

## Table of Contents

Corporate Information	3
Directors' Review	4
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Accounts	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Statement of Changes in Equity	8
Condensed Interim Cash Flow Statement	9
Notes to the Condensed Interim Financial Information	10



## Corporate Information



### Board of Directors

Mrs. Feriel Ali Mehdi  
Chairman / Chief Executive Officer

Syed Tariq Ali  
Director

Mr. Shahid Nazir Ahmed  
Director

Mr. Zafar Ahmed Siddiqui  
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

### Statutory Auditors

KPMG Taseer Hadi & Co  
Chartered Accountants

### Legal Advisors

Hussain & Haider, Advocates

### Registered Office

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

### Factory

Link Hali Road, Hyderabad - 71000

### Bankers

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

### Shares Registrars

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

## Directors' Review



The Directors of the company would like to present the unaudited financial statements of the company for the third quarter & nine months ended 31 March 2010.

### Overview

The company achieved gross sales revenue of Rs.371million in the quarter ended March 31, 2010. Gross profit for nine month period stood at Rs.263.511 million as compared to corresponding period's profit of 254.683 million.

Marketing expenses were up by 38.11% as spending on advertising and sale promotion activities increased from Rs.78.444 million to 129.302 million.

Financial charges were contained at a minimum through better resource management. The company also earned other operating income of Rs. 9.321 million as compared to Rs. 4.880 million during same period last year.

Net profit, though near budgetary forecasts, remained short as compared to last year. This was mainly due to advertising expenses which remained on the higher side in the 2009-10 as compared to same period last year.

### Financial highlights

Following are the financial highlights for the July-March period in comparison with same period last year:

	2010 (Rs. in '000)	2009
Gross sales	1,206,804	1,291,396
Net sales	956,055	1,012,040
Gross profit	263,511	254,683
Profit after tax	16,775	38,539

### Earning per share

The earning per share for the period under review is Rs. 3.15 as compared to Rs.7.24 for same period last year.

### Future outlook

The country's economy is facing challenges of weak fiscal situation, low growth, poor security environment and ongoing power crisis. The company is striving hard to retain its market share through innovative marketing and successful diversification in new categories of personal care.

### Acknowledgement

The directors would like to express their gratitude to the shareholders, bankers, distributors & suppliers for their continued support and encouragement and also place on record appreciation of the valuable services by the officers, staff and field force of the company.

For and on behalf of the Board

Feriel Ali Mehdi

Chief Executive Officer

Condensed Interim Balance Sheet (Unaudited)  
As at 31 March 2010



	31 March 2010 (Un-audited)	30 June 2009 (Audited)
Note	(Rs. in '000)	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6 260,970	267,995
Intangible assets	1,432	1,656
Long term prepayment	19,491	19,309
Long term deposits	4,112	3,830
Long term loans to employees	199	298
<b>CURRENT ASSETS</b>		
Stores and spares	7 7,390	6,906
Stock-in-trade	204,696	204,835
Short-term investments	-	25,000
Trade debts	26,902	25,449
Advances, deposits, prepayments and other receivables	49,191	47,001
Cash and bank balances	8 56,707	124,573
	<b>344,886</b>	<b>433,764</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	153,817	227,303
Taxation	25,568	46,137
	<b>179,385</b>	<b>273,440</b>
<b>NET CURRENT ASSETS</b>	<b>165,501</b>	<b>160,324</b>
<b>NET ASSETS</b>	<b>451,705</b>	<b>453,412</b>
<b>FINANCED BY</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 10,000,000 (30 June 2009: 10,000,000) ordinary shares of Rs. 10 each	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid up capital	53,240	48,400
Reserves	<u>234,603</u>	<u>239,263</u>
	<b>287,843</b>	<b>287,663</b>
Surplus on revaluation of fixed assets - net of tax	76,119	78,884
<b>NON-CURRENT LIABILITIES</b>		
Long term deposits	450	450
Deferred staff liabilities	59,870	56,271
Deferred tax liability - net	<u>27,423</u>	<u>30,143</u>
	<b>451,705</b>	<b>453,412</b>
<b>CONTINGENCY AND COMMITMENTS</b>	9	

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman / Chief Executive

**Omer Ehtisham**  
Director

**Condensed Interim  
Profit and Loss Accounts (Unaudited)**  
For the nine months period ended 31 March 2010



		Nine months period ended		Three months period ended	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009
		Note ----- (Rupees in '000) -----			
Net sales	10	956,055	1,012,040	294,046	323,703
Cost of Sales	11	(692,544)	(757,357)	(222,293)	(240,986)
Gross profit		263,511	254,683	71,753	82,717
Selling and distribution expenses		(206,916)	(149,819)	(56,017)	(51,172)
Administrative expenses		(32,425)	(29,744)	(11,271)	(10,189)
		(239,341)	(179,563)	(67,288)	(61,361)
		24,170	75,120	4,465	21,356
Other operating income		9,321	4,880	1,067	2,619
Other operating expenses		(6,836)	(14,431)	(905)	(3,202)
		26,655	65,569	4,627	20,773
Finance cost		(541)	(6,452)	(265)	(2,479)
<b>Profit before taxation</b>		<b>26,114</b>	<b>59,117</b>	<b>4,362</b>	<b>18,294</b>
Taxation		(9,339)	(20,578)	(1,614)	(6,410)
<b>Profit after taxation</b>		<b>16,775</b>	<b>38,539</b>	<b>2,748</b>	<b>11,884</b>
(Rupees)					
Earnings per share - basic and diluted		<u>3.15</u>	<u>7.24</u>	<u>0.52</u>	<u>2.23</u>

Earnings per share - basic and diluted for the comparative period has been adjusted for the increase in the number of ordinary shares outstanding as a result of bonus issue during the current period.

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

  
**Ferial Ali Mehdi**  
Chairman / Chief Executive

  
**Omer Ehtisham**  
Director

**Condensed Interim Statement of  
Comprehensive Income (Unaudited)**  
For the nine months period ended 31 March 2010



	<b>Nine months period ended</b>		<b>Three months period ended</b>	
	<b>31 March 2010</b>	<b>31 March 2009</b>	<b>31 March 2010</b>	<b>31 March 2009</b>
	----- (Rupees in '000) -----			
Profit / (loss) for the period	<b>16,775</b>	38,539	<b>2,748</b>	11,884
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u><b>16,775</b></u>	<u>38,539</u>	<u><b>2,748</b></u>	<u>11,884</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman / Chief Executive

**Omer Ehtisham**  
Director

**Condensed Interim  
Statement of Changes in Equity (Unaudited)  
For the nine months period ended 31 March 2010**



	Issued, subscribed and paid-up capital	Revenue reserves		Total reserves	Total
		General reserve	Unappropriated profit		
----- (Rs. in '000) -----					
<b>Balance as at 1 July 2008</b>	44,000	6,000	186,724	192,724	<b>236,724</b>
Bonus shares issued for the year ended 30 June 2008	4,400	-	(4,400)	(4,400)	-
Final dividend paid for the year ended 30 June 2008	-	-	(4,400)	(4,400)	<b>(4,400)</b>
Profit after taxation for the nine months period ended 31 March 2009	-	-	38,539	38,539	<b>38,539</b>
Transferred from surplus on revaluation of fixed assets - net of deferred Tax	-	-	3,077	3,077	<b>3,077</b>
Total recognized income and expense for nine months period ended 31 March 2009	-	-	41,616	41,616	<b>41,616</b>
<b>Balance as at 31 March 2009</b>	<b>48,400</b>	<b>6,000</b>	<b>219,540</b>	<b>225,540</b>	<b>273,940</b>
Profit for three months period ended 30 June 2009	-	-	12,705	12,705	<b>12,705</b>
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	1,018	1,018	<b>1,018</b>
Total recognized income and expense for three months period ended 30 June 2009	-	-	13,723	13,723	<b>13,723</b>
<b>Balance as at 30 June 2009</b>	<b>48,400</b>	<b>6,000</b>	<b>233,263</b>	<b>239,263</b>	<b>287,663</b>
Bonus shares issued for the year ended 30 June 2009	4,840	-	(4,840)	(4,840)	-
Final dividend paid for the year ended 30 June 2009	-	-	(19,360)	(19,360)	<b>(19,360)</b>
Profit for nine months period ended 31 March 2010	-	-	16,775	16,775	<b>16,775</b>
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	2,765	2,765	<b>2,765</b>
Total recognized income and expense for nine months period ended 31 March 2010	-	-	19,540	19,540	<b>19,540</b>
<b>Balance as at 31 March 2010</b>	<b>53,240</b>	<b>6,000</b>	<b>228,603</b>	<b>234,603</b>	<b>287,843</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

**Ferial Ali Mehdi**  
Chairman / Chief Executive

**Omer Ehtisham**  
Director



**Condensed Interim  
Cash flow Statement (Unaudited)  
For the nine months period ended 31 March 2010**



		<b>Nine months period ended</b>	
		<b>31 March 2010</b>	<b>31 March 2009</b>
<i>Note</i>		<b>(Rs. in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Cash generated from operations	12 <b>(35,330)</b>	11,875
	Income tax paid	<b>(27,747)</b>	(16,977)
	Gratuity paid	<b>(2,170)</b>	(846)
	Retirement benefits paid	<b>(1,925)</b>	(930)
	Profit received on investments	<b>3,243</b>	20
	Profit received on short term deposit	<b>3,048</b>	583
	Mark-up paid	<b>(643)</b>	(5,704)
		<b>(26,194)</b>	(23,854)
	<b>Net cash flows from operating activities</b>	<b>(61,524)</b>	(11,979)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Capital expenditure	<b>(13,337)</b>	(17,583)
	Short-term investments	<b>25,000</b>	-
	Proceeds from disposal of fixed assets	<b>1,235</b>	3,071
	<b>Net cash flows from investing activities</b>	<b>12,898</b>	(14,512)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Dividend paid	<b>(19,241)</b>	(4,232)
	<b>Net cash flows from financing activities</b>	<b>(19,241)</b>	(4,232)
	Net (decrease) / increase in cash and cash equivalents	<b>(67,867)</b>	(30,723)
	Cash and cash equivalents at beginning of the period	<b>124,574</b>	34,161
	Cash and cash equivalents at end of the period	<b>56,707</b>	3,438
<b>Cash and cash equivalents comprises</b>			
	Cash and bank balances	<b>56,707</b>	3,438
		<b>56,707</b>	3,438

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

  
**Ferial Ali Mehdi**  
Chairman / Chief Executive

  
**Omer Ehtisham**  
Director

**Notes to the Condensed Interim  
Financial Information (Unaudited)**  
For the nine months period ended 31 March 2010



**1. STATUS AND NATURE OF BUSINESS**

ZIL Limited [formerly Zulfqar 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.

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

**2. BASIS FOR PRESENTATION**

**2.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance with the requirements of the approved international accounting standard "Interim Financial Reporting" (IAS 34) as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 30 June 2009.

This condensed interim financial information is being submitted to the shareholders as required by listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

**2.2 Functional and presentation currency**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2009 except for the following:

The Company has applied revised IAS 1 Presentation of Financial Statements (2007), which became effective for periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures only (condensed interim statement of comprehensive income).

The above changes had no impact on Company's profit for the period or prior periods.

**4. ESTIMATES**

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

**Notes to the Condensed Interim  
Financial Information (Unaudited)**  
For the nine months period ended 31 March 2010



**5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2009.

	<b>31 March 2010 (Un-audited)</b>	<b>30 June 2009 (Audited)</b>
<i>Note</i>	<b>(Rs. in '000)</b>	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	<b>254,241</b>	255,653
Capital work-in-progress	6.2 <b>6,729</b>	12,342
	<b><u>260,970</u></b>	<u>267,995</u>

**6.1 Operating fixed assets**

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

	<b>Additions</b>	<b>Disposals</b>	
		<b>Cost</b>	<b>Accumulated depreciation</b>
	----- <b>(Rs. in '000)</b> -----		
Building on Freehold Land	783		
Plant, Machinery & Equipment	11,101		
Furniture & Fixture	144		
Computers	841	359	314
Vehicles	5,531	1,823	1,008
	<u>18,400</u>	<u>2,182</u>	<u>1,322</u>

	<b>31 March 2010 (Un-audited)</b>	<b>30 June 2009 (Audited)</b>
<i>Note</i>	<b>(Rs. in '000)</b>	
<b>6.2 Capital work-in-progress</b>		
Opening balance	<b>12,342</b>	11,655
Additions during the period	6.2.1 <b>13,287</b>	22,591
	<b>25,629</b>	34,246
Transfers during the period	<b>(18,900)</b>	(21,904)
	<b><u>6,729</u></b>	<u>12,342</u>

**6.2.1** This represents civil works on buildings and installation of certain items of plant and machinery in progress.

**Notes to the Condensed Interim  
Financial Information (Unaudited)**  
For the nine months period ended 31 March 2010



	<b>31 March 2010 (Un-audited)</b>	<b>30 June 2009 (Audited)</b>
	<b>(Rs. in '000)</b>	
<b>7. STOCK-IN-TRADE</b>		
Raw materials – in hand	<b>78,143</b>	74,003
– in transit	<b>29,326</b>	64,922
	<b>107,469</b>	138,925
Packing materials	<b>15,774</b>	11,915
Work-in-process	<b>28,836</b>	25,436
Finished goods	<b>52,830</b>	28,772
	<b>204,909</b>	205,048
Provision against slow moving stock-in-trade	<b>(213)</b>	(213)
	<b>204,696</b>	204,835
<b>8. CASH AND BANK BALANCES</b>		
Cash in hand	<b>109</b>	51
Demand draft in hand	<b>35,697</b>	42,063
Cash at banks in – current accounts	<b>1,639</b>	2,923
– profit and loss sharing account	<b>4,262</b>	9,536
– term deposit	<b>15,000</b>	70,000
	<b>20,901</b>	82,459
	<b>56,707</b>	124,573

**9. CONTINGENCY AND COMMITMENT**

**9.1 Contingency**

**9.1.1** 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.

**9.1.2** Post dated cheques of Rs. 54.525 million (30 June 2009: Rs. 23.118 million) have been issued to Collector of Customs against partial exemption of import levies.

**9.2 Commitment**

Commitments under letters of credit for the import of stock-in-trade items amounting to Rs. 112.8 million (30 June 2009: Rs.29.512 million).

	<b>Nine months period ended</b>		<b>Three months period ended</b>	
	<b>31 March 2010</b>	31 March 2009	<b>31 March 2010</b>	31 March 2009
	----- (Rupees in '000) -----			
<b>10. NET SALES</b>				
Gross sales	<b>1,206,804</b>	1,291,396	<b>371,198</b>	419,452
Sales tax	<b>(182,509)</b>	(195,862)	<b>(56,304)</b>	(63,512)
Special excise duty	<b>(10,094)</b>	(10,846)	<b>(3,114)</b>	(3,523)
Trade promotion discount	<b>(58,144)</b>	(72,363)	<b>(17,734)</b>	(28,615)
Rebate and sales return	<b>(2)</b>	(285)	<b>-</b>	(99)
	<b>(250,749)</b>	(279,356)	<b>(77,152)</b>	(95,749)
	<b>956,055</b>	1,012,040	<b>294,046</b>	323,703

**Notes to the Condensed Interim  
Financial Information (Unaudited)**  
For the nine months period ended 31 March 2010



	Nine months period ended		Three months period ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
<b>11. COST OF SALES</b>	----- (Rupees in '000) -----			
Raw and packing materials consumed	595,977	674,109	180,602	188,494
Stores and spares consumed	3,965	4,366	1,167	1,860
Salaries, wages and other benefits	55,749	53,640	17,925	18,116
Contribution to the provident fund	1,153	1,028	392	342
Repair and maintenance	1,062	1,021	464	353
Fuel and power	37,539	35,240	13,808	10,073
Rent, rates and taxes	1,936	351	12	14
Insurance	1,671	1,891	555	630
Product research and development	245	31	53	15
Travelling & conveyance	1,771	1,228	744	355
Printing & stationery	283	275	77	50
Postage & telephone	318	306	89	112
Legal charges	53	36	38	26
Professional fee	5	74	-	24
Entertainment	94	148	49	56
Subscription	55	34	24	18
Depreciation / Amortisation	14,406	14,666	4,795	4,878
Freight and handling material	2,424	2,972	620	374
Other expenses	1,295	2,600	470	436
	<u>720,001</u>	<u>794,016</u>	<u>221,884</u>	<u>226,226</u>
Opening stock of work-in-process	25,436	27,126	25,430	30,417
Closing stock of work-in-process	(28,836)	(30,832)	(28,836)	(30,832)
Cost of goods manufactured	<u>716,601</u>	<u>790,310</u>	<u>218,478</u>	<u>225,811</u>
Opening stock of finished goods	28,773	12,783	56,645	60,911
Closing stock of finished goods	(52,830)	(45,736)	(52,830)	(45,736)
	<u>692,544</u>	<u>757,357</u>	<u>222,293</u>	<u>240,986</u>

Notes to the Condensed Interim  
Financial Information (Unaudited)  
For the nine months period ended 31 March 2010



	31 March 2010	31 March 2009
	(Rs. in '000)	
<b>12. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	26,114	59,117
Adjustments for:		
Mark-up expense	541	6,452
Depreciation / amortisation	19,545	19,705
Provision for gratuity	5,210	4,441
Provision for staff retirement benefits	2,483	2,986
Return on investments	(3,243)	-
Profit on short term deposit	(3,048)	(583)
Gain on disposal of fixed assets	(375)	(1,299)
	<u>21,113</u>	<u>31,702</u>
Operating profit before working capital changes	47,227	90,819
<i>(Increase) / Decrease in operating assets:</i>		
Stores and spares	(485)	(696)
Stock-in-trade	140	(1,467)
Trade debts	(1,454)	(9,788)
Loans and Advances	104	(179)
Long term advances and deposits	(281)	(149)
Advances, deposits, prepayments and other receivables	(7,077)	(15,049)
	<u>(9,053)</u>	<u>(27,328)</u>
<i>Increase / (decrease) in operating liabilities:</i>		
Trade and other payables	(73,504)	(51,616)
Cash generated from operations	<u>(35,330)</u>	<u>11,875</u>

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

The related parties comprise Treet Corporation Limited, Employees' Provident Fund, directors and key management personnel. The details of transactions with related parties, are as follows:

Notes to the Condensed Interim  
Financial Information (Unaudited)  
For the nine months period ended 31 March 2010



**13.1. Transactions with related parties**

	<b>Nine months period ended</b>	
	<b>31 March 2010</b>	<b>31 March 2009</b>
	<b>(Rs. in '000)</b>	
<b>Associated Companies</b>		
Sale of goods	93	150
Services rendered	756	733
Dividend paid	4,346	1,580
<b>Staff Retirement Benefit Plans</b>		
Contribution to employees' provident fund	2,219	2,099
<b>Directors and Chief Executive Officer</b>		
Remuneration	4,175	3,614
Dividend paid	3,922	1,544
<b>Other Key Management Personnel</b>		
Managerial remuneration (excluding directors and Chief Executive Officer)	12,517	12,039
	<b>31 March 2010</b>	<b>31 March 2009</b>
	<b>(Rs. in '000)</b>	

**13.2. Balances with related parties:**

Trade and other receivables	482	173
-----------------------------	-----	-----

**14. GENERAL**

**14.1.** These condensed financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 27 April 2010.

**Ferial Ali Mehdi**  
Chairman / Chief Executive

**Omer Ehtisham**  
Director