

Table of Contents

Corporate Information	2
Directors' Review	3
Balance Sheet	4
Profit and Loss Account	5
Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

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. Naveed Ehtesham

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.

The Directors of the Company would like to present the un-audited financial statements of the Company for the third quarter & nine months ended 31st March 2009.

Overview

In the quarter Jan-March'09 the economy faced challenges with the continuation of deteriorating security environment, major power cuts and inflationary pressure on disposable incomes.

The Company, however, achieved 16% growth in net sales revenue as compared to the same period last year. The cost of sales increased by 10 %, a low percentage as compared to the last two years as raw material prices declined in the market in the period. Accordingly, the gross profit saw a healthy growth of 40% .i.e. by Rs.24mn over corresponding quarter last year.

All expenses have been kept under constant review, consequently the selling and distribution expenses have decreased by 9% due to a decrease in Advertisement expenditure as compared to last year while Administrative expenses have decreased by 3% due to various cost rationalizing measures undertaken by the Company.

The Company has registered a profit of Rs.11.9mn during the period under review as compared to loss of Rs.6.4mn during the same period last year.

The financial strength of the Company is strong as is evident from a current ratio of 1.68:1.

Earning Per Share

Earning per share for the quarter under review is Rs.2.46 as compared to re-stated Rs.(1.32) during the same period last year.

Future Outlook

The concern over high inflation amongst customers requires the Company to cater to changing demand. We believe our product portfolio is flexible & covers all segments of the soap market. For the future, your Company intends to invest in its core brands with a view to strengthening consumer loyalty.

Acknowledgements

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.

Karachi: 28 April 2009

For and on behalf of the Board

Feriel Ali Mehdi



Chief Executive Officer

**Condensed Interim Balance Sheet (Unaudited)
As at 31 March 2009**



	Note	31 March 2009	30 June 2008 (Audited)
(Rs. in '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	270,904	273,967
Intangible assets		478	994
Long term prepayment		19,414	19,729
Long term deposits		3,512	3,363
Long term loans to employees		364	277
CURRENT ASSETS			
Stores and spares		7,567	6,871
Stock-in-trade	6	260,235	258,767
Trade debts		20,421	10,633
Advances, deposits, prepayments and other receivables		50,820	35,591
Cash and bank balances	7	3,438	34,161
		342,481	346,023
CURRENT LIABILITIES			
Trade and other payables		158,923	209,622
Taxation		37,426	29,403
		196,349	239,025
NET CURRENT ASSETS		146,132	106,998
NET ASSETS		440,804	405,328
FINANCED BY			
SHARE CAPITAL AND RESERVES			
Authorised capital 5,000,000 (30 June 2008: 5,000,000) ordinary shares of Rs. 10 each		50,000	50,000
Issued, subscribed and paid up capital		48,400	44,000
Reserves		225,540	192,724
		273,940	236,724
Surplus on revaluation of fixed assets		79,906	82,979
NON-CURRENT LIABILITIES			
Long term deposits		450	450
Deferred staff liabilities		56,155	50,505
Deferred taxation		30,353	34,670
		440,804	405,328
CONTINGENCY AND COMMITMENT	8		

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman / Chief Executive

Omer Ehtisham
Director

**Condensed Interim Profit and Loss Account (Unaudited)
For the nine months period ended 31 March 2009**



	Note	Nine months period ended		Three months period ended	
		31 March 2009	31 March 2008	31 March 2009	31 March 2008
----- (Rupees in '000) -----					
Net sales	9	1,012,040	785,332	323,703	278,616
Cost of goods sold	10	(757,357)	(595,337)	(240,986)	(219,423)
Gross profit		254,683	189,995	82,717	59,193
Selling and distribution expenses		(149,819)	(141,481)	(51,172)	(56,296)
Administrative expenses		(29,744)	(29,756)	(10,189)	(10,538)
		(179,563)	(171,237)	(61,361)	(66,834)
		75,120	18,758	21,356	(7,641)
Other operating income		4,880	3,855	2,619	1,039
Other operating expenses		(14,431)	(5,602)	(3,202)	(1,763)
		65,569	17,011	20,773	(8,365)
Financial charges		(6,452)	(2,098)	(2,479)	(1,354)
Profit before taxation		59,117	14,913	18,294	(9,719)
Taxation		(20,578)	(4,814)	(6,410)	3,354
Profit after taxation		38,539	10,099	11,884	(6,365)
----- (Rupees in '000) -----					
Earnings per share - basic and diluted		7.96	2.09	2.46	(1.32)

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.

The annexed notes 1 to 13 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 2009**



	Nine months period ended	
	31 March 2009	31 March 2008
Note	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	11,875	(64,524)
Income tax paid	(16,977)	(12,553)
Gratuity paid	(846)	(4,892)
Retirement benefits paid	(930)	(4,771)
Mark-up received on investments	20	490
Mark-up received on short term deposit	583	504
Dividend received	-	128
Mark-up paid	(5,704)	(895)
	<u>(23,854)</u>	<u>(21,989)</u>
Net cash flows from operating activities	<u>(11,979)</u>	<u>(86,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(17,583)	(10,116)
Short-term investments	-	28,256
Proceeds from disposal of fixed assets	3,071	1,193
Net cash flows from investing activities	<u>(14,512)</u>	<u>19,334</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,232)	(11,871)
Net cash flows from financing activities	<u>(4,232)</u>	<u>(11,871)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(30,723)</u>	<u>(79,050)</u>
Cash and cash equivalents at beginning of the period	<u>34,161</u>	<u>59,067</u>
Cash and cash equivalents at end of the period	<u><u>3,438</u></u>	<u><u>(19,983)</u></u>
Cash and cash equivalents comprises		
Cash and bank balances	3,438	4,440
Short term running finance under mark-up arrangement	-	(24,423)
	<u><u>3,438</u></u>	<u><u>(19,983)</u></u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman / Chief Executive

Omer Ehtisham
Director

**Statement of Changes in Equity
For the nine months period ended 31 March 2009**



	Issued, subscribed and paid up capital	Revenue reserves		Total reserves	(Deficit) on revaluation of available- for-sale investment	Total
		General reserves	Un-appro- priated profit			
(Rs. in '000)						
Balance as at 1 July 2007	40,000	6,000	174,124	180,124	(414)	219,710
Bonus shares issued for the year ended 30 June 2007	4,000	-	(4,000)	(4,000)	-	-
Final dividend paid for the year ended 30 June 2007	-	-	(12,000)	(12,000)	-	(12,000)
Profit after taxation for the nine months period ended 31 March 2008	-	-	10,099	10,099	-	10,099
Transferred from surplus on revaluation of fixed assets	-	-	3,413	3,413	-	3,413
Gain / (Loss) on remeasurement of available-for-sale investment	-	-	-	-	414	414
Total recognized income and expense for nine months period ended 31 March 2008	-	-	13,512	13,512	414	13,926
Balance as at 31 March 2008	44,000	6,000	171,636	177,636	-	221,636
Profit for three months period ended 30 June 2008	-	-	13,951	13,951	-	13,951
Transferred from surplus on revaluation of fixed assets - net of deferred Tax	-	-	1,137	1,137	-	1,137
Total recognized income and expense for three months period ended 30 June 2008	-	-	15,088	15,088	-	15,088
Balance as at 30 June 2008	44,000	6,000	186,724	192,724	-	236,724
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)	-	(4,400)
Profit for nine months period ended 31 March 2009	-	-	38,539	38,539	-	38,539
Transferred from surplus on revaluation of fixed assets - net of deferred Tax	-	-	3,077	3,077	-	3,077
Total recognized income and expense for nine months period ended 31 March 2009	-	-	41,616	41,616	-	41,616
Balance as at 31 March 2009	48,400	6,000	219,540	225,540	-	273,940

The annexed notes 1 to 13 form an integral part of these financial statements.


Ferial Ali Mehdi
Chairman / Chief Executive


Omer Ehtisham
Director

1. STATUS AND NATURE OF BUSINESS

Zulfeqar Industries Limited ("the Company") was incorporated in Pakistan in February 1960 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) with registered office in Sindh and 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. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard, 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2008.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal 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 2008.

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 that applied to the financial statements as at and for the year ended 30 June 2008.

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Nine months period ended</u>	
	<u>31 March</u> <u>2009</u>	<u>31 March</u> <u>2008</u>
	(Rupees in '000)	
Additions	<u>15,747</u>	<u>8,679</u>
Disposals (book value)	<u>1,772</u>	<u>896</u>

	31 March 2009 (Unaudited)	31 March 2008 (Audited)
	(Rupees in '000)	
6. STOCK-IN-TRADE		
Raw materials – in hand	107,249	80,259
– in transit	65,716	127,513
	<u>172,965</u>	<u>207,772</u>
Packing materials	12,944	13,329
Work-in-process	30,833	27,126
Finished goods	45,736	12,783
	<u>262,478</u>	<u>261,010</u>
Provision against slow moving stock-in-trade	(2,243)	(2,243)
	<u>260,235</u>	<u>258,767</u>
7. CASH AND BANK BALANCES		
Cash in hand	84	102
Cash at banks in – current accounts	1,595	11,098
– profit and loss sharing account	1,759	22,961
	<u>3,354</u>	<u>34,059</u>
	<u>3,438</u>	<u>34,161</u>

8. CONTINGENCY AND COMMITMENT

8.1 Contingency

Bank guarantees aggregating to Rs. 7.02 million (June 2008: 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas.

8.2 Commitment

Commitments under letters of credit for the import of stock-in-trade items amounting to Rs. 16.448 million (30 June 2008: Rs. 1.095 million).

	Nine months period ended		Three months period ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	----- (Rupees in '000) -----			
9. NET SALES				
Gross sales	1,291,396	989,940	419,452	347,230
Sales tax	(195,862)	(142,127)	(63,512)	(49,528)
Special excise duty	(10,846)	(8,406)	(3,523)	(2,948)
Trade promotion discount	(72,363)	(54,035)	(28,615)	(16,138)
Rebate and sales return	(285)	(40)	(99)	-
	<u>(279,356)</u>	<u>(204,608)</u>	<u>(95,749)</u>	<u>(68,614)</u>
	<u>1,012,040</u>	<u>785,332</u>	<u>323,703</u>	<u>278,616</u>

	Nine months period ended		Three months period ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
----- (Rupees in '000) -----				
10. COST OF GOODS SOLD				
Raw and packing materials consumed	674,109	507,780	188,494	173,726
Stores and spares consumed	4,366	3,732	1,860	1,353
Salaries, wages and other benefits	53,640	53,632	18,116	20,688
Contribution to the provident fund	1,028	1,034	342	323
Repair and maintenance	1,021	1,279	353	483
Fuel and power	35,240	28,167	10,073	9,161
Rent, rates and taxes	351	377	14	24
Insurance	1,891	1,624	630	549
Product research and development	31	340	15	167
Travelling & conveyance	1,228	1,270	355	470
Printing & stationery	275	315	50	92
Postage & telephone	306	387	112	128
Legal charges	36	21	26	14
Professional fee	74	59	24	20
Entertainment	148	64	56	40
Subscription	34	20	18	4
Depreciation	14,666	15,314	4,878	5,168
Freight and handling	2,972	2,038	374	756
Other expenses	2,600	868	436	305
	<u>794,016</u>	<u>618,321</u>	<u>226,226</u>	<u>213,471</u>
Opening stock of work-in-process	27,126	18,503	30,417	25,242
Closing stock of work-in-process	(30,832)	(27,381)	(30,832)	(27,381)
Cost of goods manufactured	<u>790,310</u>	<u>609,443</u>	<u>225,811</u>	<u>211,332</u>
Opening stock of finished goods	12,783	13,431	60,911	35,628
Closing stock of finished goods	(45,736)	(27,537)	(45,736)	(27,537)
	<u>757,357</u>	<u>595,337</u>	<u>240,986</u>	<u>219,423</u>

11. CASH GENERATED FROM OPERATIONS

	Nine months period ended	
	31 March 2009	31 March 2008
	(Rupees in '000)	
Profit before taxation	59,117	14,913
Adjustments for:		
Mark-up expense	6,452	2,098
Depreciation and amortisation	19,705	20,044
Provision for gratuity	4,441	4,059
Provision for retirement benefits	2,986	2,827
Loss on revaluation of investments	-	89
Mark-up on investment	-	(352)
Mark-up on short term deposit	(583)	(504)
Dividend income	-	(128)
Loss / (gain) on disposal of fixed assets	(1,299)	(297)
	<u>31,702</u>	<u>27,836</u>
Operating profit before working capital changes	90,819	42,749
Decrease / (Increase) in operating assets:		
Stores and spares	(696)	(1,188)
Stock-in-trade	(1,467)	(104,327)
Trade debts	(9,788)	(1,107)
Loans and Advances	(179)	(75)
Long term advances and deposits	(149)	-
Advances, deposits, prepayments and other receivables	(15,049)	514
	<u>(27,328)</u>	<u>(106,183)</u>
Increase / (decrease) in operating liabilities:		
Trade and other payables	(51,616)	(1,090)
Cash generated from operations	<u>11,875</u>	<u>(64,524)</u>

12. TRANSACTIONS AND BALANCE WITH ASSOCIATED PARTIES

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

	Nine months period ended	
	31 March 2009	31 March 2008
	(Rupees in '000)	
12.1. Transactions with related parties		
Associated Companies		
Sales of goods	150	400
Services rendered	733	589
Purchases of goods	-	1,209
Insurance premium paid	-	782
Dividend paid	1,580	3,394
Staff Retirement Benefit Plans		
Contribution to employees' provident fund	2,099	2,022
Key Management Personnel		
Managerial remuneration (excluding directors and Chief Executive Officer)	12,039	5,213
Director and Chief Executive Officer		
Remuneration	3,614	3,598
Dividend paid	1,544	6,640
12.2. Balances with related parties:		
	31 March 2009	31 March 2008
	(Unaudited) (Audited)	
	(Rupees in '000)	
Trade and other payables	-	1,477
Trade and other receivables	173	139

13. GENERAL

13.1. These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 28 April 2009.

13.2. Comparative figure of Rs.4.352 million has been reclassified from purchases to other operating expenses.



Ferial Ali Mehdi
Chairman / Chief Executive



Omer Ehtisham
Director