

**ZAHIDJEE TEXTILE MILLS LIMITED**  
Condensed Interim Financial Statements- September 30, 2009

**Balance Sheet (Un-audited)**  
**As at September 30, 2009**

	September 30, 2009 Rupees	June 30, 2009 Rupees
<b>NON - CURRENT ASSETS</b>		
Property, plant and equipment	1,155,681,629	1,176,570,879
Investment in associate	113,459,862	113,459,862
Long term deposits	3,281,718	3,281,718
	<b>1,272,423,209</b>	<b>1,293,312,459</b>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	100,100,421	102,266,184
Stock in trade	680,967,103	718,190,233
Trade debts	293,439,200	308,116,272
Loans and advances	101,367,171	72,794,459
Prepayments	1,038,279	200,481
Other receivables	39,000,868	38,961,852
Short term investments	181,249,875	149,180,720
Tax refunds due from Government	31,139,951	29,422,361
Cash and bank balances	10,817,148	7,539,426
	<b>1,439,120,017</b>	<b>1,426,671,988</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	186,638,389	113,990,559
Interest / mark up payable	44,834,805	58,743,565
Short term borrowings	1,388,252,250	1,465,141,362
Current portion of long term financing	80,000,000	93,326,000
Provision for taxation - income tax	13,234,168	10,548,936
	<b>1,712,959,612</b>	<b>1,741,750,422</b>
	<b>998,583,614</b>	<b>978,234,025</b>
<b>NON - CURRENT LIABILITIES</b>		
Long term financing	337,180,720	355,422,107
Deferred liabilities		
Deferred taxation	6,659,805	8,471,653
Staff retirement gratuity	17,579,945	15,951,676
	<b>24,239,750</b>	<b>24,423,329</b>
	<b>361,420,470</b>	<b>379,845,436</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	4	
Net worth	<b>637,163,144</b>	<b>598,388,589</b>
Represented by		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	340,509,040	340,509,040
Capital reserves	190,777,917	158,708,762
Revenue reserve		
Unappropriated profit	39,127,357	31,518,385
	<b>570,414,314</b>	<b>530,736,187</b>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>66,748,830</b>	<b>67,652,402</b>
	<b>637,163,144</b>	<b>598,388,589</b>

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

	<b>September 30, 2009 Rupees</b>	<b>June 30, 2009 Rupees</b>
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	7,578,784	(116,195,730)
Adjustment for:		
Depreciation of property, plant and equipment	24,530,430	107,262,894
Provision / (reversal) of impairment loss on investment in associate	-	22,273,904
Provision for staff retirement gratuity	1,805,989	7,319,108
Share of loss/(profit) of associate	-	3,027,580
Balances written back	-	(44,770)
Gain on disposal of property, plant and equipment	-	(105,387)
Loss on sale of short term investment	-	18,178,822
Finance cost	57,538,705	275,302,759
Operating cash flows before working capital changes	<u>91,453,908</u>	<u>317,019,180</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,165,763	10,786,035
Stock in trade	37,223,130	(22,604,877)
Trade debts	14,677,072	40,301,394
Loans and advances	(25,793,943)	5,710,086
Prepayments	(837,798)	436,055
Other receivables	(39,016)	(16,949,905)
Tax refunds due from Government	(1,717,590)	1,991,615
Increase in current liabilities		
Trade and other payables	72,647,830	3,043,381
	<u>98,325,448</u>	<u>22,713,784</u>
Cash generated from operating activities	<b>189,779,356</b>	339,732,964
Finance cost paid	(71,447,465)	(246,663,986)
Income tax paid	(2,778,769)	(13,451,104)
Staff retirement gratuity paid	(177,720)	(2,960,420)
Net cash generated from operating activities	<u>115,375,402</u>	<u>76,657,454</u>
<b>(b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(3,641,181)	(15,391,043)
Purchase of short term investments	-	(2,272)
Proceeds from disposal of property, plant and equipment	-	609,500
Proceeds from sale of short term investments	-	16,353,383
Net cash (used in) / generated from investing activities	<u>(3,641,181)</u>	<u>1,569,568</u>
<b>(c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	-	-
Repayment of long term financing	(31,567,387)	(142,139,633)
Increase in short term borrowings - net	(76,889,112)	62,208,143
Net cash used in financing activities	<u>(108,456,499)</u>	<u>(79,931,490)</u>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	<b>3,277,723</b>	(1,704,468)
Cash and cash equivalents at the beginning of the period	<u>7,539,426</u>	<u>9,243,894</u>
Cash and cash equivalents at the end of the period	<u><u>10,817,149</u></u>	<u><u>7,539,426</u></u>

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

# ZAHIDJEE TEXTILE MILLS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS- SEPTEMBER 30, 2009

## Company Information

### Board of Directors

Mr. Muhammad Zahid  
Chairman / Chief Executive

Mr. Muhammad Qasim  
Mst. Huma Zahid  
Mst. Fauzia Shahani  
Mr. Naveed Ahmed  
Mst. Asma Makhdoom  
Mst. Fiza Zahid

### Audit Committee

Mr. Naveed Ahmed  
(Chairman)  
Mst. Asma Makhdoom  
Mr. Muhammad Qasim

### Head of Internal Audit

Mr. Muhammad Asif

### Company Secretary/ Chief Financial Officer

Mr. Shahab-Ud-Din Khan

### Auditors

Avais Hyder Liaquat Nauman  
Chartered Accountants

### Bankers of the Company

Allied Bank Limited  
Faysal Bank Limited  
United Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
Standard Chartered Bank (Pakistan)  
Bank Alfalah Limited  
Habib Bank Limited

### Registered Office

20, Bilal Road,  
Civil Lines,  
Faisalabad

### Mills

28-KM, Sheikhpura Road,  
Faisalabad

32-KM, Tandlian wala Road,  
Faisalabad

### Share Registrar

Consulting One (Private) Limited  
478-D Peoples Colony No.1  
Faisalabad  
Tel: + 92-41-8559143 Fax: + 92-41-

**ZAHIDJEE TEXTILE MILLS LIMITED**      **Directors' Report to the Members**  
Condensed Interim Financial Statements- September 30, 2009

The Directors of your Company take pleasure in presenting their report along with the unaudited condensed interim financial statements of the Company for the first quarter ended September 30, 2009.

**Operating Results**

However overview of operating results is as under:-

	<b>September 30, 2009</b>	September 30, 2008
Profit/(loss) before taxation	<b>7,578,784</b>	(23,258,722)
Provision for taxation	<b>873,384</b>	(3,425,837)
Profit/(loss) for the period	<b><u>6,705,400</u></b>	<u>(19,832,885)</u>

The Company earned an operating profit of Rs. 65.12 million as compared to an operating profit of Rs. 61.13 million during the corresponding period last year. Due to decrease in cotton price and increase in cotton yarn price caused to increase in profitability of your Company as compared to the loss for the corresponding period.

**Future Outlook**

The domestic law and order situation is also worsening which is expected to adversely affect the overall economic activity of the country. However, the management of your Company is hopeful that it will continue to achieve better results during remaining part of the current financial year.

For and on behalf of  
the Board

Dated: October 31, 2009  
Faisalabad.

**MUHAMMAD ZAHID**  
Chief Executive Officer

**1. GENERAL INFORMATION**

- 1.1 Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 20, Bilal Road, Civil Lines, Faisalabad. The Company is currently listed on Karachi and Lahore stock exchanges. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at Satyana, District Faisalabad and spinning units are located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honorable Lahore High Court Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited have been merged with Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.3 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

**2. BASIS OF PREPARATION**

These interim financial statements are prepared in compliance with the international accounting standards 34 "Interim Financial Reporting" and section 245 of the Companies Ordinance, 1984.

**3. ACCOUNTING POLICIES**

- 3.1 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Ordinance. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and shall be read in conjunction with the published audited financial statements for the year ended June 30, 2009.
- 3.2 These condensed interim financial statements have been prepared under the "historical cost convention" except staff retirement gratuity carried at present value and investment in associate accounted for using the equity method.
- 3.3 The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2009 except those amended by the IAS 1 (Revised) "Presentation of Financial Statements" which became effective for the accounting periods of the Company beginning on or after July 01, 2009. Adoption of this standard has resulted in the presentation of a Statement of Comprehensive Income which includes all non-owner changes in equity. Consequently, presentation of Statement of Changes in Equity and comparative information have also been changed in conformity with the revised standard.

	<b>September 30,</b>	June 30,
	<b>2009</b>	2009
	<b>Rupees</b>	Rupees

**4. CONTINGENCIES AND COMMITMENTS****Contingencies**

Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.	<b>19,756,500</b>	19,756,500
Indemnity bonds issued in favour of collector of sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported machinery.	<b>94,159,139</b>	94,159,139
Claims of sales tax, income tax and WAPDA not acknowledged in view of pending appeals/settlement.	<b>10,920,949</b>	10,920,949
Demand of social security contribution regarding prior years by Punjab Social Security Institution Matter is pending in Honourable Civil Court, Faisalabad.	<b>318,723</b>	318,723

**Commitments**

Under letters of credit:

Raw material and spare parts

**55,276,060**

66,253,198

	<b>September 30, 2009</b>	September 30, 2008
	<b>Rupees</b>	Rupees
<b>5. Cost of sales</b>		
Cost of goods manufactured (Note 5.1)	<b>510,046,601</b>	528,775,083
Finished goods		
Opening stock	<b>209,539,735</b>	157,995,999
Closing stock	<b>(220,058,442)</b>	(127,402,939)
	<b>(10,518,707)</b>	30,593,060
	<b>499,527,894</b>	559,368,143
<b>5.1 Cost of goods manufactured</b>		
Raw material consumed (Note 5.1.1)	<b>341,149,843</b>	374,004,214
Packing material consumed	<b>5,054,681</b>	5,481,671
Conversion charges	<b>25,378,292</b>	2,125,397
Salaries, wages and benefits	<b>35,066,764</b>	29,310,555
Retirement benefits	<b>1,805,989</b>	1,619,334
Stores and spares consumed	<b>21,217,239</b>	40,852,758
Fuel and power	<b>48,833,101</b>	44,960,310
Repairs and maintenance	<b>8,718,261</b>	10,661,202
Insurance	<b>838,393</b>	898,111
Research and development support	-	37,840
Depreciation	<b>24,271,764</b>	21,782,373
Other	<b>2,282,979</b>	1,728,269
	<b>514,617,306</b>	533,462,034
Work in process		
Opening stock	<b>35,682,633</b>	39,412,469
Closing stock	<b>(40,253,338)</b>	(44,099,420)
	<b>(4,570,705)</b>	(4,686,951)
	<b>510,046,601</b>	528,775,083
<b>5.1.1 Raw material consumed</b>		
Opening Stock	<b>472,967,865</b>	498,176,888
Purchases including purchase expenses	<b>288,837,302</b>	363634976
	<b>761,805,167</b>	861,811,864
Closing stock	<b>(341,149,843)</b>	(487,807,650)
	<b>420,655,324</b>	374,004,214
<b>6. Date of authorisation for issue</b>		
<p>These financial statements were authorised for issue on October 31, 2009 by the Board of Directors of the Company.</p>		
<b>7. OTHERS</b>		
<p>(a) There is no unusual item included in these interim financial statements which is effecting assets, liabilities, equity, profit or cash flows of the company.</p>		
<p>(b) The provision for taxation is based on these interim financial statements and are subject to adjustments in annual financial statements.</p>		
<p>(c) Figures have been rounded off to nearest Rupee.</p>		

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED**

Condensed Interim Financial Statements- September 30, 2009

**Profit and Loss Account (Un-audited)**

For the First Quarter Ended September 30, 2009

	Note	September 30, 2009	September 30, 2008
Sales		<b>575,085,540</b>	634,839,110
Cost of goods sold	5	<b>499,527,894</b>	559,368,143
Gross profit		<u><b>75,557,646</b></u>	<u>75,470,967</u>
Other operating income		<u><b>2,036,661</b></u>	<u>1,242,881</u>
		<b>77,594,307</b>	<u>76,713,848</u>
Distribution cost		<b>6,925,594</b>	9,339,033
Administrative expenses		<b>5,551,224</b>	6,241,786
Finance cost		<b>57,538,705</b>	84,391,751
		<u><b>70,015,523</b></u>	<u>99,972,570</u>
Profit/(loss) before taxation		<u><b>7,578,784</b></u>	<u>(23,258,722)</u>
Provision for taxation		<u><b>873,384</b></u>	<u>(3,425,837)</u>
Profit/(loss) for the year		<u><u><b>6,705,400</b></u></u>	<u><u>(19,832,885)</u></u>
Earnings per share - Basic and diluted		<u><u><b>0.20</b></u></u>	<u><u>(0.58)</u></u>

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

**CHIEF EXECUTIVE OFFICER****DIRECTOR**



**ZAHIDJEE TEXTILE MILLS LIMITED**

Condensed Interim Financial Statements- September 30, 2009

**Statement of Changes in Equity (Un-Audited)  
For the First Quarter Ended September 30, 2009**

	Issued, subscribed and paid up share capital	Reserves				Sub total	Revenue	Total	
		Capital			Share of changes in equity of associate				Unappropriated profit
		Fair value reserve	Merger reserve						
----- Rupees -----									
Balance as at June 30, 2008	340,509,040	(95,386,860)	366,258,513	3,249,696	274,121,349	143,502,583	758,132,972		
Total comprehensive income/(loss) for the period	-	(10,806,166)	-	-	(10,806,166)	(18,818,626)	(29,624,792)		
Balance as at September 30, 2008	340,509,040	(106,193,026)	366,258,513	3,249,696	263,315,183	124,683,957	728,508,180		
Total comprehensive income/(loss) for the period	-	(102,056,376)	-	(2,550,045)	(104,606,421)	(93,165,572)	(197,771,993)		
Balance as at June 30, 2009	340,509,040	(208,249,402)	366,258,513	699,651	158,708,762	31,518,385	530,736,187		
Total comprehensive income/(loss) for the period	-	32,069,155	-	-	32,069,155	7,608,972	39,678,127		
Balance as at September 30, 2009	<u>340,509,040</u>	<u>(176,180,247)</u>	<u>366,258,513</u>	<u>699,651</u>	<u>190,777,917</u>	<u>39,127,357</u>	<u>570,414,314</u>		

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

**CHIEF EXECUTIVE OFFICER****DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED**

Condensed Interim Financial Statements- September 30, 2009

**Statement of Comprehensive Income**

For the First Quarter Ended September 30, 2009

	<b>September 30, 2009 Rupees</b>	September 30, 2008 Rupees
PORIT/(LOSS) FOR THE PERIOD	<b>6,705,400</b>	(19,832,885)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Net change in available for sale investment	<b>32,069,155</b>	(10,806,166)
Incremental depreciation on revalued assets for the period - net	<b>903,572</b>	1,014,259
TOTAL COMPEREHENCIVE INCOME/(LOSS) FOR THE PERIOD	<u><b>39,678,127</b></u>	<u>(29,624,792)</u>

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

**CHIEF EXECUTIVE OFFICER****DIRECTOR**