



2011

1st Quarter Report
September 30,





Content

Corporate Information	02
Directors' Review	03
Condensed Interim Balance Sheet	04
Condensed Interim Profit and Loss Account	05
Condensed Interim Cash Flow Statement	06
Condensed Interim Statement of Changes in Equity	07
Condensed Interim Statement of Comprehensive Income	08
Notes to the Condensed Interim Financial Statements	09



Corporate Information

Board of Directors

Mrs. Ferial Ali Mehdi
Chairman / Chief Executive Officer

Mr. Mujahid Hamid
Director

Syed Yawar Ali
Director

Mr. Shahid Nazir Ahmed
Director

Mr. Zafar Ahmed Siddiqui
Director

Mr. Omer Ehtisham
Director

Mr. Kemal Shoaib
Director (Nominee NIT)

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

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

12th Floor, Executive Tower, Dolmen City, Marine Drive,
Block IV, Clifton, Karachi-Pakistan
<http://www.zil.com.pk>

Factory

Link Hali Road, Hyderabad - 71000

Board Audit Committee

Mr. Kemal Shoaib
Chairman

Mr. Shahid Nazir Ahmed
Member

Mr. Omer Ehtisham
Member

Bankers

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

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 are pleased to present the un-audited financial statements of the Company for the quarter ended September 30, 2011. The main highlights of the results are as follows:

	Quarter ended 30th September	
	2011	2010
	(Rupees in '000)	
Gross Sales	638,044	509,598
Net Sales	505,756	394,968
Gross Profit	133,545	89,238
Profit /(Loss) after Tax	(18,207)	19,832
Earning /(Loss) per share	(3.42)	3.73

The turnover of the company for the first quarter of 2011-12 showed improvement over last year. Gross sales earnings rose to Rs.638 million from 510 million registering an increase of 25%. The growth is attributed mainly to improved retail prices in the current quarter as compared to same quarter previous year. This increase, coupled with use of more economical ingredients, has had a positive effect on the gross profit, despite higher cost of raw materials.

Innovative and competitive advertising covering all different facets of the trade-electronic, print, outdoor etc led to high selling and distribution expenses. The investment was necessary to support the re-launch of the flagship brand of the company - Capri, and its line extensions like Capri Handwash and Capri Facewash. It is expected that this investment will bring increased market share and hence long-lasting effects on brand health as well as on the company. This has been part of the continued strategy of brand building, and a concerted effort towards the new vision and strategic focus of the company.

The company's administrative expenses were higher in comparison to same period in the preceding year because of structural changes that company has undertaken recently to enhance its image, and marketability in the challenging market.

Financial costs rose to 3.6million from 0.16 million on account of enhanced working capital requirements during the current quarter resulting from high inventory costs (of raw material, work-in-process and finished goods) and enhanced stocking requirements during the phase of re-launch of Capri.

The profit after tax remained in negative at Rs.18.2 million as compared to profit of Rs.19.8 million during relevant period previous year. This was primarily a result of required spending in company's Brands (.i.e. Capri re-launch) and also in People which in turn is expected to yield positive profits in the following quarters of the current fiscal and significant growth for the company in the longer term.

Future Outlook

ZIL Limited is determined to grow within existing product category through innovation in both product and marketing mixes that conform better to the expectations of today consumers. Investment in innovation is being made along with organizational and cultural changes to enhance improvement. All this is expected to bring durable and permanent benefits to the company.

Acknowledgement

The Board is grateful to its shareholders, bankers, distributors and business associates for the trust and continued support being extended to the company for its smooth operations.

The Board also expresses its gratitude and appreciation to all staff members for their dedication, commitment and contribution.

For and on behalf of the Board

Ferial Ali Mehdi

Chief Executive Officer

Karachi: 27 October 2011



Condensed Interim Balance Sheet

As at 30 September 2011

	30 September 2011 (Un-audited)	30 June 2011 (Audited)
Note	(Rs. in '000)	
NON-CURRENT ASSETS		
Property, plant and equipment	6 331,161	333,541
Intangible assets	7,251	7,906
Long term deposits	6,805	6,805
Long term loans to employees	880	950
CURRENT ASSETS		
Stores and spares	9,259	8,600
Stock-in-trade	7 327,494	370,943
Trade debts	38,885	29,780
Advances, deposits, prepayments and other receivables	75,782	61,788
Cash and bank balances	8 20,740	45,299
	472,159	516,410
CURRENT LIABILITIES		
Running finance under mark-up arrangement/ Short Term Borrowings	9 53,026	80,000
Trade and other payables	269,947	254,491
Taxation	17,567	24,910
	340,540	359,401
NET CURRENT ASSETS	131,620	157,009
NET ASSETS	477,717	506,211
FINANCED BY		
SHARE CAPITAL AND RESERVES		
Authorised capital 10,000,000 (30 June 2011: 10,000,000) ordinary shares of Rs. 10 each	100,000	100,000
Issued, subscribed and paid up capital	53,240	53,240
Reserves	228,049	255,901
	281,289	309,141
Surplus on revaluation of fixed assets - net of tax	92,942	93,948
NON-CURRENT LIABILITIES		
Long term deposits	450	450
Deferred staff liabilities	67,771	65,214
Deferred tax liability - net	35,264	37,458
	477,717	506,211
CONTINGENCIES AND COMMITMENTS	11	

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Ferieel Ali Mehdi
Chairman / Chief Executive

Shahid Nazir Ahmed
Director



Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended 30 September 2011

	Note	Quarter Ended	
		September 2011 (Rs. in '000)	September 2010
Net sales	12	505,756	394,968
Cost of Sales	13	<u>(372,211)</u>	<u>(305,730)</u>
Gross profit		133,544	89,238
Selling and distribution expenses		<u>(137,236)</u>	<u>(41,903)</u>
Administrative expenses		<u>(22,379)</u>	<u>(15,103)</u>
		<u>(159,616)</u>	<u>(57,006)</u>
		(26,071)	32,232
Other operating income		1,550	2,095
Other operating expenses		<u>419</u>	<u>(2,890)</u>
		<u>(24,102)</u>	<u>31,437</u>
Finance cost		<u>(3,640)</u>	<u>(161)</u>
Profit/(Loss) before taxation		<u>(27,742)</u>	<u>31,276</u>
Taxation		<u>9,535</u>	<u>(11,444)</u>
Profit/(Loss) after taxation		<u>(18,207)</u>	<u>19,832</u>
		(Rupees)	
Earnings/(Loss) per share - basic and diluted		<u>(3.42)</u>	<u>3.73</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Ferial Ali Mehdi
 Chairman / Chief Executive


Shahid Nazir Ahmed
 Director



Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended 30 September 2011

	Quarter ended	
	30 September 2011	30 September 2010
Note	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	14 (46,192)	(9,476)
Income tax paid	(10,768)	(7,825)
Gratuity paid	(377)	(2,175)
Retirement benefits paid	(330)	(1,043)
Profit received on short term deposit	230	1,268
Mark-up paid	(5,246)	(194)
	<u>(16,491)</u>	<u>(9,969)</u>
Net cash flows from operating activities	(62,682)	(19,445)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(5,979)	(47)
Short-term investments	-	5,000
Proceeds from disposal of fixed assets	800	530
Net cash flows from investing activities	<u>(5,179)</u>	<u>5,483</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(9,724)	-
Net cash flows from financing activities	<u>(9,724)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(77,585)	(13,962)
Cash and cash equivalents at beginning of the period	<u>45,299</u>	<u>103,246</u>
Cash and cash equivalents at end of the period	<u>(32,285)</u>	<u>89,284</u>
Cash and cash equivalents comprises		
Cash and bank balances	<u>(32,285)</u>	<u>89,284</u>
	<u>(32,285)</u>	<u>89,284</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman / Chief Executive

Shahid Nazir Ahmed
Director



Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2011

	Issued, subscribed and paid up capital	Revenue reserves General reserves	Un-appro- priated profit	Total reserves	Total
	(Rs. in '000)				
Balance as at 1 July 2010	53,240	6,000	243,834	249,834	303,074
Total comprehensive income for the period- Profit for the quarter ended 30 September 2010	-	-	19,832	19,832	19,832
Transferred from surplus on revaluation of fixed assets - Incremental depreciation (recognized directly in equity)	-	-	1,032	1,032	1,032
Balance as at 30 September 2010	53,240	6,000	264,698	270,698	323,938
Total comprehensive income for the period- Profit for the nine months ended 30 June 2011		-	592	592	592
Final cash dividend paid for the year ended 30 June 2010	-	-	(18,634)	(18,634)	(18,634)
Transferred from surplus on revaluation of fixed assets - Incremental depreciation (recognized directly in equity)	-	-	3,245	3,245	3,245
Balance as at 30 June 2011	53,240	6,000	249,901	255,901	309,141
Total comprehensive income for the period- Profit/(loss) for the quarter ended 30 September 2011	-	-	(18,207)	(18,207)	(18,207)
Final cash dividend paid for the year ended 30 June 2011	-	-	(10,648)	(10,648)	(10,648)
Transferred from surplus on revaluation of fixed assets - Incremental depreciation (recognized directly in equity)	-	-	1,003	1,003	1,003
Balance as at 30 September 2011	53,240	6,000	222,049	228,049	281,289

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman / Chief Executive

Shahid Nazir Ahmed
Director



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended 30 September 2011

	Quarter ended	
	30 September 2011	30 September 2010
	(Rs. in '000)	
Profit / (loss) for the period	(18,207)	19,832
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>(18,207)</u>	<u>19,832</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Ferial Ali Mehdi
Chairman / Chief Executive

Shahid Nazir Ahmed
Director



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

For the quarter ended 30 September 2011

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 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 12th Floor, Executive Tower, Dolmen city, Marine Drive, Block - 4 Clifton, 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 2011.

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 2011.

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 2011.

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 2011.



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

For the quarter ended 30 September 2011

	30 September 2011 (Un-audited)	30 June 2011 (Audited)
	(Rs. in '000)	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	326,441	328,213
Capital work-in-progress	6.2 4,720	5,328
	331,161	333,541
6.1 Operating fixed assets		
Following are the additions and disposals of fixed assets during the current period:		
	Additions	Disposals
	Cost	Accumulated depreciation
	(Rs. in '000)	
Building on Freehold Land	-	-
Plant, Machinery & Equipment	782	-
Furniture & Fixture	1,337	-
Computers	149	-
Vehicles	4,316	242
	6,584	242
	30 September 2011 (Un-audited)	30 June 2011 (Audited)
	(Rs. in '000)	
6.2 Capital work-in-progress		
Opening balance	5,328	8,914
Additions during the period	6.2.1 5,976	57,846
	11,304	66,760
Transfers during the period	(6,584)	(61,432)
	4,720	5,328
7. STOCK-IN-TRADE		
Raw materials – in hand	80,874	114,779
– in transit	101,845	171,750
	182,718	286,529
Packing materials	33,611	22,708
Work-in-process	56,484	40,947
Finished goods	58,407	24,486
	331,220	374,670
Provision against slow moving stock-in-trade	(3,727)	(3,727)
	327,494	370,943



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

For the quarter ended 30 September 2011

	30 September 2011 (Un-audited)	30 June 2011 (Audited)
	(Rs. in '000)	
8. CASH AND BANK BALANCES		
Cash in hand	412	134
Cash at banks in – current accounts	16,140	1,670
– profit and loss sharing account	4,188	43,495
	<u>20,328</u>	45,165
	<u>20,740</u>	<u>45,299</u>
9. RUNNING FINANCE UNDER MARKUP ARRANGEMENTS/SHORT TERM BORROWING		
Running finance under mark-up arrangement	53,026	-
Short Term Borrowings	-	80,000
	<u>53,026</u>	<u>80,000</u>
	<u>Quarter ended</u>	
	30 September 2011	30 September 2010
10. CASH AND CASH EQUIVALENTS	(Rs. in '000)	
Cash and bank balances	20,740	89,284
Running finance under markup arrangement	(53,026)	-
	<u>(32,285)</u>	<u>89,284</u>
11. CONTINGENCY AND COMMITMENT		
11.1 Contingency		
11.1.1 Bank guarantees aggregating to Rs.7.02 million (30 June 2011: 7.02 million) have been issued in favour of Sui Southern Gas Company Limited for the supply of natural gas.		
11.1.2 Post dated cheques of Rs.148.577 million (30 June 2011: Rs. 132.587 million) have been issued to Collector of Customs against partial exemption of import levies.		
11.2 Commitment		
Commitments under letters of credit for the import of stock-in-trade items amounting to Rs.136.0 million (30 June 2011: Rs.23.515 million).		
	<u>Quarter ended</u>	
	30 September 2011	30 September 2010
12. NET SALES	(Rs. in '000)	
Gross sales	638,044	509,598
Sales tax	(97,010)	(81,409)
Special excise duty	-	(4,240)
Trade promotion discount	(35,277)	(28,978)
Rebate and sales return	(1)	(3)
	<u>(132,288)</u>	<u>(114,630)</u>
	<u>505,756</u>	<u>394,968</u>



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

For the quarter ended 30 September 2011

	Quarter ended	
	30 September 2011	30 September 2010
	(Rs. in '000)	
13. COST OF SALES		
Raw and packing materials consumed	367,848	252,018
Stores and spares consumed	3,391	1,423
Salaries, wages and other benefits	24,524	19,330
Contribution to the provident fund	411	403
Repair and maintenance	333	346
Fuel and power	13,794	17,410
Rent, rates and taxes	193	50
Insurance	854	559
Product research and development	46	15
Travelling & conveyance	958	444
Printing & stationery	74	78
Postage & telephone	121	150
Legal charges	7	8
Professional fee	41	22
Entertainment	-	37
Subscription	3	2
Depreciation / Amortisation	5,446	4,603
Freight and handling material	1,912	620
Other expenses	1,711	455
	421,669	297,973
Opening stock of work-in-process	40,947	28,742
Closing stock of work-in-process	(56,484)	(27,835)
Cost of goods manufactured	406,132	298,880
Opening stock of finished goods	24,486	30,613
Closing stock of finished goods	(58,407)	(23,763)
	372,211	305,730



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

For the quarter ended 30 September 2011

	<u>Quarter ended</u>	
	<u>30 September</u> 2011	<u>30 September</u> 2010
	(Rs. in '000)	
14. CASH GENERATED FROM OPERATIONS		
Profit / (Loss) before taxation	(27,742)	31,276
Adjustments for:		
Mark-up expense	3,640	161
Depreciation / amortisation	8,295	6,366
Provision for gratuity	2,327	2,147
Provision for staff retirement benefits	936	917
Return on investments	-	(610)
Profit on short term deposit	(230)	(658)
Gain on disposal of fixed assets	(83)	(245)
	<u>14,884</u>	<u>8,078</u>
Operating profit before working capital changes	<u>(12,858)</u>	39,354
(Increase) / Decrease in operating assets:		
Stores and spares	(659)	(292)
Stock-in-trade	43,451	43,130
Trade debts	(9,104)	(13,381)
Loans and Advances	29	(195)
Long term advances and deposits	-	(1,826)
Advances, deposits, prepayments and other receivables	(3,185)	(13,423)
	<u>30,531</u>	14,013
Increase / (decrease) in operating liabilities:		
Trade and other payables	(63,865)	(62,843)
Cash generated from operations	<u>(46,192)</u>	<u>(9,476)</u>

15. TRANSACTIONS AND BALANCE WITH ASSOCIATED PARTIES

The related parties comprise Treet Corporation Limited, Wazir Ali Industries, I.G.I Insurance Ltd, Employees' Provident Fund, directors and keymanagement personnel. The details of transactions with related parties, are as follows:



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

For the quarter ended 30 September 2011

	<u>Quarter ended</u>	
	<u>30 September</u> 2011	<u>30 September</u> 2010
	(Rs. in '000)	
15.1. Transactions with related parties		
Associated Companies		
Sale of goods	80	122
Services received	4,165	3,293
Purchases of goods	1,901	380
Services rendered	158	191
Dividend	1,806	-
Staff Retirement Benefit Plans		
Contribution to employees' provident fund	940	802
Directors and Chief Executive Officer		
Remuneration	5,905	5,188
Dividend	2,994	-
Other Key Management Personnel		
Managerial remuneration (excluding directors and Chief Executive Officer)	6,788	4,693
	30 September 2011 (Un-audited)	30 June 2011 (Audited)
	(Rs. in '000)	
15.2. Balances with related parties:		
Trade and other payables	1,675	-
Trade and other receivables	472	0.08



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

For the quarter ended 30 September 2011

16. GENERAL

- 16.1 Figures in these financial statements have been rounded off to the nearest thousands of rupees.
- 16.2 These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 27th October 2011.

Handwritten signature of Ferieh Ali Mehdi in black ink.

Ferieh Ali Mehdi
Chairman / Chief Executive

Handwritten signature of Shahid Nazir Ahmed in black ink.

Shahid Nazir Ahmed
Director



12th Floor, Executive Tower, Dolmen City, Marine Drive,
Block IV, Clifton, Karachi - Pakistan.
Tel: +9221 35297570-77 Fax: +9221 35297585
Website: www.zil.com.pk