

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS- MARCH 31, 2010
DIRECTORS' REPORT TO THE MEMBERS

The directors of your Company take pleasure in presenting their report along with the unaudited condensed interim financial statements of the Company for the nine months ended March 31, 2010.

Operating Results

The textile industry took a sigh of relief on the increased demand of cotton yarn. The high cost of production resulting from higher cotton prices, rising energy costs, prolonged power cuts and poor law and order situation are posing serious threats to industry. Increase in demand of cotton yarn and higher selling prices helped the spinners to remain profitable. Although there is tough competition from the regional countries, but your company did well during the period under review due to strong customer base and goodwill of your company.

Overview of operating results are as under :-

	Nine months July-March	
	2010	2009
	Rupees	Rupees
Profit/(loss) for the period before taxation	43,709,696	(26,739,239)
Provision for taxation	15,201,064	(11,981,483)
Profit/(loss) for the period	28,508,632	(14,757,756)
Earnings per share - Basic	0.84	(0.43)

The Directors would like to thank our customers, suppliers and bankers for their continued support and would like to place on record appreciation for the valuable services of our staff, Officers and Workers.

For and on behalf of
the Board

April 29, 2010
Faisalabad.

MUHAMMAD ZAHID
Chief Executive Officer

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010

	Nine months ended March 31,	
	2010	2009
	Rupees	Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period before taxation	43,709,696	(26,739,239)
Adjustments for :		
Depreciation of property, plant and equipment	76,772,174	80,218,806
Provision for staff retirement gratuity	7,319,108	4,820,854
Share of loss of associate	40,733,368	1,752,964
Balances written back	(52,621)	(217,802)
Gain / (loss) on disposal of property, plant and equipment	78,838	(106,181)
Loss on sale of short term investment	51,575,327	-
Finance cost	187,870,900	216,507,121
Operating cash flows before working capital changes	408,006,790	276,236,523
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	45,165,082	7,405,218
Stock in trade	(446,609,270)	(120,886,986)
Trade debts	(9,844,913)	85,434,349
Loans and advances	(5,091,679)	(14,692,140)
Prepayments	(927,618)	(167,840)
Other receivables	(61,213,743)	553,450
Tax refunds due from Government	(4,347,762)	(2,244,236)
Increase in current liabilities		
Trade and other payables	36,986,913	2,074,696
	(445,882,990)	(42,523,489)
Cash (used in)/generated from operating activities	(37,876,200)	233,713,034
Finance cost paid	(175,769,535)	(176,775,497)
Income tax paid	(11,851,998)	(9,925,353)
Staff retirement gratuity paid	(4,034,141)	(2,629,930)
Net cash (used in)/generated from operating activities	(229,531,874)	44,382,254
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(7,056,080)	(1,493,417)
Proceeds from disposal of property, plant and equipment	209,688	609,500
Proceeds from sale of short term investments	92,747,462	-
Net cash generated from/(used in) investing activities	85,901,070	(883,917)

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010

(Continued)

	Nine months ended March 31, 2010	2009
	Rupees	Rupees
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(73,135,953)	(107,957,427)
Increase in short term borrowings - net	221,208,603	62,118,339
Net cash generated from/(used in) financing activities	148,072,650	(45,839,088)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	4,441,846	(2,340,751)
Cash and cash equivalents at the beginning of the period	7,539,426	9,243,894
Cash and cash equivalents at the end of the period	11,981,272	6,903,143

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2010

	Note	(Un-audited) March 31, 2010 Rupees	(Audited) June 30, 2009 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	1,108,247,461	1,176,570,879
Investment in associate	4	76,805,940	113,459,862
Long term deposits		3,281,718	3,281,718
		1,188,335,119	1,293,312,459
CURRENT ASSETS			
Stores, spares and loose tools		57,101,102	102,266,184
Stock in trade		1,164,799,503	718,190,233
Trade debts		317,961,185	308,116,272
Loans and advances		76,287,032	72,794,459
Prepayments		1,128,099	200,481
Other receivables		100,175,595	38,961,852
Short term investments		70,669,549	149,180,720
Tax refunds due from Government		36,672,290	29,422,361
Cash and bank balances		11,981,272	7,539,426
		1,836,775,627	1,426,671,988
CURRENT LIABILITIES			
Trade and other payables		150,924,851	113,990,559
Interest / mark up payable		70,844,930	58,743,565
Short term borrowings		1,686,349,965	1,465,141,362
Current portion of long term financing		80,000,000	93,326,000
Provision for taxation - income tax		15,201,064	10,548,936
		2,003,320,810	1,741,750,422
		1,021,789,936	978,234,025
NON - CURRENT LIABILITIES			
Long term financing		295,612,154	355,422,107
Deferred liabilities			
Deferred taxation		17,324,313	8,471,653
Staff retirement gratuity		21,017,844	15,951,676
		38,342,157	24,423,329
		333,954,311	379,845,436
CONTINGENCIES AND COMMITMENTS			
	5	-	-
Net worth		687,835,625	598,388,589
Represented by			
SHARE CAPITAL AND RESERVES			
Share capital		340,509,040	340,509,040
Capital reserves		228,499,826	158,708,762
Revenue reserve			
Unappropriated profit		64,219,462	31,518,385
		633,228,328	530,736,187
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		54,607,297	67,652,402
		687,835,625	598,388,589

The annexed notes form an integral part of these condensed interim financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS- MARCH 31, 2010

**Company
Information**

Board of Directors

Mr. Muhammad Zahid
Chairman / Chief Executive

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

Bankers of the Company

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

Audit Committee

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

Registered Office

20, Bilal Road,
Civil Lines,
Faisalabad

Head of Internal Audit

Mr. Muhammad Asif

Mills

28-KM, Sheikhpura Road,
Faisalabad

**Company Secretary/
Chief Financial Officer**

Mr. Shahab-Ud-Din Khan

32-KM, Tandlian wala Road,
Faisalabad

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants

Share Registrar

Consulting One (Private) Limited
478-D Peoples Colony No. 1,
Faisalabad
Tel: + 92-41-8541164 Fax: + 92-41-8542765

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010

	Issued, subscribed and paid up capital	Reserves				Sub total	Revenue Unappropriated profit	Total
		Capital			Share of changes in equity of associate			
		Fair value reserve	Merger reserve					
----- Rupees -----								
Balance as at July 01, 2008	340,509,040	(95,386,860)	366,258,513	3,249,696	274,121,349	143,502,583	758,132,972	
Total comprehensive (loss) for the period	-	(143,477,625)	-	(2,550,046)	(146,027,671)	(11,729,879)	(157,757,550)	
Balance as at March 31, 2009	340,509,040	(238,864,485)	366,258,513	699,650	128,093,678	131,772,704	600,375,422	
Total comprehensive (loss) for the period	-	30,615,083	-	-	30,615,083	(100,254,319)	(69,639,236)	
Balance as at June 30, 2009	340,509,040	(208,249,402)	366,258,513	699,650	158,708,761	31,518,385	530,736,186	
Total comprehensive income for the period	-	65,711,619	-	4,079,446	69,791,065	32,701,077	102,492,142	
Balance as at March 31, 2010	340,509,040	(142,537,783)	366,258,513	4,779,096	228,499,826	64,219,462	633,228,328	

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ZAHIDJEE TEXTILE MILLS LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2010

1. STATUS AND ACTIVITIES

- 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 These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared under "historical cost convention" except certain items of property, plant and equipment included at revaluation, short term investments stated at fair value, certain employee retirement benefits carried at present value and investment in associate accounted for using the equity method.

These condensed interim financial statements are unaudited but subject to limited scope review by the auditors of the Company 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.

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 has also been changed in conformity with the revised standard.

3. PROPERTY, PLANT AND EQUIPMENT

	Un-audited March 31, 2010 Rupees	Audited June 30, 2009 Rupees
Operating assets	1,083,891,739	1,108,133,451
Capital work in progress	24,355,722	68,437,428
	<u>1,108,247,461</u>	<u>1,176,570,879</u>

ZAHIDJEE TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010

(Continued)

Acquisitions and disposals of property, plant and equipment - at cost

	Nine months ended March 31, 2010		Nine months ended March 31, 2009	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
Operating assets				
Plant and machinery	5,362,742	-	913,700	-
Electric installations	112,405	-	-	-
Factory equipment	395,470	-	-	-
Office equipment	186,730	-	36,450	-
Furniture and fittings	7,200	-	-	-
Vehicles	-	1,024,480	-	600,720
Capital work in progress				
Civil work	1,100,012	-	1,534,800	-
Plant and machinery	25,503	-	-	-
	<u>7,190,062</u>	<u>1,024,480</u>	<u>2,484,950</u>	<u>600,720</u>

4. INVESTMENT IN ASSOCIATE

	Un-audited March 31, 2010 Rupees	Audited June 30, 2009 Rupees
	<u>76,805,940</u>	<u>113,459,862</u>

4.1 The Company made investment in Alzamin Leasing Corporation Limited. Which is merged with Invest Capital Investment Bank Limited with effect from June 30, 2009. As per scheme of amalgamation 24 million ordinary shares of Rs. 10/- each of Invest Capital Investment Bank Limited have been issued to the Company representing 8.80% ownership interest.

5. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2009 except for the deletion of the cases of income tax demand of Rs. 6,535,070/-. The cases has been decided in favour of the Company by the appellate authority.

Commitments

Under letters of credit for
raw material and spare parts

	Un-audited March 31, 2010 Rupees	Audited June 30, 2009 Rupees
	85,214,896	66,253,198

ZAHIDJEE TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010

(Continued)

	Note	Quarter ended March 31,		Nine months ended March 31,	
		2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
6. COST OF GOODS SOLD					
Cost of goods manufactured	6.1	655,599,587	334,596,578	1,777,450,518	1,228,268,970
Finished goods					
Opening stock		204,752,819	133,525,629	209,539,735	157,995,999
Closing stock		(228,884,510)	(127,119,179)	(228,884,510)	(127,119,179)
		(24,131,691)	6,406,450	(19,344,775)	30,876,820
		<u>631,467,896</u>	<u>341,003,028</u>	<u>1,758,105,743</u>	<u>1,259,145,790</u>

6.1 Cost of goods manufactured

Raw material consumed	6.1.1	380,286,280	185,255,982	1,136,891,519	760,863,231
Packing material consumed		5,256,944	2,217,212	15,245,227	13,224,749
Conversion and processing charges		62,368,218	27,744,755	123,633,493	66,308,255
Salaries, wages and benefits		36,519,652	28,457,698	109,282,309	84,624,203
Retirement benefits		3,876,054	1,302,340	7,535,608	4,903,360
Stores and spares consumed		63,269,094	21,369,966	113,315,121	66,590,887
Fuel and power		60,556,860	40,324,341	160,935,895	124,074,470
Repairs and maintenance		10,556,555	8,568,215	30,747,928	28,299,075
Insurance		1,088,070	693,825	2,806,917	2,695,421
Research and development expenditure		-	96,182	-	374,539
Depreciation		25,454,369	25,917,083	74,873,006	77,742,662
Other		3,608,736	821,264	7,752,824	5,146,117
		<u>652,840,832</u>	<u>342,768,863</u>	<u>1,783,019,847</u>	<u>1,234,846,969</u>
Work in process					
Opening stock		44,010,717	37,818,183	35,682,633	39,412,469
Closing stock		(41,251,962)	(45,990,468)	(41,251,962)	(45,990,468)
		2,758,755	(8,172,285)	(5,569,329)	(6,577,999)
		<u>655,599,587</u>	<u>334,596,578</u>	<u>1,777,450,518</u>	<u>1,228,268,970</u>

6.1.1 Raw material consumed

Opening stock	1,053,344,282	685,294,768	472,967,865	498,176,888
Purchases including purchase expenses	<u>221,605,029</u>	<u>143,323,909</u>	<u>1,558,586,685</u>	<u>906,049,038</u>
	1,274,949,311	828,618,677	2,031,554,550	1,404,225,926
Closing stock	(894,663,031)	(643,362,695)	(894,663,031)	(643,362,695)
	<u>380,286,280</u>	<u>185,255,982</u>	<u>1,136,891,519</u>	<u>760,863,231</u>

ZAHIDJEE TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010

(Continued)

**7. AGGREGATE TRANSACTIONS
WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Significant transactions with related parties are as follows:-

Relationship	Nature of transaction	March 31, 2010 Rupees	March 31, 2009 Rupees
Associated undertakings	Purchases	36,059,194	19,418,755
	Disposal of property, plant and equipment	-	590,000
CEO and directors	Remuneration	1,575,000	1,350,000

8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 29, 2010 by the Board of Directors of the Company.

9. GENERAL

- (i) There is no unusual item included in the condensed interim financial statements which is affecting liabilities, assets, loss, cash flows or equity of the Company.
- (ii) The provisions for taxation and workers' welfare fund are based on these condensed interim financial statements and are subject to adjustments in annual financial statements.
- (iii) The textile business is an all year business however, major raw material purchase i.e. cotton, is made during the four months from October to January. This leads to higher figure in respect of stocks and creditors being reflected during these periods.

10. Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010

	Note	Quarter ended March 31,		Nine months ended March 31,	
		2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
Sales		812,816,861	409,135,928	2,131,167,969	1,493,331,434
Cost of goods sold	6	631,467,896	341,003,028	1,758,105,743	1,259,145,790
Gross profit		181,348,965	68,132,900	373,062,226	234,185,644
Other operating income		682,123	4,751,862	1,040,220	7,031,219
		182,031,088	72,884,762	374,102,446	241,216,863
Distribution cost		12,948,178	6,015,765	29,812,885	27,412,122
Administrative expenses		6,417,717	7,803,012	19,717,500	21,654,957
Other operating expenses		20,421,090	226,153	52,258,097	628,938
Finance cost		63,433,047	64,281,650	187,870,900	216,507,121
		103,220,032	78,326,580	289,659,382	266,203,138
Share of loss of associate		(13,816,722)	(5,142,812)	(40,733,368)	(1,752,964)
Profit/(loss) for the period before taxation		64,994,334	(10,584,630)	43,709,696	(26,739,239)
Provision for taxation		5,564,529	(1,902,291)	15,201,064	(11,981,483)
Profit/(loss) for the period		59,429,805	(8,682,339)	28,508,632	(14,757,756)
Earnings per share - Basic and diluted		1.75	(0.25)	0.84	(0.43)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2010

	<u>Quarter ended March 31,</u>		<u>Nine months ended March 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	Rupees	Rupees	Rupees	Rupees
Profit/(Loss) for the period	59,429,805	(8,682,339)	28,508,632	(14,757,756)
Other comprehensive income for the period				
Fair value of available for sale investments (Decrease) / Increase in fair value	(31,024,185)	9,603,660	(9,091,548)	(143,477,625)
Loss transferred to profit and loss account on disposal	33,776,875	-	74,803,167	-
	2,752,690	9,603,660	65,711,619	(143,477,625)
Incremental depreciation on revalued assets for the period	2,301,054	1,009,292	4,192,445	3,027,877
Share of changes in other comprehensive income of associate - net of deferred tax	761,881	(7,415,627)	4,079,446	(2,550,046)
	5,815,625	3,197,325	73,983,510	(142,999,794)
Total comprehensive income / (loss) for the period	<u>65,245,430</u>	<u>(5,485,014)</u>	<u>102,492,142</u>	<u>(157,757,550)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR