	Issued, subscribed and paid up capital	Revenue reserves General reserves	Un-appro- priated profit	Total reserves	(Deficit) on revaluation of available- for-sale investment	Total
	(Rs. in '000)					
<b>Balance as at 1 July 2008</b>	44,000	6,000	186,724	192,724	-	236,724
Profit for quarter ended 30 September 2008	-	-	16,199	16,199	-	16,199
Transferred from surplus on revaluation of fixed assets	-	-	1,024	1,024	-	1,024
<b>Balance as at 30 September 2008</b>	44,000	6,000	203,947	209,947	-	253,947
Final dividend paid for the year ended 30 June 2008	-	-	(4,400)	(4,400)	-	(4,400)
Bonus shares issued for the year ended 30 June 2008	4,400	-	(4,400)	(4,400)	-	-
Profit for period from October 2008 to June 2009	-	-	35,045	35,045	-	35,045
Transferred from surplus on revaluation of fixed assets	-	-	3,071	3,071	-	3,071
<b>Balance as at 30 June 2009</b>	48,400	6,000	233,263	239,263	-	287,663
Profit for the quarter ended 30 September 2009	-	-	19,663	19,663	-	19,663
Transferred from surplus on revaluation of fixed assets	-	-	924	924	-	924
<b>Balance as at 30 September 2009</b>	<u>48,400</u>	<u>6,000</u>	<u>253,850</u>	<u>259,850</u>	<u>-</u>	<u>308,250</u>

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

  
**Ferial Ali Mehdi**  
Chairman / Chief Executive

  
**Kemal Shoab**  
Director



Notes to the Financial Statements (Un-audited)  
For the quarter ended 30 September 2009



**1. STATUS AND NATURE OF BUSINESS**

ZIL Limited [formerly Zulfeqar Industries Limited] ("the Company") was incorporated as a private limited company in February 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was subsequently converted into a public limited company in November 1986. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is the manufacture and sale of home and personal care products. On 1st July 2009, the Company changed its name from Zulfeqar Industries Limited to ZIL Limited.

The registered office of the company is situated at 3rd Floor, Kandawala Building, M.A. Jinnah Road, Karachi.

**2. BASIS FOR PRESENTATION**

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchanges.

These condensed interim financial statements do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the company's annual financial statements for the year ended 30 June 2009.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements of the Company for the year ended 30 June 2009.

**4. ESTIMATES**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2009.

**5. STOCK-IN-TRADE**

	<b>30 September 2009 (Un-audited)</b>	<b>30 June 2009 (Audited)</b>
	<b>(Rs. in '000)</b>	
Raw materials – in hand	<b>58,314</b>	74,003
– in transit	<b>45,988</b>	64,922
	<b>104,302</b>	138,925
Packing materials	<b>9,621</b>	11,915
Work-in-process	<b>21,860</b>	25,436
Finished goods	<b>24,709</b>	28,772
	<b>160,492</b>	205,048
Provision against slow moving stock-in-trade	<b>(213)</b>	(213)
	<b>160,279</b>	204,835

Notes to the Financial Statements (Un-audited)  
For the quarter ended 30 September 2009



	<b>30 September 2009 (Un-audited)</b>	<b>30 June 2009 (Audited)</b>
	<b>(Rs. in '000)</b>	
<b>6. CASH AND BANK BALANCES</b>		
Cash in hand	73	51
Cash at banks in – current accounts	<b>23,062</b>	2,923
– profit and loss sharing account	<b>121,997</b>	51,599
– term deposit receipts	-	70,000
	<b>145,059</b>	124,522
	<b>145,132</b>	124,573

**7. COMMITMENTS**

- 7.1 Bank guarantees aggregating to Rs.7.02 million (30 June 2009: 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas.
- 7.2 Post dated cheques of Rs.35.979 Million (30 June 2009: Rs.23.118 Million) have been issued to Collector of Customs.
- 7.3 Commitments under letters of credit for the import of stock-in-trade items amounting to Rs.71.024 million (30 June 2009: Rs.29.512 million).

	<b>Quarter ended</b>	
	<b>September 30, 2009</b>	<b>September 30, 2008</b>
	<b>(Rs. in '000)</b>	
<b>8. NET SALES</b>		
Gross sales	441,427	443,810
Sales tax	<b>(66,907)</b>	(67,186)
Special excise duty	<b>(3,696)</b>	(3,729)
Trade promotion discount	<b>(24,960)</b>	(22,106)
Rebate and sales return	<b>(2)</b>	(0)
	<b>(95,565)</b>	(93,021)
	<b>345,862</b>	350,789

Notes to the Financial Statements (Un-audited)  
For the quarter ended 30 September 2009



	<b>Quarter ended</b>	
	<b>30 September 2009</b>	<b>30 September 2008</b>
	<b>(Rs. in '000)</b>	
<b>9. COST OF GOODS SOLD</b>		
Raw and packing materials consumed	<b>193,035</b>	259,799
Stores and spares consumed	<b>1,585</b>	2,093
Salaries, wages and other benefits	<b>18,947</b>	17,115
Contribution to the provident fund	<b>383</b>	343
Repair and maintenance	<b>273</b>	354
Fuel and power	<b>13,390</b>	12,730
Rent, rates and taxes	<b>395</b>	33
Insurance	<b>556</b>	630
Product research and development	<b>113</b>	4
Traveling and conveyance	<b>450</b>	435
Printing and stationery	<b>79</b>	63
Postage, telephone and telegrams	<b>110</b>	96
Legal charges	<b>5</b>	2
Professional fee	<b>-</b>	19
Entertainment	<b>26</b>	55
Subscription	<b>19</b>	3
Depreciation	<b>4,818</b>	4,835
Freight and material handling	<b>862</b>	1,311
Other expenses	<b>451</b>	379
	<b>235,498</b>	300,299
Opening stock of work-in-process	<b>25,436</b>	27,126
Closing stock of work-in-process	<b>(21,860)</b>	(43,390)
Cost of goods manufactured	<b>239,074</b>	284,035
Opening stock of finished goods	<b>28,773</b>	12,783
Closing stock of finished goods	<b>(24,709)</b>	(46,259)
	<b>243,138</b>	250,559
<b>10. OTHER OPERATING EXPENSES</b>		
Workers' Welfare Fund	<b>678</b>	580
Workers' Profit Participation Fund	<b>1,634</b>	1,324
Exchange loss	<b>2,557</b>	9,246
	<b>4,869</b>	11,150
<b>11. TAXATION</b>		
- Current	<b>10,445</b>	10,153
- Deferred	<b>263</b>	(1,782)
	<b>10,708</b>	8,371

Notes to the Financial Statements (Un-audited)  
For the quarter ended 30 September 2009



**Quarter ended**  
**30 September 2009**    **30 September 2008**  
**(Rs. in '000)**

**12. CASH GENERATED FROM OPERATIONS**

Profit before taxation	<b>30,371</b>	24,570
Adjustments for:		
Mark-up expense	<b>101</b>	1,230
Depreciation and amortization	<b>6,493</b>	6,377
Provision for gratuity	<b>1,737</b>	1,480
Provision for retirement benefits	<b>828</b>	995
Mark-up on investment	<b>(2,103)</b>	-
Mark-up on short term deposit	<b>(1,550)</b>	(224)
Loss / (gain) on disposal of fixed assets	<b>(152)</b>	27
	<b>5,354</b>	9,885
Operating profit before working capital changes	<b>35,725</b>	34,455
<i>Decrease / (Increase) in operating assets:</i>		
Stores and spares	<b>(56)</b>	(309)
Stock-in-trade	<b>44,557</b>	(22,218)
Trade debts	<b>(1,974)</b>	(3,861)
Loans and Advances	<b>46</b>	39
Long term advances and deposits	<b>-</b>	40
Advances, deposits, prepayments and other receivables	<b>(6,352)</b>	(10,980)
	<b>36,221</b>	(37,289)
<i>Increase / (decrease) in operating liabilities:</i>		
Trade and other payables	<b>(22,223)</b>	(31,245)
Cash generated from operations	<b>49,723</b>	(34,079)

**13. TRANSACTIONS AND BALANCE WITH RELATED PARTIES**

The related parties comprise of associated companies due to common directors (Treet Corporation Limited), Employees' Provident Fund, directors and key management personnel of the Company. The details of transactions with related parties, are as follows:

Notes to the Financial Statements (Un-audited)  
For the quarter ended 30 September 2009



		<u>Quarter ended</u>	
		30 September 2009	30 September 2008
		(Rs. in '000)	
<b>13.1</b>	<b>Transactions with related parties:</b>		
	<b>Associated Companies:</b>		
	Sales of goods	31	25
	Services rendered	179	260
	Purchases of goods	-	-
	Services received	-	-
	Insurance premium paid	-	-
	<b>Other Related Parties:</b>		
	Contribution to employees' provident fund	13.1.1 818	744
	<b>Key Management Personnel :</b>		
	<b>Chief Executive Officer &amp; Directors</b>	13.1.2	
	Remuneration of Chief Executive Officer	13.1.3 1,546	1,072
	Directors' Fee	18	23
	<b>Other Key Management Personnel</b>		
	Managerial remuneration (excluding directors and Chief Executive Officer)	13.1.3 5,076	3,789
13.1.1	Contribution to the provident fund is made in accordance with the requirements of employees service rules		
13.1.2	Remuneration to key management personnel is in accordance with the terms of employment		
13.1.3	In addition to the above, the chief executive and certain executives are provided with free use of company maintained vehicles in accordance with the company's policy		
		<b>30 September 2009 (Un Audited)</b>	<b>30 June 2009 (Audited)</b>
		(Rs. in '000)	
<b>13.2</b>	<b>Balances with related parties:</b>		
	Trade and other payables	-	-
	Trade and other receivables (unsecured, considered good)	382	402

Notes to the Financial Statements (Un-audited)  
For the quarter ended 30 September 2009



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

The Board of Directors in its meeting held on September 10, 2009, has proposed a Cash Dividend of Rs.4/- per share (2008: Re.1/- per share) amounting to Rs.19.36 million (2008: 4.40 million) and bonus share issue in the proportion of 1 share for every 10 shares held amounting to Rs. 4.84 million (2008: Rs.4.4 million) for approval in the forthcoming Annual General Meeting to be held on 27th October 2009.

The financial statements for the period ended 30 September 2009 do not include the effect of such cash dividend and bonus issue which will be accounted for in the financial statements for the period ending 31 December 2009.

**15. FINANCIAL RISK MANAGEMENT**

The company's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended 30 June 2009.

**16. DATE OF AUTHORIZATION OF ISSUE**

These condensed financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 16 October 2009.

**17. GENERAL**

17.1 Figures have been rounded off to the nearest thousand of rupees.

Handwritten signature of Ferial Ali Mehdi in black ink.

**Ferial Ali Mehdi**  
Chairman / Chief Executive

Handwritten signature of Kemal Shoab in black ink.

**Kemal Shoab**  
Director



 **ZIL**  
LIMITED  
(formerly Zulfeqar Industries Ltd.)

CORPORATE