



ZIL
LIMITED

2011

**Annual
Report**



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Vision

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To create
a feeling of
well-being among
people and
make their **lives**
a little easier
and **more**
beautiful.

Mission

We will ensure growth & profitability by extending our product portfolio in other categories of HPC business in domestic & international markets.

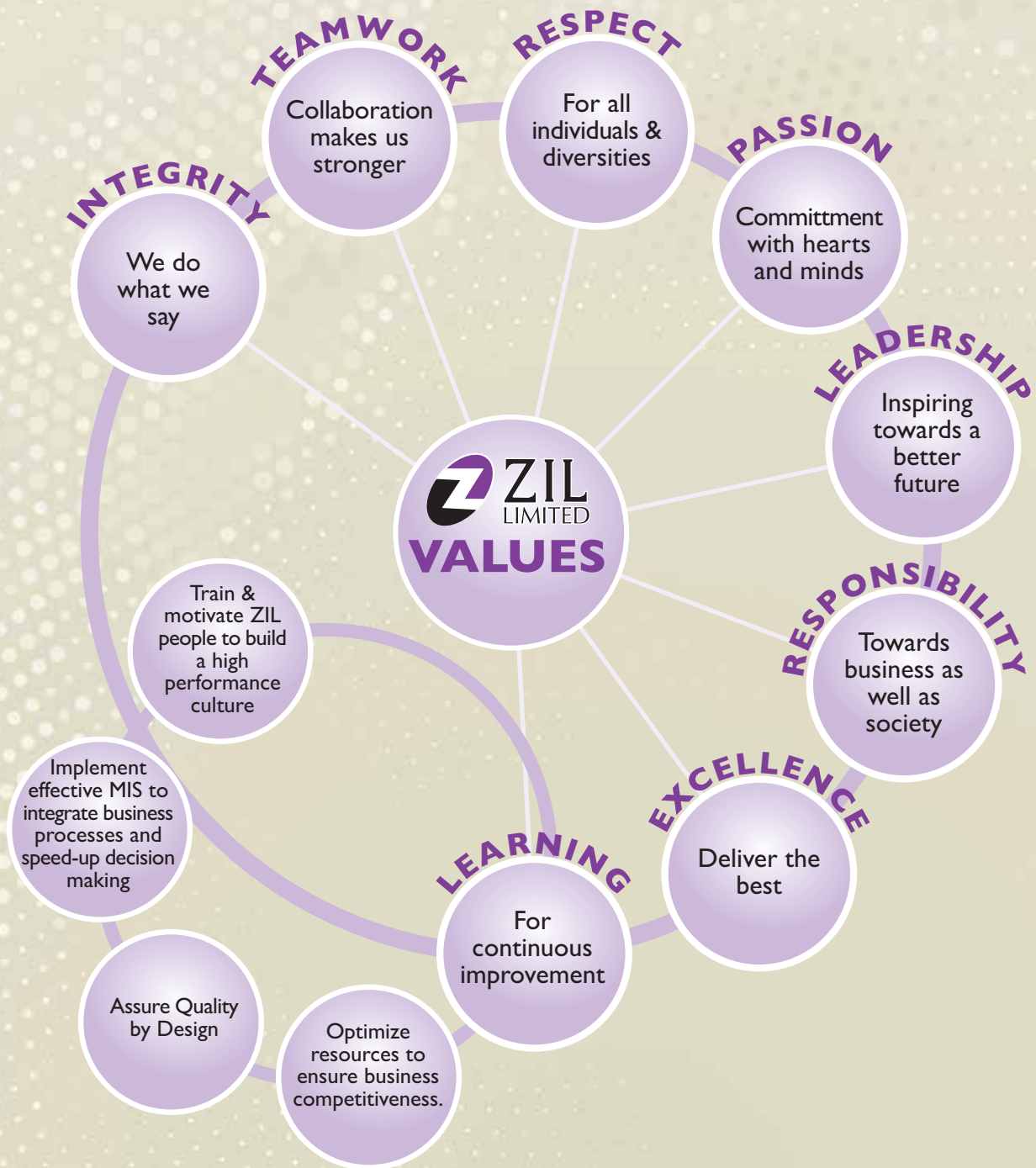
We will continuously improve our system and products to enhance customer satisfaction.

Hence the key drivers will able to :

- Train & motivate ZIL people to build a high performance culture
- Implement effective MIS to integrate business processes and speed-up decision making
- Assure Quality by Design
- Optimize resources to ensure business competitiveness.



Values



Statement Of Ethics And Business Practices



Policy Statement

It is the policy of the Company to follow the highest business ethics and standards of conduct. The following commitments serve as broad ideals to shape employee conduct:

1. All relationships are to be truthful, trustworthy and honest.
2. In all activities for the Company, employees are to abide by all laws and regulations and adhere to the Company's policies and procedures.
3. Duties and responsibilities are to be carried out in a reliable and exemplary manner.
4. The Company resources are to be utilized economically and efficiently.
5. Verbal communications and written statements are to be truthful and accurate.
6. Fellow employees must receive fair and considerate treatment and they are not to be discriminated against because of race, color, religion, gender, age, nationality, marital status or physical disability.
7. Employees must be committed to customer satisfaction and strive to provide a quality service.
8. Employees are prohibited from having any type of relationship, association or contact with any customer, supplier, or competitor which compromises, or appears to compromise, our standards of conduct and business ethics.
9. Each employee must avoid any investment, arrangement or other association, whether their own, an immediate family or household member, which could give the appearance of, or actually interfere with, the independent exercise of sound business judgment in the best interests of the Company, or otherwise represents a real or apparent conflict of interest between the interests of the employee and those of the Company.

Business Conduct and Ethics

The Company and each of its employees must conduct their affairs with uncompromising honesty and integrity. Employees are expected to be honest and ethical in dealing with each other, with clients, suppliers and all other third parties. Doing the right thing means doing it right every time.

Misconduct cannot be excused because it was directed or requested by another. In this regard, employees are expected to alert management whenever an illegal, dishonest or unethical act is reasonably apprehended. Employees will never be penalized for reporting their reasonable apprehensions.

The following statements concern frequently raised business conduct and ethical concerns. A violation of the standards contained in this Statement of Ethics and Business Practices will result in corrective action, including possible dismissal.

Compliance with Laws

It is the Company's policy to comply with all laws, rules and regulations that are applicable to its business in Pakistan.

Employment Matters: It is the Company's policy to comply with applicable employment laws, including those governing working conditions, wages, benefits, and minimum age for employment. Each employee must respect the rights of fellow employees and third parties. Employee actions must be free from libel, slander, harassment or any form of unlawful discrimination.

Environmental Matters: It is the Company's policy to comply with all applicable laws and regulations for the protection of the environment. Each employee must abide by these laws and established environmental policies and procedures.

Fair Competition and Antitrust Laws: These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition. If there is uncertainty whether a contemplated action raises unfair competition or antitrust issues, the Corporate Legal Department in the Company can be of assistance.

Conflicts of Interest

Employees may not exploit their position or relationship with the Company for personal gain. Should a situation of conflict arise, employees shall immediately disclose in writing the connection or interest in the activity or transaction to the Compliance Officer.

There is a likely conflict of interest if employees:

- cause the Company to engage in business transactions with relatives or friends;
- use nonpublic the Company, customer or supplier information for personal gain by themselves, relatives or friends;
- have more than a modest financial interest in the Company's suppliers, customers or competitors;
- receive a loan, or guarantee of obligations, from the Company (other than as specifically allowed) or a third party as a result of their position at the Company;
- compete, or prepare to compete, with the Company while still employed by the Company; or
- perform work for a competitor, governmental or regulatory entity, customer or supplier of the Company, or do any work for a third party that may adversely affect their performance or judgment on the job.

Business Opportunities

In addition to avoiding conflicts of interest, Employees must not take for themselves or divert to others any business opportunity or idea discovered in the course of employment in which the Company might have an interest.

Gifts, Bribes and Kickbacks

Other than for modest gifts (with prior approval from senior management) given or received in the normal course of business, which could not be considered as business inducements, neither employees nor their relatives may give gifts to, or receive gifts from, the Company's customers and suppliers.

Any employee who is found guilty of paying or receiving bribes or kickbacks will be immediately terminated and reported, as warranted, to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

Covering Up Mistakes; Falsifying Records

Mistakes should never be covered up, but should be immediately and fully disclosed and corrected. Falsification of any company, customer or third party record is prohibited.

Financial Integrity

All financial books, records and accounts must accurately reflect transactions and events and conform to generally accepted accounting principles and to the Company's system of internal controls. It is the responsibility of each employee to uphold these standards.

Employees are expected to cooperate fully with the Company's internal audit function and its external auditors. An employee whose actions cause false financial reporting will be subject to disciplinary action, including possible termination of employment.

Protection and Proper Use of Company Property

Every employee must safeguard the Company property from loss or theft, and may not take such property for personal use. The Company property includes confidential information, software, computers, office equipment, and supplies

The Company's email, internet and intranet systems are to be used primarily for the Company's business. In no event may the systems be used for sending or receiving discriminatory or harassing messages, chain letters, material which is obscene or in bad taste, for commercial solicitations or in any way that would otherwise violate this Statement.

The Company and third-party software may not be copied, distributed or disclosed without specific authorization. The license agreements for such third-party software may place various restrictions on the disclosure, use and copying of software and such restrictions must be honored.

Confidentiality and Proper Use of Company, Customer, Supplier or Competitor Information

Employees may not use or reveal to others the Company, customer or supplier confidential or proprietary information, except as authorized by their senior management or as legally required.

Record Retention

The Company's business records must be maintained for the periods specified in and in accordance with the specific policies. In no case may documents involved in a pending or threatened litigation, government inquiry or other information request be discarded or destroyed, regardless of the period specified in the applicable policy.

Fair Dealing

No Company employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Securities Trading

Persons who give such undisclosed "inside" information to others might be as liable as persons who trade securities while possessing such information. Securities laws may be violated if an employee, or any relatives or friends, trade in securities of the Company, or any of its customers or suppliers, while possessing "inside" information related to that company.

Political Affiliations

ZIL Limited is an independent organization free from any affiliations and vested interests.

Workplace Safety

The Company is committed to providing safe and healthy work environments and to being an environmentally responsible corporate citizen. It is our policy to comply with all applicable environmental, safety and health laws and regulations. It is the responsibility of each employee to comply with all the Company policies concerning violence, harassment and similar matters in the workplace and substance abuse.

Reporting Ethical Violations

To report questionable accounting or auditing matters, employees may use the procedures established by the Audit Committee for the confidential, anonymous submission of concerns by employees. To report any other type of ethics violations or misconduct, employees should report it in the first instance to their Human Resources representative or to the appropriate level of management at their location.

If employees are still concerned after speaking with their Human Resources representative and local management or feel uncomfortable speaking with them (for whatever reason), employees can contact the Legal Department or anonymously send a note with relevant documents to the Company's Head Office with a copy to the Internal Audit Committee.

Employees have the Company's commitment that employees will be protected from retaliation/consequences for reports made in good faith.

Corporate Social Responsibility



- **Energy Conservation:**

Here at ZIL, we have incorporated internal strategies to reduce energy consumption.

- Employees are encouraged to minimize the use of air conditioning, switch off room or cubicle lights, printers, monitors and other electronics when not required.
- Fuel limits are regularly evaluated and amended in concurrence to contemporary needs.
- Additionally a number of initiatives have been taken in factories, depots and haulage to conserve energy.
- Power factor is improved and monitored for heavy machines.
- Inverters are being installed at high torque electric motors to reduce consumption.
- Effective load management on boiler operation and keeping the boiler shut down for 02 days a month.

- **Environment Protection Measures:**

- Sewerage and drain is ensured free of any acids or alkali and other chemicals used in soap making process as per EPA standard.
- Exhaust from boiler Chimney is maintained within standard limit of Cox, Sox and temperature.

- **Consumer Protection Measures:**

ZIL values its customers and therefore has set up a number of ways to protect consumers and gain their feedback.

- Our products are manufactured using mainly natural ingredients, which are disclosed on the packing of each item.
- At ZIL we follow ISO-9001 quality standard in order to enhance defective free products.
- Positive release criteria is defined and implemented at all process stages.
- The company maintains an email address for any queries or complaints. These are evaluated and responded to with the proper care and attention.
- Consumers also contact the company directly or via sales agents.
- Regular surveys and home visits are also conducted to gain the general response of the public at large.

• **Occupational Health & Safety:**

We at ZIL Limited recognize our legal and moral responsibility for Hygiene and Safety in work place and are committed to constantly improving and providing a well maintained healthy and safe environment to all employees, contractors and visitors.

We also endeavor to ensure that our community and its members are not placed at risk by any of our operational activities.

A comprehensive and well maintained safety system under the supervision of General Manager of Research, Development, Quality, Assurance, Health and Safety is established.

Safety committee and shift wise rescue teams are also established.

The program will ensure that:

1. Dedicated people are resourced for safety program & organization
2. People are aware of Emergency preparation, Risk management.
3. People are trained on key safety components, Permit to work system and PPE.
4. People are involved up to floor level.
5. Safety program results are properly tracked, reviewed and shared across the organization
6. Reward and recognition program is applicable on safety achievements

• **Business Ethics & Anti-Corruption Measures:**

ZIL has a number of preventive measures and frequent activities to ensure that the employees uphold the Statement of Ethics and Business Practices of the company. These measures and activities are frequently re-evaluated and amended to modernize current the existing ethical system. The Statement of Ethics and Business Practices are scrupulously followed throughout the organization.

• **Corporate Philanthropy:**

In response to the worst national calamity Pakistan has ever seen, each of the company's employees contributed a day's salary for the flood victims, in addition to a general donation. A substantial amount of rations and medicines were donated via Pakistan Medical Association Karachi by means of the raised funds.

The amount of the local employee contributions was matched by the company. These funds were shared among ZIL employees who were affected by the calamity.

Corporate Information

Board of Directors:

- Mrs. Feriel Ali Mehdi
Chairman/ Chief Executive Officer
- Mr. Mujahid Hamid
Director
- Syed Yawar Ali
Director
- Mr. Kemal Shoaib
Director (Nominee NIT)
- Mr. Shahid Nazir Ahmed
Director
- Mr. Zafar Ahmed Siddiqui
Director
- Mr. Omer Ehtisham
Director
- 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.

Factory:

Link Hali Road, Hyderabad 71000

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.

Board Of Directors

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Mrs. Ferial Ali-Mehdi

Mrs. Ferial Ali-Mehdi took over the reins of the company as CEO in November 1998. She is also acting as Chairman since July 2007. She has led the turnaround of ZIL Limited by turning a constantly loss making business into a profitable entity and wiped out all accumulated losses within 3 years of becoming the CEO.

Mrs. Mehdi holds a Bachelors degree in Economics from Karachi University. She started her career at Wazir Ali Industries as a Marketing Trainee and rapidly climbed up the corporate ladder to become Brand Manager. She has had exposure on all the levels in Marketing and chiefly looked after the Cooking Oil category of the business.

In 1996, Mrs. Mehdi resigned from Wazir Ali to join ZIL Limited. She took over as the marketing manager looking after the entire range of the products and later excelled to the position of Director Marketing. She took over as Managing Director in 1998 and streamlined costs, processes and benchmarked various aspects of the business to make it more state-of-the-art. This resulted in lowering the losses and eventually with her team to turnaround the company by mid-2003. They grew the business from a Rs. 390mn net turnover in 1999 to a Rs. 1.6 bn by 2011. She has recently put into place a new team to invigorate, innovate and eventually grow the business into a more diverse and strong FMCG company.

She attended IMD's Orchestrating Winning Performance Program (OWP) in 2006 and gained intensive exposure to current thinking on today's key management issues. Mrs. Mehdi is also currently a Director at Treet Corp. Ltd.

Mr. Mujahid Hamid

Mr. Hamid is an internationally experienced business consultant who provides strategy consulting services to clients across a range of industries, including consumer products, media, entertainment, and health care. He holds a Masters in Business Administration (Marketing) from IBA, Karachi.

Mr. Hamid has occupied various senior executive positions in Pakistan and the Far East, including serving as Chairman and CEO of Unilever HPC China from 1998 to 2000. He is currently a member of the Board of Governors of Shaukat Khanum Cancer Hospital and is also on the Board of Directors of Engro Foods Ltd.

Syed Yawar Ali

Syed Yawar Ali was educated at Aitchison College Lahore and got his Bachelor's degree in Chemical Engineering and Masters in Management Science from Stevens Institute of Technology. He joined the family Business, Packages Limited and then became Managing Director of Milk Pak Ltd. After 3 years of the joint Venture with Nestle he was elevated to Chairman of the Board.

Syed Yawar Ali is currently Chairman of Nestle Pakistan Limited, Chairman, Wazir Ali Industries Limited and Pakistan Dairy Association. He is serving on many other Boards and has also been

on the Board of Directors of State Bank of Pakistan, Pakistan International Airlines, Agricultural Development Bank of Pakistan and Lahore Electric Supply Company.

Currently he is Vice President of the India Pakistan Chamber of Commerce and Industry and is heading a committee to Promote Trade with India.

Mr. Kemal Shoaib

Mr. Kemal Shoaib holds an M.S. degree in Chemical Engineering from M.I.T., Cambridge, Massachusetts. He is currently a Consultant on the Capital Market and serves on the Board of several companies including International Industries Ltd, Sana Industries Ltd., and International Advertising (Pvt.) Ltd.

He has been associated with prestigious organizations such as Wyeth Laboratories (Pakistan) Ltd., Bank of Credit and Commerce Intl., S.A. London, Independence Bank, California, Commerce Bank Ltd., and Indus Bank Ltd.

Mr. Shahid Nazir Ahmed

Commencing in 1965, Shahid N. Ahmed has had a long association with ZIL Ltd and its predecessor companies Wazir Ali Industries and Treet Corporation Ltd. As product Development Manager and Manager Marketing (1965 to 1979) he was part of a team which developed and launched Capri, New Capri and Sandaleen Soaps, Nova and Treet Platinum Razor Blades, Treet Shaving Cream. In the handling of FMCG, Shahid Nazir Ahmed was committed to honest research analysis, creative thinking and clear-cut projection.

Shahid Nazir Ahmed served as Director Marketing of ZIL and Wazir Ali Industries in 1998 and 1999 and has been on ZIL's Board since 2003.

Shahid Nazir Ahmed has also served Mohammad Farooq Textile Mill for 18 years (1980 to 1997) as Director Marketing and Director Planning and Development gaining rich experience in textile marketing in both domestic and foreign markets. He also looked after Production Planning and Product Development for the company and served on its Board.

After leaving active service Shahid Nazir Ahmed has been functioning as a consultant

Mr. Zafar Ahmed Siddiqui

Mr. Siddiqui has an MBA degree from Institute of Business Administration. He also holds a degree of M.S. in Marketing Communications from Walter E. Heller College of Business Administration, Roosevelt University, Chicago USA, and has over 28 years of experience in Sales, Marketing and General Management.

He was associated with Gillette for 15 years in Pakistan and Overseas. His last assignment with Gillette was as Chief Executive for Gillette Pakistan (Pvt) Ltd., and Area Director for Afghanistan,

Sri Lanka, Bangladesh, Nepal and Maldives.

Mr. Siddiqui is also on the Board of Pakistan Society for Training and Development, Inbox Business Technologies (Pvt.) Ltd., Faysal Asset Management Ltd and Engro Foods Ltd.

Mr. Omer Ehtisham

Mr. Omer Ehtisham's expertise lies in Global Treasury Management. He is an expert assessor of regulatory changes and their impact on treasury infrastructure. Mr. Ehtisham holds a Bachelor's degree in Intellectual History and Economics from Brown University and currently offers consultancy services.

He has previously been associated with prestigious organizations in Pakistan and the United States, such as I-Cash Group Inc, Reval.com Inc, Derivative Portfolio LLC, Reval, Integrity Treasury Solutions, Credit Agricole Inodez and White Rock.

Mr. Amir Zia

Mr. Amir Zia is qualified from Chartered Institute of Management Accountants (CIMA-UK). He is Currently Chief Financial Officer of Treet Group of Companies. He has a vast experience and exposure towards strategic planning, industry analysis, financial/economic analysis & project evaluation, treasury management, international trade (import & export) and international trade finance. His expertise also lies in financial (and non-financial) reporting, tax management, stock (shares)/ fixed income securities analysis & trading; financial restructuring (including debt/equity restructuring/balance sheet repositioning & capital restructuring) financial engineering, and corporate affairs.

Management Committee



Board Audit Committee:

The board audit committee assists the board in fulfilling its responsibilities, including reviewing the financial reporting process, the system of internal control over financial reporting, the risk management and internal audit process and the company's process for monitoring compliance with laws and regulations.

The audit committee comprises of three non-executive directors. The members of the committee are:

- **Mr. Kemal Shoaib**
Chairman
- **Mr. Shahid Nazir Ahmed**
Member
- **Mr. Omer Ehtisham**
Member

Management Committee:

The management committee provides direction and leadership to the organization by:

- Setting the strategic direction
- Formulating policies and implementing risk management and internal control procedures
- Ensuring effective management of resources
- Monitoring activities to ensure objectives are met in a transparent, ethical manner in line with the values of the organization

The management committee comprises of:

- | | |
|----------------------------|--|
| • Mrs. Ferial Ali Mehdi | Chairman and Chief Executive Officer |
| • Mr. Ata-ur-Rehman Shaikh | General Manager Finance |
| • Mr. Ehsan UI Haque | Human Resource Manager |
| • Syed Shiblee Abdullah | General Manager Supply Chain |
| • Mr. Mubashir Ansari | General Manager Marketing and Sales |
| • Syed Iftikharuddin Ahmed | General Manager Research, Development, Quality, Assurance, Health & Safety |

Brands





DISTURISING
t and nourished skin
Strawberry Extracts
Milk Protein

MOISTURISING
ety soft and smooth
ra, Honey and Milk Prote

MOISTURISING

For velvety smooth and soft skin
Aloe Vera, Honey and

MOISTURISING

DISTURISING

Capri

Capri is one of our flagship brands, with a strong market presence and strong following. 2011 saw the brand reinvigorated and revamped, focusing on a more contemporary and effective line of communication, targeted towards the younger Pakistani woman.

Capri's new image is in line with the mind set and contemporary ideals of women across Pakistan, while still retaining the integrity of our core values of inner beauty and skin care.

Capri Hand Wash

Capri handwash is a brand extension of Capri soap. With the same fragrance, ingredients, packaging and the benefit of moisturisation as soap Capri handwash is an attempt by ZIL Ltd to extend their portfolio further in personal wash category and discover newer arenas. Hence entering into this category at an early stage with the objective of bridging the gap between awareness and usage is a strategic move by ZIL Ltd which will provide with portfolio strength, premium & young image to the brand and increased consumer base.

Capri Face Wash

Face washes have traditionally been a niche and premium market. Capri's evolution into this category was relatively easy, backed by a strong market research and a young team that understood the needs of the youth.

With natural ingredients like Aloe Vera and cucumber extracts, Capri Face wash is an effective addition to the contemporary woman's skin care regime, offering deep cleansing and a more radiant skin, the fundamental promise of the Capri brand.



Palmy

Palmy has been one of the most successful brands under the ZIL umbrella, outlasting competitors in its own segment and in others. Positioned as an affordable product, Palmy's relaunch in 2001 was one of the most successful of any brand in Pakistan, further strengthening a brand that already had a considerable lead.

Palmy offers consumers first class skin care and confidence, all at an affordable price, making it a prestigious addition to ZIL's portfolio.



Opal

As the name suggests, Opal is a gemstone that is a valuable part of everyone's day. A multi-faceted brand that has stood the test of time, Opal is an established brand that has been acknowledged as one of the best brands in its category, enjoying immense success across several market segments.

Currently, Opal is available in two variants: Opal Beauty for radiant and glowing skin and Opal plus for refreshing skin throughout the day.



The New Face Of ZIL



ZIL's new office is one of the cornerstones of where and what we are today. A conscious decision was made within the company to design an office that not just suited the day to day working of employees, but in fact to create an environment that truly reflected what ZIL was; our philosophy, our heritage, our vision. The real challenge lay in how to realize and make tangible these ideals that were until this point quite abstract.

ZIL succeeded in it's goal to build the perfect environment for it's employees right by the sea. Now situated away from the hustle and bustle of downtown Karachi but still well connected to all our resources, the new, purpose-built office boasts an awe-inspiring view of the Arabian Sea outside and a perfect blend of contemporary design and color schemes inside. One of the key factors in our new premises, a no walls policy that has had an incredibly positive effect of increasing coordination amongst employees and made a substantial difference in the way employees at ZIL interact, inducing confidence both within themselves as individuals and in the company.

Our new premises provides the perfect platform for our journey towards all our future goals.



Notice Of Meeting

NOTICE IS HEREBY GIVEN that the Fifty-first Annual General Meeting of ZIL Limited will be held on Thursday, September 29, 2011 at 9:00 am. at The Royal Rodale, Plot No.Tc-V, 34th Street, Khayaban-e-Sehar, Phase -V Ext., DHA, Karachi, Pakistan to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on Friday, October 22, 2010.
2. To receive, consider and approve the Audited Financial Statements of the Company for the year ended June 30, 2011 together with the directors' and auditors report thereon.
3. To approve as recommended by the board of directors a final cash dividend @ **20%** i.e. **Rs.2/-** per share for the year ended June 30, 2011.
4. To appoint Auditors of the company and fix their remuneration for the financial year 2011-12 the Directors have recommended to appoint KPMG Taseer Hadi & Co. Chartered Accountants who being eligible offer themselves for re-appointment.

By order of the Board

Ata-ur-Rehman Shaikh

Company Secretary

Karachi: August 10, 2011

NOTES:

1. The Share Transfer Books of the Company will remain closed from September 23, 2011 to September 29, 2011 (both days inclusive).
2. A member entitled to attend and vote at the general meeting is entitled to appoint another person as proxy to attend and vote in his place, in the case of company, by a representative duly authorized.
3. The instrument appointing a proxy must be received at the registered office of the Company not less than forty-eight hours before the time of the meeting.
4. Members are requested to notify the change in their addresses, if any, immediately to the Share Registrars of the company, M/s THK Associates (Pvt) Ltd. Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530.
5. CDC Account Holders will further have to follow the guidelines as laid down by the Securities & Exchange Commission of Pakistan.

Directors' Report



The Directors of the Company are pleased to present the financial results of the Company for the year ended 30 June 2011.

□ Company's Overview

The prevalent business conditions remained challenging as the country suffered devastating floods, energy crises and rising commodity prices putting pressure on a fragile economy and increasing the cost of living.

Despite all these odds, the company gross sales revenue grew by 19% and crossed the Rs.2 billion mark. The increase is mainly attributed to adjustment in retail prices coupled with sales volume increase of 8.5%.

World commodity prices soared with tallow prices increasing by 45% over the preceding year putting severe pressure on margins. Thus gross margin fell to 22% this year compared to 26% last year.

First steps for implementing a growth strategy, were taken by relaunching ZIL's principal brand Capri in May 2011, after conducting an intensive consumer oriented review, requiring key changes in the marketing mix to conform to the expectations of today's consumer. Initial market response is encouraging. Investment in innovation is expected to continue in this direction. In parallel, organizational and cultural changes within the company have been implemented to enhance innovation. Move to a new head office in a safer and worker friendly environment has improved connectivity amongst employees.

The strategic intent has been to invest in Brand and People, which in turn is expected to yield long term growth for the company. Despite these investments budgeted profit after tax figure of Rs. 20.4 million (though reduced by 35% vs last year) has been achieved.

□ Financial Review

The Company has earned an operating profit of Rs 20.423 million during the period under review. Profit and loss for the year ended 30 June 2011 is as follows:

	2011	2010
	(Rs '000)	
Profit before taxation	33,078	48,230
Provision for taxation	12,655	17,144
Profit after taxation	20,423	31,086
Un-appropriated profit	249,901	243,834

❑ **Earning Per Share**

Earning per share (EPS) after taxation was Rs.3.84. As there is no movement in the number of shares, the only contributor to this decline in EPS is the low profitability.

❑ **Dividend**

Board of Directors has recommended a cash dividend of 20% for the year ended June 30, 2011 against 35% cash dividend last year maintaining a fair return on earnings of the company to its shareholders.

❑ **Share value appreciation**

The ordinary share of Rs.10 each of the company is valued at Rs.59 as at June 30, 2011 signifying confidence of the members on the company.

❑ **Capital Structure**

Shareholders' equity at the year end aggregated to Rs. 309.1M. The increase is mainly due to retained profits & excludes the effect of recommended payment of dividend.

❑ **Human Resource**

Our people are vital foundation for our growth strategy. We believe in building our employees' capacity by empowering them and giving them the opportunity to deliver their best. During the year our human resources department was involved in a number of projects which include:

New Hires

One of our corporate strategies is to recruit top talent to enhance our capabilities and performance. During the current fiscal year the company hired top quality marketing people who are contributing significantly towards growth.

We have participated in a variety of job fairs held at leading business schools in order to pursue new talent. A Management trainee program has also been introduced.

Training and development

A number of training events and seminars were carried out throughout the year ranging from single day session to four months. Employees of various departments of the company benefited from the wide range of topics covered in these sessions. The training not only keeps our employees updated on the latest trends, but also perfects their skills in their respective areas.

Some of the training programs included:

- A four month ‘Diploma in Supply chain Management’ to acquaint the Supply Chain team with global SC practices & procedures
- ‘Collaborative Planning, Forecasting & Replenishment workshop’ for the newly promoted Demand, Supply & Planning Manager
- A three day course on ‘Financial Management for Engineers and Professionals’ to provide an understanding of the key concepts in Finance to key non-finance managers
- Certified Information System Auditor-CISA course to learn state of the art information system audit, security and control practices and techniques
- ‘Reinventing the CFO’ session for the CFO of the company
- A three day course on ‘Strategic Human Resource Management’ to enhance HRM skills of the Manager Human Resource

□ Supply Chain

Primary goal for ZIL Supply chain for the current fiscal year was to maximize the overall value generated in fulfilling consumer demand. It included improvement of gross margins & profitability by reducing operational cost of sourcing, making, and delivery together with providing customer and consumer satisfaction, by on time delivery of the right product to the right place at the right time.

Flexible operations, optimum responsiveness and collaborative forecasting were the key focuses.

□ Information technology

In line with continuous endeavors to regularly upgrade information systems we continued with our policy to invest more and more in information technology (IT) and upgrade of related infrastructure.

Following are some of the highlights relating to IT activities:

Enterprise Resource Planning (ERP)

The ERP system has been successfully implemented in the Company since January 2011. It is running effectively in all the essential functions.

Sale & Distribution System (SnD)

Last year, an agreement had been signed with a renowned vendor for the purchase and implementation of secondary sales software system. Initially it was implemented at a pilot site

in Karachi. After success of the pilot project, subsequently, during the current year it has been deployed in all area headquarter towns of the country. The system has come to assist enormously in secondary sales monitoring & control and checking of distributors' stock position.

❑ Marketing Review

2011 is a watershed year for the flagship brand of the company-Capri. The organization has undergone a major transformation to reestablish itself as a key player in the personal products market. This organizational change was mirrored by a total repositioning of the brand in the consumers eyes. All aspects of the brand have been improved and refreshed while retaining its integrity and core strengths.

Packaging, product and all its related sensorial attributes have been upgraded and updated. The positioning of the brand has also been fundamentally revised, retaining the positives of its legacy but upgrading the consumer to a more contemporary mix.

It was imperative to establish a communication 'vision' for Capri, one that will set its direction for years to come. In essence Capri has started the journey to transform itself from a manufacturer of toilet soaps to a Personal Care brand.

❑ Future Outlook

Consumer delight is best achieved through innovation and continuing to give surprises. That is what we expect to do in the coming years. We must delight our loyal old consumers, and we must attract the new younger ones, through a mix that speaks to all, and promises satisfaction and excitement. The new mix is entirely consumer research based. The success of this will ensure that the core equity of Capri has been strengthened and it is ready to assume new responsibilities, like offering propositions, not only in Personal wash but in other beauty propositions relevant to today's women.

ZIL has embraced a new culture, which encourages people to look at themselves within the framework of a highly competitive environment, and makes them focus on taking decisions, which will lead to a better tomorrow-better for the consumer, better for the brand, better for ZIL members and better for the shareholder.

One of the most important changes that have taken place in the current year is the 'move' to a new office in May 2011. This will signal the big transformation that we are looking for, both in the culture and in the expectations we have from ourselves, and from the opportunities that exist in abundance.

❑ Gratuity and Provident Fund

The Company is operating a funded Provident Fund and an approved Gratuity Scheme. The provident fund has been appropriately invested in the allowed securities and is audited annually by independent auditors. The value of investments of Provident Fund for the year ended 30 June 2011 is Rs.77million.

□ **Audit Committee**

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following non-executive directors are its members:

Mr. Kemal Shoaib, Chairman

Mr. Shahid Nazir Ahmed, Member

Mr. Omer Ehtisham, Member

□ **Auditors**

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2011-12.

□ **The following information is attached with this report:**

- Directors' statement
- Statement in compliance of the Code of Corporate Governance
- Meetings of the Board of Directors
- Outstanding Statutory Payments
- Pattern of Shareholding
- Key operating and financial results for last six years.

Acknowledgements

The Directors would like to express their gratitude to the shareholders, distributors & bankers 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.

For and on behalf of the Board



Mrs. Ferial Ali Mehdi

Chief Executive Officer

Karachi: August 10, 2011

Vertical Analysis Of Financial Statements

Statement of Financial Position (Balance Sheet)

	2011		2010	
	Rs. In '000	%	Rs. In '000	%
Non-Current Assets	349,202	40.34	296,943	38.94
Current Assets	516,410	59.66	465,717	61.06
Total Assets	865,612	100	762,660	100
Equity	403,089	46.57	386,381	50.66
Non-Current Liabilities	103,122	11.91	90,164	11.82
Current Liabilities	359,401	41.52	286,115	37.52
Total Equity and Liabilities	865,612	100	762,660	100

Profit and Loss Account

	2011		2010	
	Rs. In '000	%	Rs. In '000	%
Net sales	1,566,091	100.00	1,289,891	100.00
Cost of sales	(1,226,184)	(78.30)	(951,249)	(73.75)
Gross Profit	339,907	21.70	338,642	26.25
Selling and distribution expenses	(224,017)	(14.30)	(243,349)	(18.87)
Administrative expenses	(77,149)	(4.93)	(49,554)	(3.84)
	38,741	2.47	45,739	3.55
Other operating income	4,440	0.28	12,973	1.01
Other operating expense	(5,388)	(0.34)	(9,786)	(0.76)
	37,793	2.41	48,926	3.79
Financial expenses	(4,715)	(0.30)	(696)	(0.05)
Profit before tax	33,078	2.11	48,230	3.74
Taxation	(12,655)	(0.81)	(17,144)	(1.33)
Profit for the year	20,423	1.30	31,086	2.41

2009		2008		2007		2006	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
293,088	40.32	298,330	46.31	302,011	54.03	215,190	44.71
433,764	59.68	345,882	53.69	256,995	45.97	266,140	55.29
<u>726,852</u>	<u>100</u>	<u>644,212</u>	<u>100</u>	<u>559,006</u>	<u>100</u>	<u>481,330</u>	<u>100</u>
366,547	50.43	319,703	49.63	307,239	54.96	244,392	50.77
86,865	11.95	85,625	13.29	90,730	16.23	63,716	13.24
273,440	37.62	238,884	37.08	161,037	28.81	173,222	35.99
<u>726,852</u>	<u>100</u>	<u>644,212</u>	<u>100</u>	<u>559,006</u>	<u>100</u>	<u>481,330</u>	<u>100</u>

2009		2008		2007		2006	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
1,350,144	100.00	1,105,489	100.00	920,597	100.00	912,698	100.00
(990,889)	(73.39)	(819,745)	(74.15)	(654,019)	(71.04)	(638,651)	(69.97)
<u>359,255</u>	<u>26.61</u>	<u>285,744</u>	<u>25.85</u>	<u>266,578</u>	<u>28.96</u>	<u>274,047</u>	<u>30.03</u>
(223,607)	(16.56)	(197,146)	(17.83)	(169,875)	(18.45)	(151,740)	(16.63)
(38,897)	(2.88)	(38,667)	(3.50)	(34,294)	(3.73)	(30,042)	(3.29)
<u>96,751</u>	<u>7.17</u>	<u>49,931</u>	<u>4.52</u>	<u>62,409</u>	<u>6.78</u>	<u>92,265</u>	<u>10.11</u>
6,751	0.50	4,574	0.41	6,604	0.72	6,699	0.73
(16,494)	(1.22)	(13,744)	(1.24)	(5,021)	(0.55)	(6,294)	(0.69)
<u>87,008</u>	<u>6.44</u>	<u>40,761</u>	<u>3.69</u>	<u>63,992</u>	<u>6.95</u>	<u>92,670</u>	<u>10.15</u>
(6,682)	(0.49)	(3,882)	(0.35)	(1,870)	(0.20)	(3,158)	(0.35)
80,326	5.95	36,879	3.34	62,122	6.75	89,512	9.81
(29,082)	(2.15)	(12,829)	(1.16)	(21,503)	(2.34)	(31,175)	(3.42)
<u>51,244</u>	<u>3.80</u>	<u>24,050</u>	<u>2.18</u>	<u>40,619</u>	<u>4.41</u>	<u>58,337</u>	<u>6.39</u>

Horizontal Analysis Of Financial Statements

Statement of Financial Position (Balance Sheet)

	2011	2010	2009	2008
	Rupees in '000			
Non-Current Assets	349,202	296,943	293,088	298,330
Current Assets	516,410	465,717	433,764	345,882
Total Assets	865,612	762,660	726,852	644,212
Equity	403,089	386,381	366,547	319,703
Non-Current Liabilities	103,122	90,164	86,865	85,625
Current Liabilities	359,401	286,115	273,440	238,884
Total Equity and Liabilities	865,612	762,660	726,852	644,212
Profit and Loss Account				
Net sales	1,566,091	1,289,891	1,350,144	1,105,489
Cost of sales	(1,226,184)	(951,249)	(990,889)	(819,745)
Gross Profit	339,907	338,642	359,255	285,744
Selling and distribution expenses	(224,017)	(243,349)	(223,607)	(197,146)
Administrative expenses	(77,149)	(49,554)	(38,897)	(38,667)
	38,741	45,739	96,751	49,931
Other operating income	4,440	12,973	6,751	4,574
Other operating expense	(5,388)	(9,786)	(16,494)	(13,744)
	37,793	48,926	87,008	40,761
Financial expenses	(4,715)	(696)	(6,682)	(3,882)
Profit before tax	33,078	48,230	80,326	36,879
Taxation	(12,655)	(17,144)	(29,082)	(12,829)
Profit for the year	20,423	31,086	51,244	24,050
Summary of Cash Flows				
	2011	2010	2009	2008
	Rupees in '000			
Net cash flows from operating activities	(67,768)	(5,657)	139,130	(18,416)
Net cash flows from investing activities	(51,666)	(21,412)	(19,370)	5,450
Net cash flows from financing activities	61,487	(19,258)	(4,348)	(11,940)
Net change in cash and cash equivalents	(57,947)	(46,327)	115,412	(24,906)

2007	2006	2011	2010	2009	2008	2007	2006
-----		% increase/ (decrease) over preceeding year					
302,011	215,190	17.60	1.32	(1.76)	(1.22)	40.35	7.55
256,995	266,140	10.88	7.37	25.41	34.59	(3.44)	22.30
<u>559,006</u>	<u>481,330</u>	<u>13.50</u>	<u>4.93</u>	<u>12.83</u>	<u>15.24</u>	<u>16.14</u>	<u>15.23</u>
307,239	244,392	4.32	5.41	14.65	4.06	25.72	22.16
90,730	63,716	14.37	3.80	1.45	(5.63)	42.40	(19.38)
161,037	173,222	25.61	4.64	14.47	48.34	(7.03)	24.97
<u>559,006</u>	<u>481,330</u>	<u>13.50</u>	<u>4.93</u>	<u>12.83</u>	<u>15.24</u>	<u>16.14</u>	<u>15.23</u>
920,597	912,698	21.41	(4.46)	22.13	20.08	0.87	7.99
(654,019)	(638,651)	28.90	(4.00)	20.88	25.34	2.41	(5.27)
266,578	274,047	0.37	(5.74)	25.73	7.19	(2.73)	60.27
(169,875)	(151,740)	(7.94)	8.83	13.42	16.05	11.95	70.77
(34,294)	(30,042)	55.68	27.40	0.59	12.75	14.15	43.47
62,409	92,265	(15.29)	(52.73)	93.77	(19.99)	(32.36)	50.78
6,604	6,699	(65.77)	92.16	47.60	(30.74)	(1.42)	(45.71)
(5,021)	(6,294)	(44.94)	(40.67)	20.01	243.86	(36.50)	40.93
<u>63,992</u>	<u>92,670</u>	<u>(22.75)</u>	<u>(43.77)</u>	<u>113.46</u>	<u>(36.30)</u>	<u>(30.95)</u>	<u>34.17</u>
(1,870)	(3,158)	577.44	(89.58)	72.13	107.59	(40.79)	(38.92)
62,122	89,512	(31.41)	(39.96)	117.81	(40.63)	(30.60)	40.09
(21,503)	(31,175)	(26.16)	(41.05)	126.69	(40.34)	(31.02)	43.23
<u>40,619</u>	<u>58,337</u>	<u>(34.30)</u>	<u>(39.34)</u>	<u>113.07</u>	<u>(40.79)</u>	<u>(30.37)</u>	<u>38.46</u>
2007	2006	2011	2010	2009	2008	2007	2006
-----		% increase/ (decrease) over preceeding year					
88,088	112,704	1,098	(104)	(855)	(121)	(22)	655
(35,634)	(57,401)	141	11	(455)	(115)	(38)	505
(41,124)	(31,297)	(419)	343	(64)	(71)	31	35
<u>11,330</u>	<u>24,006</u>	<u>25</u>	<u>(140)</u>	<u>(563)</u>	<u>(320)</u>	<u>(53)</u>	<u>(235)</u>

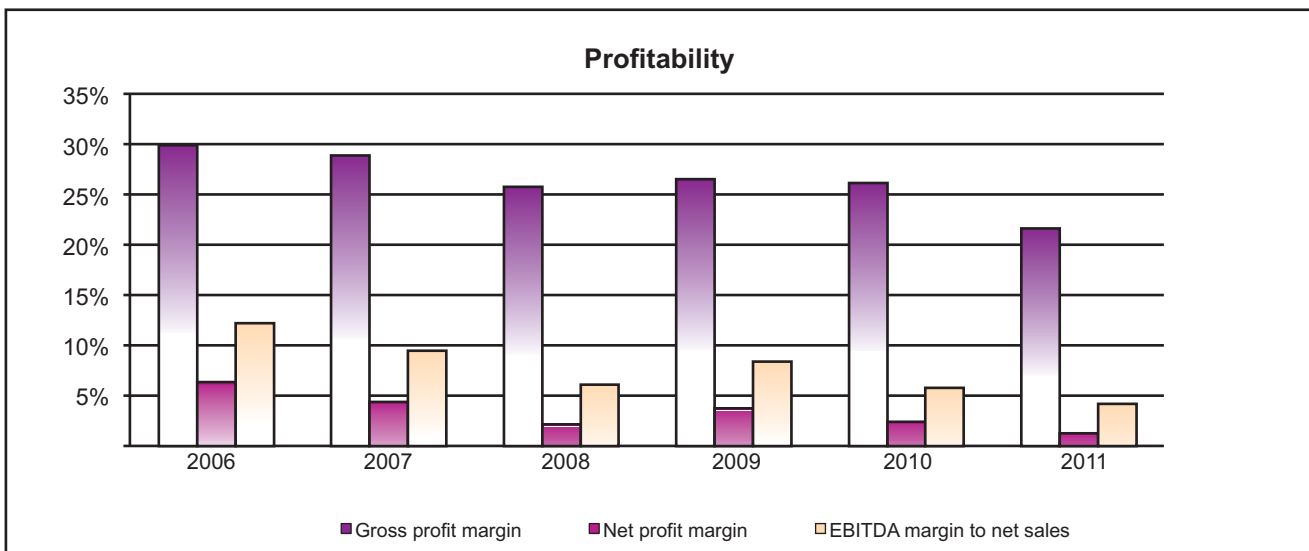
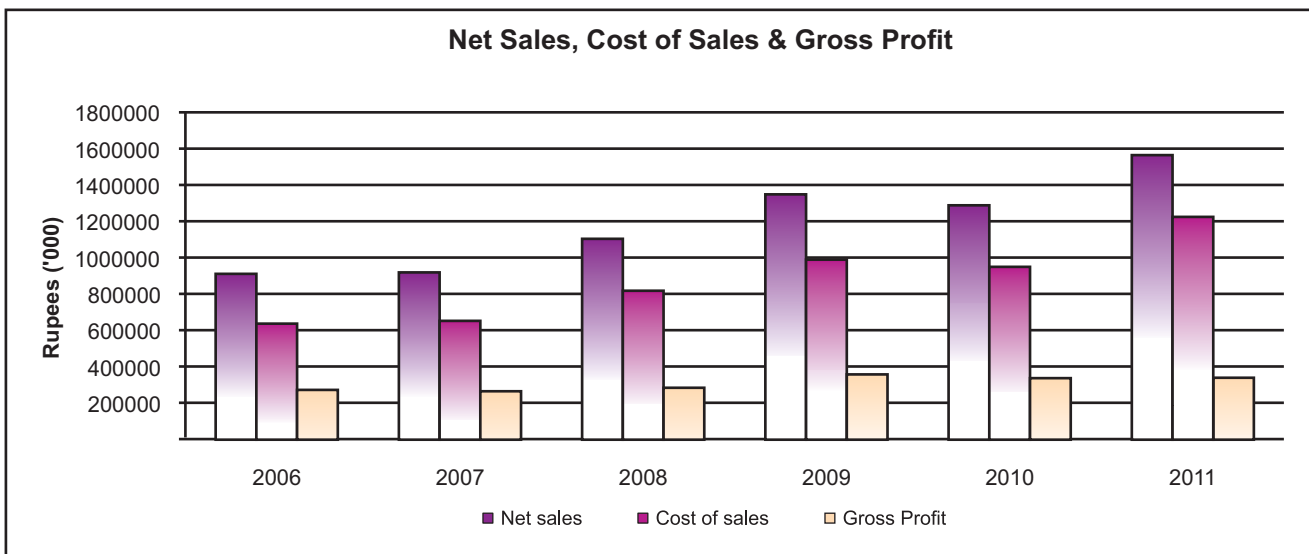
Stakeholder Information

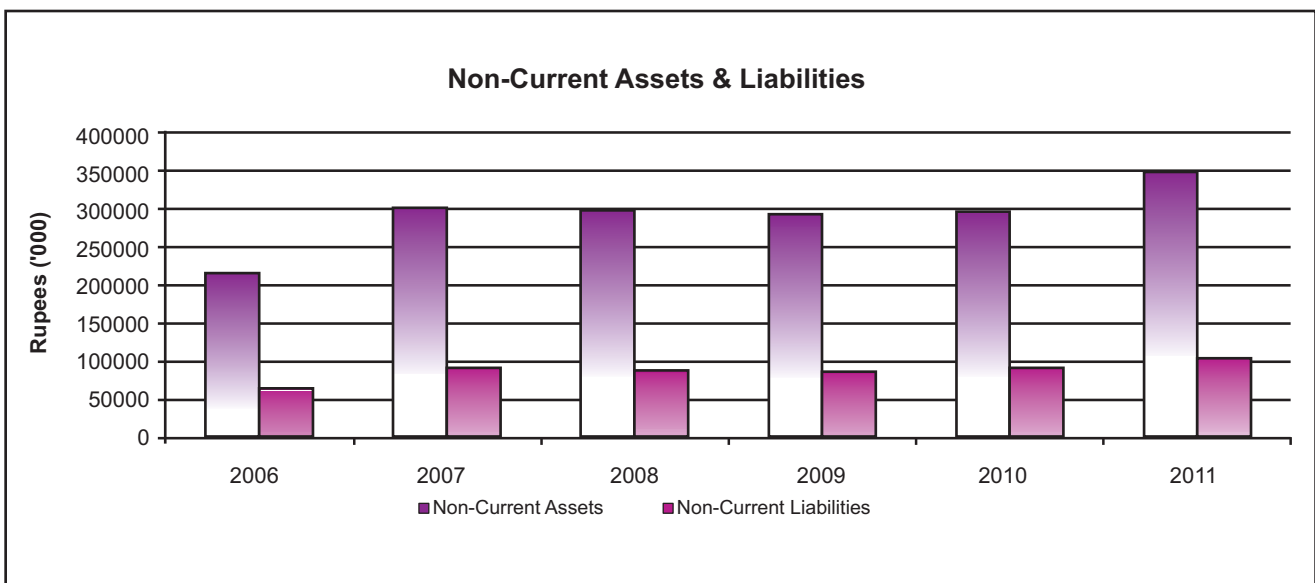
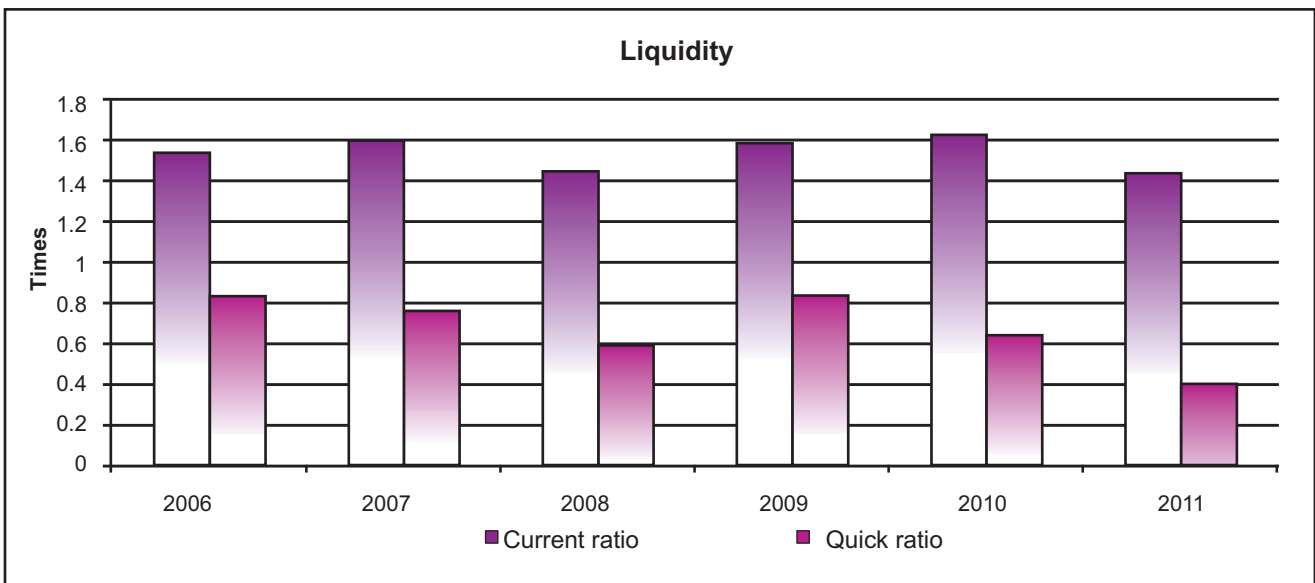
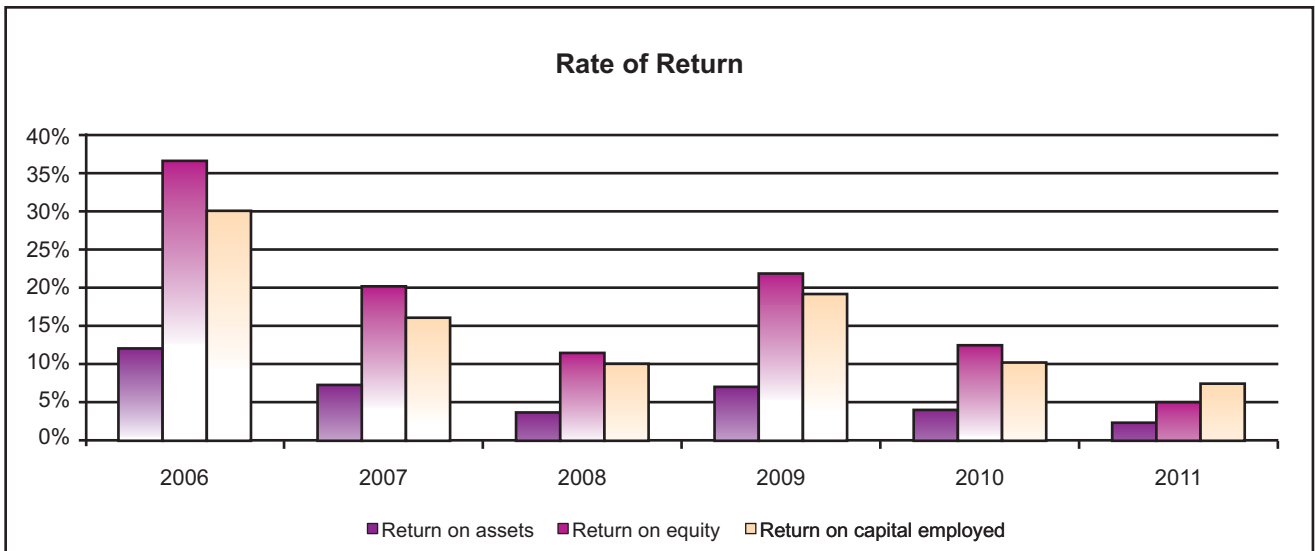
Financial Ratios

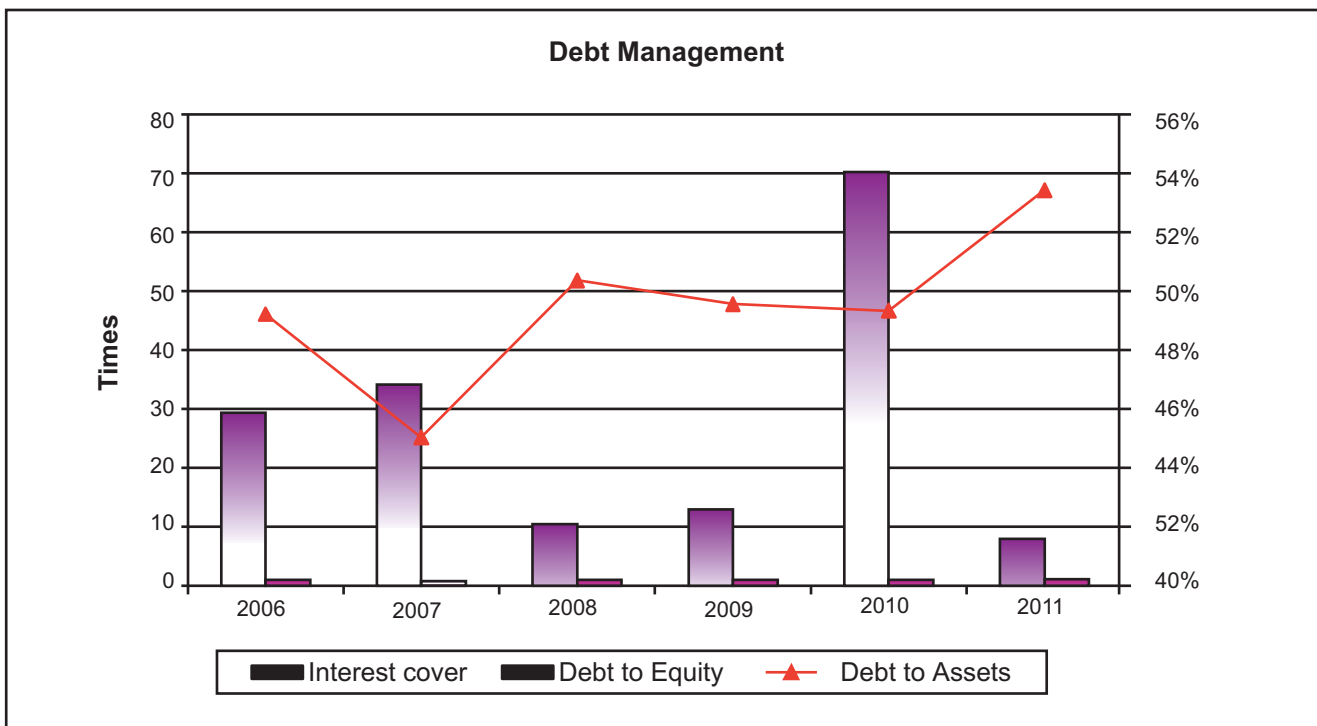
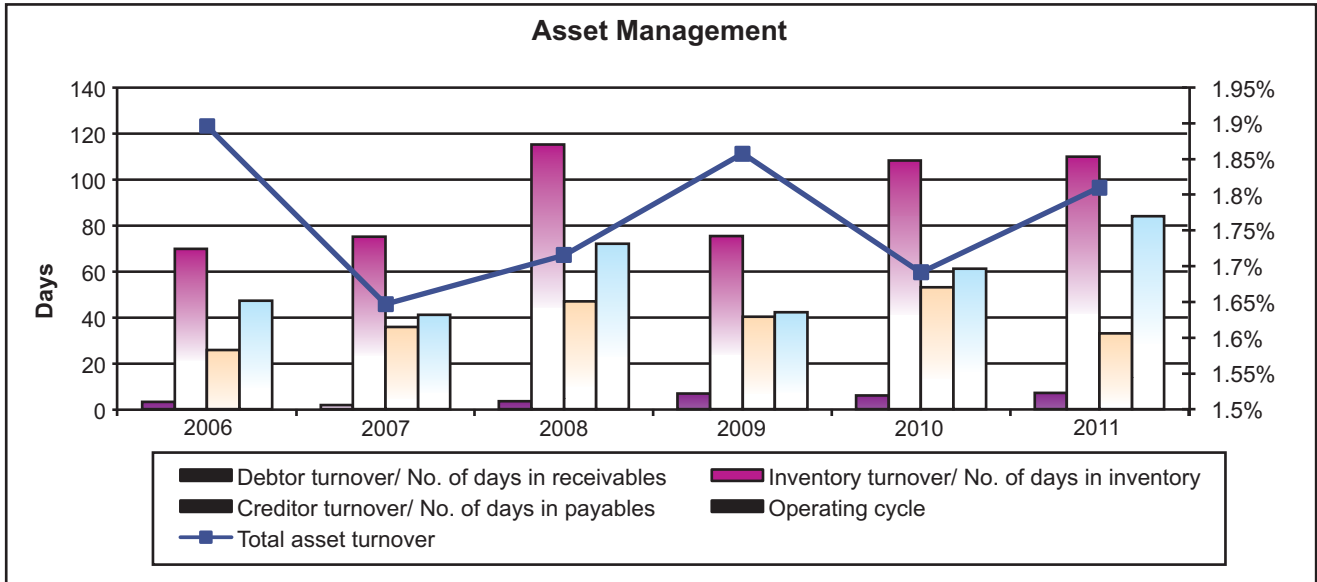
	Unit	2011
Rate of return		
Return on assets	%	2.36
Return on equity	%	5.07
Return on capital employed	%	7.47
Interest cover	Times	8.02
Profitability		
Gross profit margin	%	21.70
Net profit to sales	%	1.30
EBITDA	Rs.	67,131
EBITDA Margin to net sales	%	4.29
Liquidity		
Current ratio	Times	1.44
Quick ratio	Times	0.40
Financial gearing		
Debt-Equity ratio	Times	1.15
Debt to Assets	%	53.43
Capital Efficiency		
Debtor turnover/ No. of days in receivables	Days	7
Inventory turnover/ No. of days in inventory	Days	110
Creditor turnover/ No. of days in payables	Days	33
Operating cycle	Days	85
Fixed assets turnover ratio	Times	4.70
Total asset turnover	Times	1.81
Investment measures per ordinary share		
Earnings	Rs.	3.84
Price earning ratio	Times	15.41
Cash dividend	Rs.	2.00
Dividend yield	%	3.38
Dividend payout	%	52.08
Dividend cover	Times	1.92
Breakup value including surplus on revaluation	Rs.	75.71
Breakup value excluding surplus on revaluation	Rs.	58.07
Market value - year end	Rs.	59.19
Market value - high	Rs.	68.07
Market value - low	Rs.	35.19
Market value - average	Rs.	52.82

2010	2009	2008	2007	2006
4.08	7.05	3.73	7.27	12.12
12.48	21.91	11.54	20.22	36.63
10.27	19.19	10.06	16.08	30.08
70.30	13.02	10.50	34.22	29.34
26.25	26.61	25.85	28.96	30.03
2.41	3.80	2.18	4.41	6.39
75,236	113,661	67,596	87,548	111,767
5.83	8.42	6.11	9.51	12.25
1.63	1.59	1.45	1.60	1.54
0.64	0.84	0.59	0.76	0.83
0.97	0.98	1.02	0.82	0.97
49.34	49.57	50.37	45.04	49.23
6	7	4	2	3
108	75	115	75	70
53	40	47	36	26
61	42	72	41	47
4.74	5.04	4.04	3.33	4.32
1.69	1.86	1.72	1.65	1.90
5.84	9.63	5.47	9.23	14.58
6.87	6.57	27.42	16.25	9.60
3.50	4.00	1.00	3.00	5.00
8.72	6.32	0.67	2.00	3.57
59.93	41.54	18.28	32.50	34.29
1.67	2.65	5.47	3.38	2.92
72.57	75.73	72.66	76.81	61.10
56.93	59.43	53.80	54.93	49.21
40.13	63.30	150.00	150.00	140.00
76.59	153.00	160.10	150.00	154.00
40.13	63.30	134.55	105.00	130.00
57.80	116.82	146.81	138.78	142.02

Graphs

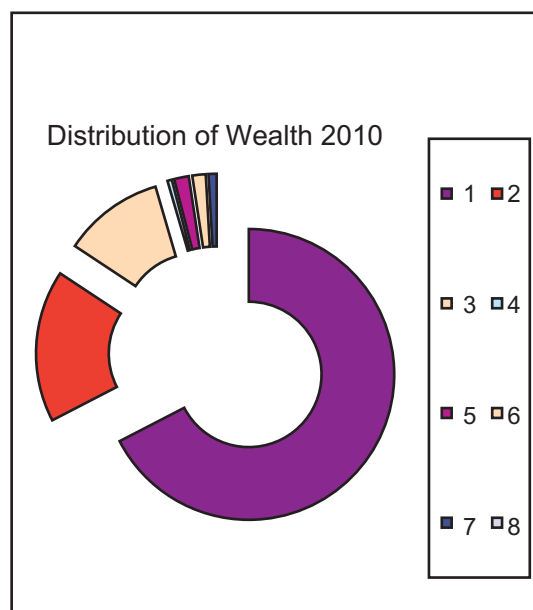
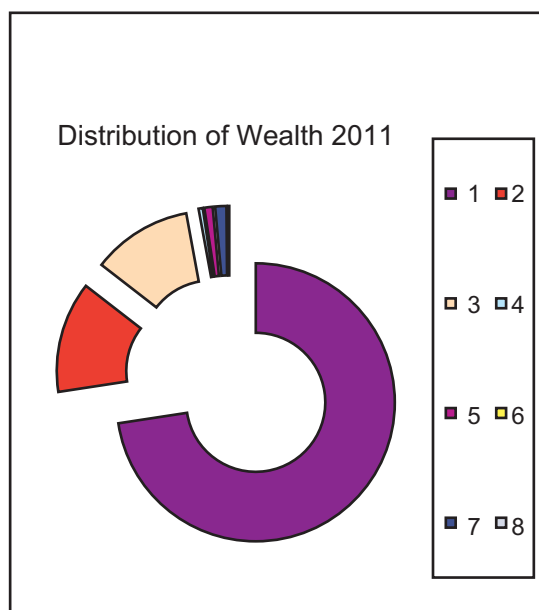






Statement Of Value Additions

	2011		2010	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net sales	1,566,091	99.72	1,289,891	99.00
Other operating income	4,440	0.28	12,973	1.00
	<u>1,570,531</u>	<u>100</u>	<u>1,302,864</u>	<u>100</u>
Distribution of Wealth				
1 ■ Cost of sales and services (excluding employees remuneration and other duties)	1,139,974	72.59	878,216	67.41
2 ■ Selling, distribution and administrative expenses (excluding employees remuneration and other duties)	202,727	12.91	220,100	16.89
3 ■ Employees remuneration	182,386	11.61	145,746	11.19
4 ■ Finance costs	7,635	0.49	6,461	0.50
5 ■ Government taxes (includes income tax, WPPF and WWF)	15,123	0.96	21,165	1.62
6 ■ Dividend to shareholders	10,648	0.00	19,360	1.49
7 ■ Retained for future growth	9,775	1.30	11,726	0.90
8 ■ Charity and donation	2,263	0.14	90	0.01
	<u>1,570,531</u>	<u>100</u>	<u>1,302,864</u>	<u>100</u>



Statement of compliance with the Code of Corporate Governance

Year Ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

- 1 The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six independent non-executive directors.
- 2 The directors of the Company at the time of their election had confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- 3 All the resident directors of the Company at the time of their election / appointment had confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non Banking Finance Institution or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4 A casual vacancy occurring in the Board on August 05, 2010 was filled up by the director within one day thereof.
- 5 The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and management employees of the Company.
- 6 The Board has developed a vision / mission statement. Overall corporate strategy and significant policies of the Company are in the process of development and maintaining a complete record of particulars of significant policies along with the dates on which they were approved or amended.
- 7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive director, have been taken by the Board.
- 8 The meetings of the Board were presided over by the Chief Executive Officer as Chairman duly elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

- 9 The majority of the Directors are conversant with their duties and responsibilities under the relevant laws applicable to Company and provisions of Code of Corporate Governance. Nevertheless, an orientation course for all the Directors is planned to be conducted to acquaint them with their duties and responsibilities under the relevant laws. As required by clause No.(xiv) of the Code of Corporate Governance pertain to Certification of Director under “The Board Development Series” progress is underway and compliance will be achieved well with in time.
- 10 There was no new appointment of Chief Financial Officer / Company Secretary and Internal Auditor during the year. The remuneration and terms and conditions of employment of CFO / Company Secretary and Internal Auditor, as determined by the CEO, were approved by the Board in the earlier year.
- 11 The directors’ report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- 12 The financial statements of the Company were duly endorsed by Chief Executive and Chief Financial Officer before approval of the Board.
- 13 The directors, Chief Executive and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding. During the year, notifications were received by Chief Executive Officer and from another director to purchase the shares of the Company, details of which was placed before the Board of directors by the Company Secretary and the Secretary has ensured that the relevant conditions of the Code have been complied with.
- 14 The Company has complied with all the corporate and financial reporting requirements of the Code.
- 15 The Board has formed an audit committee. It comprises three members, who are non-executive directors including the chairman of the committee.
- 16 The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17 The Board has outsourced the internal audit function to M/s. M.Yousuf Adil Saleem & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full time basis.
- 18 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

- 19 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and approval from the Securities and Exchange Commission of Pakistan and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 20 The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justifications for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
- 21 We confirm that all other material principles contained in the Code have been complied with.

Directors' Statement

The directors state that:

- a. The financial statements prepared by the management present a true and fair state of affairs of the Company.
- b. Proper books of accounts have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment, except for the following:
 - Dividends declared subsequent to the balance sheet date are considered as a non-adjusting event and are not recognized in the financial statements as liability.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There is no significant doubt upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Meetings of the Board of Directors

Five meetings of the Board of Directors of the Company were held on July 29, 2010, September 24, 2010, October 19, 2010, February 24, 2011 and April 26, 2011. Following was the attendance of the directors:

Name of Directors	No. of Meetings attended	Leave of absence granted
Mrs. Ferial Ali Mehdi	5	-
Mr. Mujahid Hamid	5	-
Syed Yawar Ali	4	-
Mr. Kemal Shoaib (Nominee NIT)	4	1
Mr. Shahid Nazir Ahmed	5	-
Mr. Zafar Ahmed Siddiqui	2	3
Mr. Omer Ehtisham	3	2
Syed Maratib Ali	0	1
Mr. Amir Zia (Nominee Treet Corporation Ltd)	2	3

On August 05, 2010 Syed Maratib Ali resigned from the Board of the Company and Syed Yawar Ali was appointed as Director in place of Syed Maratib Ali.

Outstanding Statutory Payments

There are no outstanding statutory payments on account of taxes, duties, levies and charges except of a normal and routine nature.

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ZIL Limited (“the Company”) to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board’s statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulations No. 35 notified by the Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm’s length transactions and transactions which are not executed at arm’s length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2011.

Date: 10 August 2011
Karachi

KPMG Taseer Haadi & Co.
Chartered Accountants
Mazhar Saleem

Auditors' Report to the Members

We have audited the annexed balance sheet of **ZIL Limited** ("the Company") as at 30th June 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audits.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit proves a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as described in note 2.5 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30 2011 and of the profit, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the central Zakat Fund established under section 7 of that Ordinance.

Date: 10 August 2011
Karachi

KPMG Taseer Haadi & Co.
Chartered Accountants
Mazhar Saleem

Financial Statements

For the year ended June 30, 2011




Balance Sheet

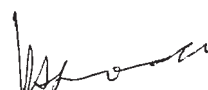
As at June 30, 2011

	Note	2011 (Rupees in '000)	2010 Restated
NON-CURRENT ASSETS			
Property, plant and equipment	4	333,541	291,285
Intangible assets	5	7,906	1,423
Long term deposits	6	6,805	3,939
Long term loans to employees	7	950	296
Total non-current assets		349,202	296,943
CURRENT ASSETS			
Stores and spares - net	8	8,600	7,862
Stock-in-trade - net	9	370,943	282,281
Trade debts - net	10	29,780	21,280
Advances, prepayments and other receivables	11	61,788	46,048
Short term investments		-	5,000
Cash and bank balances	12	45,299	103,246
Total current assets		516,410	465,717
CURRENT LIABILITIES			
Trade and other payables	13	254,491	249,700
Short term borrowing	14	80,000	-
Taxation	16.3	24,910	36,415
Total current liabilities		359,401	286,115
NET CURRENT ASSETS		157,009	179,602
NET ASSETS		506,211	476,545
FINANCED BY			
SHARE CAPITAL AND RESERVES			
Authorised capital 10,000,000 (2010: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital	17	53,240	53,240
Reserves		255,901	249,834
		309,141	303,074
Surplus on revaluation of fixed assets - net of tax	18	93,948	83,307
NON-CURRENT LIABILITIES			
Long term deposits		450	450
Deferred staff liabilities	19	65,214	60,967
Deferred tax liability- net	20	37,458	28,747
Total non-current liabilities		103,122	90,164
		506,211	476,545
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 36 form an integral part of these financial statements.



Ferial Ali Mehdi
Chairman / Chief Executive



Kemal Shoaib
Director

Profit and Loss Account

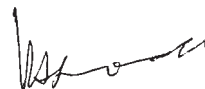
For the year ended June 30, 2011

	Note	2011 (Rupees in '000)	2010 Restated
Net sales	22	1,566,091	1,289,891
Cost of sales	23	(1,226,184)	(951,249)
Gross profit		339,907	338,642
Selling and distribution expenses	24	(224,017)	(243,349)
Administrative expenses	25	(77,149)	(49,554)
		(301,166)	(292,903)
		38,741	45,739
Other operating income	26	4,440	12,973
Other operating expenses	27	(5,388)	(9,786)
		37,793	48,926
Financial expenses	28	(4,715)	(696)
Profit before taxation		33,078	48,230
Taxation	16.1	(12,655)	(17,144)
Profit for the year		20,423	31,086
			(Rupees)
Earnings per share	29	3.84	5.84

The annexed notes from 1 to 36 form an integral part of these financial statements.



Ferial Ali Mehdi
Chairman / Chief Executive



Kemal Shoaib
Director

Statement of Comprehensive Income

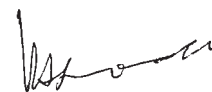
For the year ended June 30, 2011

	2011	2010
	(Rupees in '000)	
Profit for the year	20,423	31,086
Other comprehensive income	-	-
Total comprehensive income for the year	20,423	31,086

The annexed notes from 1 to 36 form an integral part of these financial statements.



Ferial Ali Mehdi
Chairman / Chief Executive



Kemal Shoaib
Director

Statement of Cash Flows

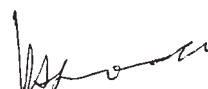
For the year ended June 30, 2011

	Note	2011	2010
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		33,078	48,230
Adjustments for:			
Mark-up expense	28	4,715	696
Depreciation / amortisation	4.4	28,390	26,310
Provision for gratuity	19.5	9,753	7,304
Provision for staff retirement benefits	19.5	4,128	2,491
Provision for doubtful debts	10.2	-	682
Provision for slow moving stores and spares	8.1	574	79
Provision for slow moving stock	9.1	(5,928)	9,442
Write off slow moving stock	23	601	-
Provision against long term deposits	6	-	78
Provision for advance to suppliers	11.1	-	791
Return on bank deposits		(2,682)	(3,433)
Mark-up on short term investments		-	(3,480)
Loss / (Gain) on disposal of fixed assets		2,457	(1,171)
		42,008	39,789
Operating profit before working capital changes		75,086	88,019
Decrease / (increase) in operating assets:			
Stores and spares		(1,313)	(1,035)
Stock-in-trade		(83,337)	(86,888)
Trade debts		(8,500)	3,487
Long term loans to employees		(676)	4
Long term advances and deposits		(2,866)	(187)
Advances, prepayments and other receivables		(9,812)	294
		(106,504)	(84,325)
Increase / (decrease) in operating liabilities:			
Trade and other payables		1,683	22,363
Cash generated from operations		(29,735)	26,057
Income tax paid		(29,389)	(33,054)
Gratuity paid	19.3	(6,647)	(2,980)
Retirement benefits paid	19.3	(2,987)	(2,119)
Profit received on investments		-	3,576
Profit received on short term deposits		2,682	3,633
Mark-up paid		(1,692)	(765)
		(38,033)	(31,709)
Net cash flows from operating activities		(67,768)	(5,657)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(65,200)	(19,891)
Advance payment for computer software		-	(50)
Short term investments		5,000	(5,000)
Proceeds from disposal of fixed assets		8,534	3,529
Net cash flows from investing activities		(51,666)	(21,412)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(18,513)	(19,258)
Short term loan		80,000	-
Net increase / (decrease) in cash and cash equivalents		(57,947)	(46,327)
Cash and cash equivalents at beginning of the year		103,246	149,573
Cash and cash equivalents at end of the year		45,299	103,246

The annexed notes from 1 to 36 form an integral part of these financial statements.



Ferial Ali Mehdi
Chairman / Chief Executive



Kemal Shoaib
Director

Statement of Changes in Equity

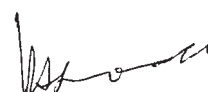
For the year ended June 30, 2011

	Issued, subscribed and paid up capital	Revenue reserves		Total reserves	Total
		General reserve	Unappropriated profit		
----- (Rupees in '000) -----					
Balance as at 1 July 2009	48,400	6,000	233,263	239,263	287,663
Total comprehensive income for the year - Profit for the year ended 30 June 2010	-	-	31,086	31,086	31,086
Transactions with owners recorded directly in equity - distributions					
- Bonus shares issued for the year ended 30 June 2009 (dividend)	4,840	-	(4,840)	(4,840)	-
- Final cash dividend paid for the year ended 30 June 2009	-	-	(19,360)	(19,360)	(19,360)
Transferred from surplus on revaluation of fixed assets - incremental depreciation (recognised directly in equity)	-	-	3,685	3,685	3,685
Balance as at 30 June 2010	53,240	6,000	243,834	249,834	303,074
Total comprehensive income for the year - Profit for the year ended 30 June 2011	-	-	20,423	20,423	20,423
Transactions with owners recorded directly in equity - distributions					
- 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 (recognised directly in equity)	-	-	4,277	4,277	4,277
Balance as at 30 June 2011	53,240	6,000	249,901	255,901	309,141

The annexed notes from 1 to 36 form an integral part of these financial statements.



Ferial Ali Mehdi
Chairman / Chief Executive



Kemal Shoaib
Director

Notes to the Financial Statements

For the year ended June 30, 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 OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the following:

- certain class of assets included in property plant and equipment are stated at revalued amounts as referred to in note 3.1; and
- investment classified as held for trading are measured at fair value in accordance with the requirements of IAS - 39 'Financial Instruments: Recognition and Measurement' as referred to in note 3.8.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is also Company's functional currency. All financial information presented in Pakistani rupee has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Notes to the Financial Statements

For the year ended June 30, 2011

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements:

2.4.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.4.2 Staff gratuity and retirement benefits

Certain actuarial assumptions have been adopted (as disclosed in note 19 to these financial statements) for the actuarial valuation of staff gratuity and retirement benefits. Changes in these assumptions in future years may affect the liability under these schemes in those years.

2.4.3 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade with a corresponding affect on the profit and loss account of those future years.

2.4.4 Trade and other debts

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

2.4.5 Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of land, buildings and plant and machinery are based on a valuation carried out by an external professional valuer of the Company. The Company reviews the value of the assets for possible impairment on an annual

Notes to the Financial Statements

For the year ended June 30, 2011

basis. Any change in the above estimates, in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

2.5 Changes in accounting policies

During the current year improvements to International Accounting Standard 17 (Leases) became effective from the annual period beginning on or after 1 January 2010. The application of this standard has resulted in the reclassification of lease hold land from long term prepayments to lease assets. The policy has been applied retrospectively in accordance with transitional provisions of the IAS 17.

As per the accounting policy of the Company, land is carried under revaluation model therefore above mentioned lease hold land was revalued as of 31 December 2010 by an independent valuer M/s Amanullah Associates on the basis of market value. This valuation has been incorporated in these financial statements and has resulted in a surplus of Rs. 22.949 million before tax. If the Company had continued to account for leasehold land as long term prepayment, the effect on the financial statements would have been as follows:

- Non current assets would decrease by Rs. 22.949 million.
- Surplus on equity would decrease by Rs. 14.917 million.
- Deferred tax liability would decrease by Rs. 8.032 million.

Corresponding figures have been rearranged and reclassified due to change in accounting policy and for the purposes of comparison and better presentation as follows:

Reclassification from component	Reclassification to Component	(Rupees in '000)
Long term prepayments	Leasehold land	19,384

2.6 Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment may result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of

Notes to the Financial Statements

For the year ended June 30, 2011

prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.

- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. The amendment may result in certain changes in disclosures.
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011) These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment may result in certain changes in disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements except as explained to in note 2.5.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Owned

Freehold land is stated at revalued amount. Building on freehold land and plant, machinery and equipments are measured at revalued amounts, which is the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. Other operating fixed assets (including capital spares) are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on operating fixed assets, other than freehold land, is charged under the reducing balance method at rates specified in note 4. Depreciation on addition is charged from the month in which asset is available for use, and no depreciation is charged from the month in which the asset is disposed off.

Assets, which have been fully depreciated, are retained in the books at a nominal value of Re. 1.

Gains or losses on disposal of operating fixed assets, if any, are taken to profit and loss account currently. When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its profit and loss account.

Normal repairs and maintenance is charged to the profit and loss account during the financial period in which they are incurred, as and when incurred. Major renewals and improvements are

Notes to the Financial Statements

For the year ended June 30, 2011

capitalized and the assets so replaced, if any, are retired.

Surplus on revaluation of building and plant, machinery and equipments to the extent of incremental depreciation charged there on is transferred from surplus on revaluation of building and plant, machinery and equipments to retained earnings (unappropriated profit), net of deferred tax.

Leased

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are stated at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments, less accumulated depreciation and impairment losses, if any.

Leased assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost (less impairment losses, if any) and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

3.1.4 Ijarah

Islamic Financial Accounting Standard (IFAS) 2 - Ijarah requires rental payments due under the lease arrangements to be recongised as an expense in the profit and loss account on straight line basis over the ijarah (lease) term under the accrual basis.

3.2 Intangible assets

Intangible assets (comprising of computer softwares) are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised under the straight line method at the rate of thirty percent per annum.

Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets.

Cost associated with maintaining computer software products are recognised as an expense when incurred.

In respect of additions and deletions of intangible assets during the year, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

3.3 Staff retirement benefits

- a) Gratuity scheme - defined benefit plan

Notes to the Financial Statements

For the year ended June 30, 2011

The Company operates an un-funded gratuity scheme for its eligible employees. The permanent employees who have completed four years of services with the Company are eligible employees for this scheme. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 30 June 2011) using the Projected Unit Credit Method. Actuarial gains / losses are recognised as income or expense in the year in which they arise. Past service cost resulting from changes to defined plan to the extent the benefits are already vested is recognized immediately and remaining unrecognized past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.

b) Retirement benefit scheme - defined benefit plan

In addition, the Company also operates an un-funded retirement benefit scheme for its eligible employees. The employees who were on Company's permanent payroll on or before 30 June 1999 and had completed ten years of services with the Company are eligible for benefits under this scheme. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 30 June 2011) using the Projected Unit Credit Method. Actuarial gains / losses are recognised as income or expense in the year in which they arise.

Past service cost resulting from changes to defined plan to the extent the benefits are already vested is recognized immediately and remaining unrecognized past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.

c) Provident fund - defined contribution plan

The Company operates an approved provident fund scheme for its eligible employees. The Company and the employees make equal monthly contributions at ten percent of the basic salary.

3.4 Compensated absences

The Company also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

3.5 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

i) Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and tax rebates, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years.

ii) Deferred

Deferred taxation is recognised, using the balance sheet liability method, providing for all

Notes to the Financial Statements

For the year ended June 30, 2011

temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amounts of deferred tax recognised is based on the expected manner of the realisation or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets, are reduced to the extent that they are no longer probable that the related tax benefit will be realised.

The Company also recognises deferred tax liability on surplus on revaluation of fixed assets which is adjusted and the related surplus in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

3.6 Stores and spares

These are stated at lower of moving average cost and net realizable value less impairment losses, if any, except items in transit which are stated at invoice value plus other charges incurred thereon. Provision is made for slow moving items where necessary and is recognised in the profit and loss account.

Net realizable value is the estimated selling price in the ordinary course of the business less estimated costs necessary to make a sale.

3.7 Stock-in-trade

These are valued at lower of cost and net realisable value. Cost of raw materials, packing materials, work in process and finished goods is determined under average cost basis, except that in case of stock in transit, it is determined at invoice value and other charges incurred thereon.

Cost of finished goods consists of materials, labour and applicable production overheads. However, the work-in- process is valued at material cost only as conversion costs are immaterial.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

3.8 Investments

All investments are initially recognized at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

Held for trading

The Company currently maintains held for trading category of investments only. These represent investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking.

Notes to the Financial Statements

For the year ended June 30, 2011

After initial recognition, above investments are remeasured at fair value determined with reference to the quoted rates. In case of open end funds, these are determined with reference to the redemption / repurchase price per unit prevailing as at the balance sheet date (as declared by the respective funds). Gains or losses on investments on remeasurement of these investments are recognised in income.

Held to maturity

These are investments with a fixed maturity where the Company has the positive intent and ability to hold to maturity. These investments are carried to amortised cost using the effective interest rate method.

All regular way of purchases and sales of investments are recognized on the trade date i.e. the date the Company commits to purchase / sell the investments.

3.9 Trade debts and other receivables

These are stated at cost less impairment losses, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivable are written off when considered irrecoverable.

3.10 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash / demand draft in hand, balances with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include bankoverdrafts and form an integral part of the Company's cash management.

3.11 Revenue recognition

- Revenue from sale of goods is measured at fair value of the consideration received or receivable. Domestic sales are recognised as revenue on dispatch of goods to customers. Export sales are recognised as revenue on the basis of goods shipped to customers.
- Profit on debt instruments and term deposits with banks are recognised using the effective yield method on a time proportion basis.
- Dividend income on equity instruments is recognised when a right to receive the dividend is established.
- Gain or loss on sale of mutual fund units / certificates is accounted for in the period in which it arises.

3.12 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

Notes to the Financial Statements

For the year ended June 30, 2011

3.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to profit and loss account.

3.15 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.16 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.17 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to

Notes to the Financial Statements

For the year ended June 30, 2011

determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.18 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the profit and loss account over the period of the borrowings on an effective mark-up basis.

Borrowing costs are charged to profit and loss account currently.

3.19 Dividend and appropriations

Dividends and reserve appropriations are recognised in the period in which these are declared / approved.

3.20 Earning per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4. PROPERTY, PLANT AND EQUIPMENT

		2011 (Rupees in '000)	2010 Restated
Operating assets	4.1	328,213	282,371
Capital work-in-progress	4.2	5,328	8,914
		333,541	291,285

Notes to the Financial Statements

For the year ended June 30, 2011

4.1 Operating assets

		2011									
		COST				Rate %	DEPRECIATION				Written down value as on 30 June 2011
		As at 1 July 2010	Addition / * Revaluation	(Disposal)	As at 30 June 2011		As at 1 July 2010	For the year	(Disposal)/ * (Release on revaluation)	As at 30 June 2011	
------(Rupees in '000)-----				------(Rupees in '000)-----							
Freehold land - owned	4.5	42,000	-	-	42,000	-	-	-	-	-	42,000
Leasehold land	2.5 4.5	21,489	-	-	42,140	2	2,105	659	-	465	41,675
			* 20,651						(2,299)		
Building on freehold land	4.5	27,423	1,521	-	28,944	10	-	2,811	-	2,811	26,133
Building on leasehold land	4.5	-	2,069	-	2,069	10	-	17	-	17	2,052
Lease hold improvements		3,068	-	-	3,068	10	1,087	198	-	1,285	1,783
Plant, machinery and equipment	4.5	218,287	18,778	(1,672)	235,393	10	65,230	15,769	(618)	80,381	155,012
Capital spares		8,979	-	-	8,979	10	2,846	613	-	3,459	5,520
Furniture and fixtures		12,494	16,439	(9,498)	19,435	10	4,532	898	(4,107)	1,323	18,112
Vehicles		35,749	17,776	(7,938)	45,587	20	15,113	4,834	(3,505)	16,442	29,145
Computers		8,787	4,818	(579)	13,026	30	4,992	1,745	(466)	6,271	6,755
Professional books		-	31	-	31	30	-	5	-	5	26
		378,276	61,432	(19,687)	440,672		95,905	27,549	(8,696)	112,459	328,213
			* 20,651						* (2,299)		

		2010									
		COST				Rate %	DEPRECIATION				Written down value as on 30 June 2010
		As at 1 July 2009	Addition / * Revaluation	(Disposal)	As at 30 June 2010		As at 1 July 2009	For the year	(Disposal)/ * (Release on revaluation)	As at 30 June 2010	
------(Rupees in '000)-----				------(Rupees in '000)-----							
Freehold land - owned		42,000	-	-	42,000	-	-	-	-	-	42,000
Leasehold land	2.5	20,989	500	-	21,489	2	1,680	425	-	2,105	19,384
Building on freehold land		20,703	785	-	27,423	10	3,933	1,721	-	-	27,423
			* 5,935						(5,654)		
Lease hold improvements		3,068	-	-	3,068	10	867	220	-	1,087	1,981
*Plant, machinery and equipment		205,772	12,515	-	218,287	10	49,519	16,596	-	65,230	153,057
									(885)		
Capital spares		8,979	-	-	8,979	10	2,165	681	-	2,846	6,133
Furniture and fixtures		11,164	1,330	-	12,494	10	3,773	759	-	4,532	7,962
Vehicles		34,650	5,595	(4,496)	35,749	20	12,473	4,823	(2,183)	15,113	20,636
Computers		6,552	2,594	(359)	8,787	30	4,505	801	(314)	4,992	3,795
		353,877	23,319	(4,855)	378,276		78,915	26,026	(2,497)	95,905	282,371
			* 5,935						* (6,539)		

Notes to the Financial Statements

For the year ended June 30, 2011

4.2 Capital work-in-progress

	COST			
	As at 1 July 2010	Additions	(Transfers to operating assets)	As at 30 June 2011
------(Rupees in '000)-----				
Building on freehold land	–	1,765	(1,521)	244
Plant, machinery and equipments	6,738	14,044	(18,778)	2,004
Lease hold improvements	1,804	265	(2,069)	–
Furniture and fixtures	33	17,307	(16,439)	901
Vehicles	–	19,300	(17,776)	1,524
Computers	339	5,134	(4,818)	655
Professional books	–	31	(31)	–
	8,914	57,846	(61,432)	5,328

4.3 Disposal of fixed assets

	Year of purchase	Cost	Accumulated depreciation (Rupees in '000)	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Sold to	Address
Vehicles									
Suzuki Cultus	2006	595	311	284	530	246	Negotiation	Haji Farooq	Shop No. 7 opposite Kareem Apartment M.A. Jinnah Road
Toyota Corrolla	2006	969	537	432	1,020	588	As per policy	Yasmeen Salahuddin	H. No. 5A/1/1, 18th Street, Off Khayan e Tauheed, DHA, Phase V, Karachi
Toyota Corrolla	2007	969	514	455	1,040	585	Negotiation	Haji Ali Motors	Shop No. 7 opposite Kareem Apartment M.A. Jinnah Road
Toyota Corrolla	2008	925	401	524	1,050	526	Negotiation	Haji Ali Motors	Shop No. 7 opposite Kareem Apartment M.A. Jinnah Road
Honda CD 70	2010	63	5	58	63	5	As per policy	Ikhtiar Baig	56-A, Labour Colony, Hyderabad
Suzuki Cultus	2009	904	264	640	850	210	Insurance Claim		
Suzuki Cultus	2005	590	402	188	188	-	As per policy	Muhammad Anis	Building B 2, Flat B 12, Memon Complex, Block M, North Nazimabad
Toyota Corolla	2010	1,450	48	1,402	1,450	48	Insurance Claim		
Alto VXR	2006	504	346	158	158	-	As per policy	Asad Ali Malik	26/C Block A, Unit No. 10, Latifabad, Hyderabad
Toyota Corolla	2006	969	677	292	950	658	Negotiation	Haji Ali Motors	Shop No. 7 opposite Kareem Apartment M.A. Jinnah Road
		7,938	3,505	4,433	7,299	2,866			
Equipment									
Photo State Machine	2005	86	37	49	13	(36)	Negotiation	Business System and Communication	Park Avenue Block 6 Sharah e Faisal
Generator	2006	1,218	463	755	503	(252)	Negotiation	Abid Ghanchi	TL 23 Block 1 Bhimpor
Split AC	Various	378	124	254	181	(73)	Negotiation	Abdul Ghafar Khan	Al Madina quarter North Nazimabad
		1,682	624	1,058	697	(361)			
Computers	Various	497	433	64	21	(43)	Negotiation	Solution Centre	Shop No. G 23 Naz Plaza M.A. Jinnah Road
LCD and Black Berry	Various	72	28	44	42	(2)	Insurance Claim		
		569	461	108	63	(45)			
Furniture and Fixtures									
Renovation	Various	9,498	4,106	5,392	475	(4,917)	Negotiation	Hamid Manzoor	Jahanabad Shershah
		9,498	4,106	5,392	475	(4,917)			
2011		19,687	8,696	10,991	8,534	(2,457)			
2010		4,855	2,497	2,358	3,529	1,171			

Notes to the Financial Statements

For the year ended 30 June 2011

- 4.4 Depreciation on property, plant and equipment and amortisation of intangible asset (note 5) for the year has been allocated as follows:

		2011 (Rupees in '000)	2010 Restated
Depreciation for the year on property, plant and equipment	4.1	27,549	26,026
Amortisation of intangible asset for the year	5.1	841	283
		<u>28,390</u>	<u>26,310</u>
Cost of sales	24	18,955	19,024
Selling and distribution expenses	25	3,289	2,630
Administrative expenses	26	6,146	4,656
		<u>28,390</u>	<u>26,310</u>

- 4.5 Free hold land, building on free hold land, plant and machinery and equipment of the Company were revalued as of 30 June 2010 by an independent valuer M/s Iqbal A. Nanjee & Co., on the basis of market value. This valuation has been incorporated in the financial statements as of 30 June 2010 and has resulted in a surplus of Rs.12.474 million before tax for that year (Rs.11.58 million on building and Rs.0.885 million on plant, machinery and equipment). The details of revalued amounts as of 30 June 2010 are as follows:

	(Rupees in '000)
Free hold land	42,000
Buildings on free hold land	27,423
Plant, machinery and equipment	153,057
	<u>222,480</u>

Leasehold land of the Company was revalued as of 31 December 2010 by an independent valuer Aman Ullah Associates, on the basis of market value. This valuation has been incorporated in the financial statements as of 30 June 2011 and has resulted in a surplus of Rs.22.950 million before tax for that year.

In addition to the above revaluation, the company had also arranged the revaluation of its properties in previous years which resulted in revaluation surplus as follows:

	1981 - 82	1999 - 2000	2003 - 04	2007 - 08
	----- (Rupees in '000) -----			
Free hold land	580	7,009	13,440	21,000
Buildings on free hold land	765	10,582	5,781	8,678
Plant, machinery and equipment	15,174	24,651	20,524	24,616
	<u>16,519</u>	<u>42,242</u>	<u>39,745</u>	<u>54,294</u>

- 4.6 Had the freehold land, lease hold land, buildings and plant and machinery not been revalued, the total carrying values as at 30 June 2011 would have been as follows:

	(Rupees in '000)
Free hold land - owned	29
Free hold land - leased	18,993
Buildings on free hold land	4,107
Plant, machinery and equipment	120,529
	<u>143,659</u>

5. INTANGIBLE ASSETS

		2011	2010
		(Rupees in '000)	
Operating assets	5.1	7,906	23
Advance payment		-	1,400
		<u>7,906</u>	<u>1,423</u>

Notes to the Financial Statements

For the year ended 30 June 2011

5.1 Operating assets

	2011							
	COST			Rate	AMORTIZATION			Written
	As at 1 July 2010	Addition/ (disposal)	As at 30 June 2011	%	As at 1 July 2010	For the year	As at 30 June 2011	down value as on 30 June 2011
Computer software and licenses	2,293	8,724	11,017	30	2,270	841	3,111	7,906

	2010							
	COST			Rate	AMORTIZATION			Written
	As at 1 July 2009	Addition/ (disposal)	As at 30 June 2010	%	As at 1 July 2009	For the year	As at 30 June 2010	down 30 June 2010
Computer software and licenses	2,293	-	2,293	30	1,987	283	2,270	23

6. LONG TERM DEPOSITS - considered good

	2011 (Rupees in '000)	2010
Deposits:		
- against letter of guarantee	2,106	2,106
- against trade deposits	1,705	1,666
- to Central Depository Company of Pakistan Limited	13	12
- others	3,059	233
	6,883	4,017
Provision held	(78)	(78)
	6,805	3,939

7. LONG TERM LOANS TO EMPLOYEES - Considered good - secured

		2011	2010
Non-executive employees	7.1	552	491
Non executive employees - sales	7.2	615	-
Receivable within one year		(217)	(195)
		950	296

7.1 The above mark-up free loans have been given to the non-executive employees for purchase of motorcycles as per Company's Motor Cycle loan policy. These are recoverable in 36 to 57 equal monthly installments. This balance is secured against the employees' provident fund balance.

7.2 The above mark-up free loans have been given to the non-executive employees of sales staff as per Company's Float Money policy. These are recoverable within one year from the date of disbursement. This balance is secured against the employees' provident fund balance.

Notes to the Financial Statements

For the year ended 30 June 2011

8. STORES AND SPARES

		2011 (Rupees in '000)	2010
Stores		8,207	8,461
Spares		2,546	980
		10,753	9,441
Provision against slow moving stores and spares	8.1	(2,153)	(1,579)
		8,600	7,862

8.1 Provision against slow moving stores and spares

Balance as at 1 July	1,579	1,500
Charge for the year	574	79
Balance as at 30 June	2,153	1,579

9. STOCK-IN-TRADE

Raw material - in hand	114,779	72,653
- in transit	171,750	143,121
	286,529	215,774

Packing material	22,708	16,806
Work-in-process	40,947	28,743
Finished goods	24,486	30,613
	374,670	291,936

Provision against slow moving and obsolete stock	9.1	(3,727)	(9,655)
		370,943	282,281

Above provision of slow moving stock includes stocks aggregating Rs. 2.335 million (2010: Rs. 3.697 million) stated at their net realizable values as against their cost of Rs. 4.787 million (2010: Rs. 8.896 million).

9.1 Provision against slow moving and obsolete stock

Balance as at 1 July	9,655	213
Charge for the year	-	9,442
Reversal during the year	(5,928)	-
Balance as at 30 June	3,727	9,655

10. TRADE DEBTS - unsecured

Considered good	10.1	29,780	21,280
Considered doubtful		1,133	1,133
		30,913	22,413
Provision against impaired debts	10.2	(1,133)	(1,133)
		29,780	21,280

Notes to the Financial Statements

For the year ended 30 June 2011

10.1 Trade debts include balance amounting to Rs. 0.08 million (2010: Rs. 0.347 million) due from Treet Corporation Limited (a related party).

10.2 Provision against impaired debts

	2011	2010
	(Rupees in '000)	
Balance as at 1 July	1,133	4,952
Charge for the year	-	682
Write off during the year	-	(4,501)
Balance as at 30 June	1,133	<u>1,133</u>

11. ADVANCES, PREPAYMENT AND OTHER RECEIVABLES

Advances - considered good:

- taxation	48,168	42,264
- to suppliers and contractors	4,315	3,252
Less: Provision held	(803)	(803)
	3,512	2,449
- to sales staff	508	146
Mark-up / profit accrued on bank deposits / investments	41	207
Current maturity of loans to employees (refer note 7)	217	195
Prepayments	5,428	300
Other receivables	3,914	487
	61,788	<u>46,048</u>

11.1 Provision against advances to suppliers and contractors

Balance as at 1 July	803	12
Charge for the year	-	791
Balance as at 30 June	803	<u>803</u>

12. CASH AND BANK BALANCES

Cash in hand	134	61
Demand drafts in hand	37,557	13,394
Cash at banks in - current accounts	1,670	898
- profit and loss sharing accounts	5,938	33,893
- term deposit receipts	-	55,000
	7,608	89,791
	45,299	<u>103,246</u>

12.1 These carry interest / mark-up rate ranging from 6.3% to 6.42% per annum (2010: 6% to 6.31% per annum).

Notes to the Financial Statements

For the year ended 30 June 2011

13. TRADE AND OTHER PAYABLES

	2011 (Rupees in '000)	2010
Trade credit liability	110,090	138,544
Accrued expenses	84,388	62,924
Advances from customers	20,242	27,712
Sales tax payable	13.1 23,750	8,617
Special excise duty payable	13.1 4,424	682
Worker's Profit Participation Fund	13.2 580	2,611
Worker's Welfare Fund	1,408	2,064
Accrued mark-up liability	3,056	34
Other liabilities	5,939	6,019
Dividend payable	591	470
Unclaimed dividend	23	23
	254,491	249,700

13.1 These amounts were subsequently paid by the Company.

13.2 Workers' Profit Participation Fund

Balance as on 1 July		2,611	4,328
Mark-up on Workers' Profit Participation Fund	28	39	137
Contribution during the year	27	1,778	2,612
Payments during the year		(3,848)	(4,466)
Balance as at 30 June		580	2,611

14. SHORT TERM BORROWING

During the year the Company availed short term loan from Faysal Bank amounting to Rs. 90 million (2010: Nil) to finance working capital requirements. This loan carries markup rate of 1 month KIBOR + 0.95% and is secured against Company's stock and book debts.

15. UNUTILISED CREDIT FACILITIES

15.1 At 30 June 2011, unutilised facilities for running finance under mark-up arrangements available from certain banks aggregated to Rs. 244 million (2010: Rs. 254 million). The rate of mark-up on running facilities ranges between 1 month KIBOR + 0.95% per annum to 1 month KIBOR + 1.5% per annum (2010: 1 month KIBOR + 1.25% per annum to 1 month KIBOR + 3% per annum). These are secured against stock-in-trade items, booked debts and plant and machinery of the Company and are valid up to 31 March 2012.

15.2 At 30 June 2011, unutilised letter of credit facilities from certain banks amounted to Rs. 567.929 million (2010: Rs. 278.39 million). These are secured against the import bills of the Company. Total facilities sanctioned to the Company amounted to Rs. 670 million (2010: Rs. 455 million).

Notes to the Financial Statements

For the year ended 30 June 2011

16. TAXATION

2011 2010
(Rupees in '000)

16.1 Details of tax charge for the year

Current			
- for the year		11,364	22,877
- for prior year		612	30
		11,976	22,907
Deferred	20	679	(5,763)
		12,655	17,144

16.2 Relationship between income tax expense and accounting profit

Profit before tax		33,078	48,230
Tax at the applicable tax rate of 35% (2010: 35%)		11,577	16,881
Tax effect of expenses that are not allowable in determining the taxable income		102	149
Prior year		612	30
Others		364	84
Tax expense		12,655	17,144

16.3 The returns of income have been filed up to and including tax year 2010 (corresponding to financial year ended 30 June 2010), while the income tax assessments have been finalized up to and including tax year 2004. The return of income for tax year 2005 to 2010 have been filed under the Universal Self Assessment Scheme and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001 unless selected for audit by the taxation authorities.

Return for financial year ended 30 June 2007 was selected for audit under section 177 of Income Tax Ordinance 2001 and an amended assessment order was passed in which certain disallowances were made by the taxation authorities (tax effect of which amounts to Rs. 2.8 million). The Company has filed an appeal against the subject order before the appellate commissioner of Income Tax which is still pending. The Company and its tax advisor is confident that the decision of the appellate authorities will be in the Company's favour.

Notes to the Financial Statements

For the year ended 30 June 2011

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011 (Numbers of shares)	2010		2011 (Rupees in '000)	2010
3,550,000	3,550,000	Fully paid ordinary shares of Rs.10 each issued for cash	35,500	35,500
50,000	50,000	Fully paid ordinary shares of Rs.10 each issued for consideration other than cash	500	500
1,724,000	1,724,000	Fully paid ordinary shares of Rs.10 each issued as bonus shares	17,240	17,240
5,324,000	5,324,000		53,240	53,240

At 30 June 2011, 903,291 (2010: 956,110) shares of the company were held by an associated company.

18. SURPLUS ON REVALUATION OF FIXED ASSETS- net of tax

(on freehold land, building and plant and machinery)

		2011 (Rupees in '000)	2010
Balance as on 1 July		105,532	98,728
Surplus arising due to revaluation	4.5	22,950	12,474
Transferred to accumulated profit in respect of incremental depreciation charged during the year		(4,277)	(3,685)
Related deferred tax liability		(2,303)	(1,985)
		121,902	105,532
Less:			
Related deferred tax liability at beginning of the year		22,225	19,844
On revaluation carried out during the year		8,032	4,366
On incremental depreciation for the year		(2,303)	(1,985)
		27,954	22,225
Balance as on 30 June		93,948	83,307

19. DEFERRED STAFF LIABILITIES

19.1 Gratuity and staff retirement benefit schemes

The Company operates two unfunded defined benefit plans namely gratuity scheme and staff retirement benefit scheme for its permanent eligible employees. Gratuity / retirement benefit is payable under the scheme to employees on cessation of employment on the following grounds:

- Death
- Retirement
- Resignation

Notes to the Financial Statements

For the year ended 30 June 2011

The latest actuarial valuations of the above gratuity / retirement benefit schemes were carried out as at 30 June 2011 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the schemes are as follows:

	Gratuity Scheme		Staff retirement benefits scheme	
	2011 (%)	2010 (%)	2011 (%)	2010 (%)
Valuation discount rate	14	14	14	14
Salary increase rate	14	14	14	14

19.2 Payable to defined benefit schemes

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	2011	2010	2011	2010	2011	2010
----- (Rupees in '000) -----						
Present value of defined benefit obligations	43,262	40,156	21,964	20,823	65,214	60,967
Unrecognised past service cost	–	–	(12)	(12)	(12)	(12)
Net payable recognised as at the year-end	43,262	40,156	21,952	20,811	65,214	60,967

19.3 Movement in balance payable

Opening balance	40,156	35,832	20,811	20,439	60,967	56,271
Expense recognised	9,753	7,304	4,128	2,491	13,881	9,795
Benefits paid	(6,647)	(2,980)	(2,987)	(2,119)	(9,634)	(5,099)
Closing balance	43,262	40,156	21,952	20,811	65,214	60,967

19.4 Reconciliation of the present value of the defined benefit obligations

	Gratuity Scheme		Staff retirement benefits scheme		Total	
	2011	2010	2011	2010	2011	2010
----- (Rupees in '000) -----						
Present value of obligation as at July 01	40,156	35,832	20,811	20,439	60,967	56,271
Current service cost	2,640	2,399	668	640	3,308	3,039
Interest cost	5,187	4,762	2,708	2,473	7,895	7,235
Benefits paid	(6,647)	(2,980)	(2,987)	(2,119)	(9,634)	(5,099)
Past service cost - vested	–	–	12	11	12	11
Actuarial (gains) / losses	1,926	143	740	(633)	2,666	(490)
Present value of obligation as at 30 June	43,262	40,156	21,952	20,811	65,214	60,967

Notes to the Financial Statements

For the year ended 30 June 2011

19.5 Charge for defined benefit plans and other benefits

The following amounts have been charged to the profit and loss account in respect of defined benefit plans and other benefits:

	Staff retirement benefits					
	Gratuity Scheme		scheme		Total	
	2011	2010	2011	2010	2011	2010
	----- (Rupees in '000) -----					
Current service cost	2,640	2,399	668	640	3,308	3,039
Interest cost	5,187	4,762	2,708	2,473	7,895	7,235
Net actuarial (gains) / losses recognised	1,926	143	740	(633)	2,666	(490)
Recognised past service cost	—	—	12	11	12	11
	9,753	7,304	4,128	2,491	13,881	9,795

19.6 Expected accrual of expenses in respect of gratuity scheme and retirement benefit scheme in the next financial year on the advice of the actuary are as follows:

	2012 (Rupees in '000)
Gratuity scheme	<u>9,307</u>
Staff retirement benefits scheme	<u>3,743</u>

19.7 Historical information of obligation

	Gratuity Scheme				
	2011	2010	2009	2008	2007
	----- (Rupees in '000) -----				
Present value of obligation	43,262	40,156	35,832	31,178	32,056
Actuarial gains / (losses) on obligation	(1,926)	(143)	290	1,340	(556)

	Staff retirement benefits scheme				
	2011	2010	2009	2008	2007
	----- (Rupees in '000) -----				
Present value of obligation	21,964	20,823	20,462	19,361	19,563
Actuarial gains / (losses) on obligation	(740)	633	805	(1,906)	(603)

Notes to the Financial Statements

For the year ended 30 June 2011

20. DEFERRED TAX LIABILITY -net

Deferred tax liability comprises of taxable / deductible temporary differences in respect of the following:

	Balance as at 1 July 2009	Revaluation surplus	Recognized in profit and loss	Balance at 30 June 2010	Revaluation surplus	Recognized in profit and loss	Balance at 30 June 2011
------(Rupees in '000)-----							
Taxable temporary difference:							
-on accelerated tax depreciation	32,327	-	165	32,492	-	2,599	35,091
-on surplus on revaluation of fixed assets	19,845	4,366	(1,985)	22,226	8,032	(2,302)	27,956
Deductible temporary differences:							
-on provision for gratuity and retirement benefits	19,695	-	(1,644)	21,339	-	(1,486)	22,825
-on provision against slow moving stock and doubtful debts	2,333	-	(2,299)	4,632	-	1,868	2,764
Net deferred tax liability	<u>30,144</u>	<u>4,366</u>	<u>(5,763)</u>	<u>28,747</u>	<u>8,032</u>	<u>679</u>	<u>37,458</u>

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Bank guarantees have been issued in favour of Sui Southern Gas Company Limited for the supply of gas aggregating to Rs. 7.02 million (2010: Rs. 7.02 million).

21.1.2 Post dated cheques of Rs. 132.587 million (2010: Rs. 70.221 million) have been issued to Collector of Customs against partial exemption of import levies.

21.2 Commitments

21.2.1 Commitments under letters of credit for the import of stock in trade items at 30 June 2011 amounted to Rs. 23.515 million (2010: Rs. 64.834 million).

21.2.2 Commitments for ijarah arrangements not later than one year amounting to Rs. 0.177 million (2010: Rs. Nil).

22. NET SALES

	2011 (Rupees in '000)	2010
Gross sales	2,003,432	1,627,773
Sales tax	(320,372)	(246,636)
Trade promotion discount	(92,069)	(77,615)
Special excise duty	(24,896)	(13,627)
Rebate and sales return	(4)	(4)
	(437,341)	(337,882)
	<u>1,566,091</u>	<u>1,289,891</u>

Notes to the Financial Statements

For the year ended 30 June 2011

22.1 Principal business of the Company is sale of home and personal care products, majority of which are taxed as per third schedule of Sales Tax Act, 1990 (retail price basis). Value for the application of sales tax amounted to Rs. 1,884.538 million (2010: Rs. 1,541.467 million).

23. COST OF SALES

		2011 (Rupees in '000)	2010
Raw and packing material consumed	23.1	1,046,890	782,496
Salaries, wages and other benefits	23.2	84,529	71,503
Fuel and power		52,161	51,305
Depreciation / amortisation	4.4	18,955	19,024
Provision for slow moving and obsolete stock	9.1	–	9,442
Write off of slow moving and obsolete stock		601	-
Stores and spares consumed		12,007	5,319
Freight and handling material		4,482	3,141
Rent, rates and taxes		191	2,476
Travelling and conveyance		3,296	2,304
Insurance		2,104	2,239
Contribution to the provident fund		1,681	1,530
Repairs and maintenance		1,102	1,418
Postage, telegrams and telephones		437	433
Printing and stationery		490	390
Subscription		117	310
Product research and development		192	268
Entertainment		197	129
Legal charges		59	87
Provision for slow moving stores and spares	8.1	574	79
Professional fee		74	20
Other expenses		2,122	2,483
		1,232,261	956,397
Opening stock of work-in-process		28,743	25,436
Closing stock of work-in-process		(40,947)	(28,743)
Cost of good manufactured		1,220,057	953,090
Opening stock of finished goods		30,613	28,772
Closing stock of finished goods		(24,486)	(30,613)
		1,226,184	951,249

Notes to the Financial Statements

For the year ended 30 June 2011

23.1 Raw and packing material consumed

	2011 (Rupees in '000)	2010
Opening stock	79,804	85,705
Purchases	1,105,174	776,595
	1,184,978	862,300
Closing stock	(138,088)	(79,804)
	1,046,890	782,496

23.2 Salaries, wages and other benefits include Rs. 12.056 million (2010: Rs. 7.347 million) in respect of the accrual for defined benefit obligations of the Company.

24. SELLING AND DISTRIBUTION EXPENSES

Advertising		89,579	136,497
Salaries, wages and other benefits	24.1	51,413	42,724
Freight, distribution and handling		41,075	34,450
Travelling and conveyance		11,606	8,073
Product research and development		15,063	7,717
Insurance		2,688	2,811
Depreciation / amortisation	4.4	3,289	2,630
Postage and telegram		1,910	1,661
Rent, rates and taxes		1,662	1,595
Repairs and maintenance		589	1,108
Printing and stationery		1,179	1,051
Contribution to the provident fund		1,123	960
Provision for doubtful debts - net		-	682
Legal charges		268	258
Utilities		259	207
Other expenses		2,314	925
		224,017	243,349

24.1 These include Rs. 1.037 million (2010: Rs. 1.238 million) in respect of the accrual for defined benefit obligations of the Company.

Notes to the Financial Statements

For the year ended 30 June 2011

25. ADMINISTRATIVE EXPENSES

		2011	2010
		(Rupees in '000)	
Salaries, wages and other benefits	25.1	42,790	28,342
Depreciation / amortisation	4.4	6,146	4,656
Professional fee		4,175	3,864
Rent, rates and taxes		7,037	2,000
Fuel and power		1,833	1,572
Printing and stationery		1,713	1,266
Travelling and conveyance		3,084	1,201
Repairs and maintenance		1,706	1,142
Postage, telegrams and telephones		1,353	1,056
Contribution to the provident fund		850	687
Trainings and seminars		314	675
Insurance		521	465
Auditors' remuneration	25.2	555	422
General advertisement		1,601	124
Directors' fee		165	123
Legal charges		136	117
Charity and donation		2,263	90
Computer expenses		88	79
Provision against advances		-	791
Provision against long term deposits		-	78
Other expenses		819	804
		77,149	49,554

25.1 These include Rs. 0.788 million (2010: Rs. 1.21 million) in respect of the accrual for defined benefit obligations of the Company.

25.2 Auditors' remuneration

Audit fee	315	235
Fee for half yearly review	95	85
Fee for the review of Code of Corporate Governance	35	35
Fee for other certifications	50	10
Out of pocket expenses	60	57
	555	422

Notes to the Financial Statements

For the year ended 30 June 2011

26. OTHER OPERATING INCOME

		2011 (Rupees in '000)	2010
Return / income on financial assets			
Return on bank deposits		2,682	3,433
Return on short term investments		–	3,480
Gain on sale of investment		141	–
Income from non-financial assets			
(Loss) / Gain on disposal of fixed assets	4.3	(2,457)	1,171
Scrap sales		2,751	3,175
Insurance claim		318	1,714
Insurance commission		265	–
Others		740	–
		4,440	12,973
27. OTHER OPERATING EXPENSES			
Workers' Welfare Fund		690	1,409
Workers' Profit Participation Fund	13.2	1,778	2,612
Foreign exchange loss		2,920	5,765
		5,388	9,786
28. FINANCIAL EXPENSES			
Mark-up on:			
- Running finance / Short term loan		4,075	34
- Worker's Profit Participation Fund	13.2	39	137
Bank charges and commission		601	525
		4,715	696
28.1	These carry interest / mark-up rate ranging from 13.47% to 14.64% per annum (2010: 13.38% to 14.05% per annum).		
29. EARNINGS PER SHARE			
Profit for the year		20,423	31,086
		(Number of shares)	
Weighted average number of ordinary shares		5,324,000	5,324,000
		(Rupees)	
Earnings per share		3.84	5.84

29.1 No figure for diluted earnings per share has been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

Notes to the Financial Statements

For the year ended 30 June 2011

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive & Director		Executives			
			Key Management Personnel		Others	
	2011	2010	2011	2010	2011	2010
	(Rupees in '000)					
Remuneration	16,104	2,300	5,705	8,710	1,114	1,231
Provident fund	249	230	571	470	79	105
Special pay	1,423	1,097	3,835	3,324	749	827
Housing and utilities	1,414	1,294	3,342	2,781	646	732
Medical	249	230	167	249	83	77
Incentive	340	317	615	737	241	141
Gratuity	207	192	475	395	93	103
	19,986	5,660	14,710	16,666	3,005	3,216
Number of persons	2	1	6	7	3	3

The chief executive and certain executives of the Company are provided with free use of cars. The chief executive and certain executives are also provided with medical facilities in accordance with their entitlements.

30.2 Remuneration of non-executive directors

In addition to the above, aggregate amount charged in these financial statements for director's fee paid to non-executive directors was Rs. 0.165 million (2009: Rs. 0.123 million).

30.3 Key management personnel of the Company comprises of Chief Executive and six executives.

31. FINANCIAL INSTRUMENTS

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the Financial Statements

For the year ended 30 June 2011

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	2011	2010
	(Rupees in '000)	
Long term deposits	6,805	3,939
Loans to employees	552	491
Trade debts	29,780	21,280
Other receivables	3,914	487
Investment in units of open end mutual fund	–	5,000
Bank balances (including accrued profit)	45,340	103,392
	86,391	134,589

All the above exposure relates to domestic customers / entities or individuals only.

The maximum exposure to credit risk of the above financial assets at the balance sheet date by type of customer / entity, etc is as follows:

Distributors / retailers	28,284	19,448
End-user customers	1,496	1,832
Non-Banking Financial Institution	–	5,000
Banks (including margin deposit with bank)	47,405	105,498
Others	9,206	2,811
	86,391	134,589

Notes to the Financial Statements

For the year ended 30 June 2011

As at the year end the Company's most significant trade debts customers included a distributor / retailer from whom Rs. 8.186 million was due (2010: Rs. 8.204 million) and an end-user from whom Nil was due (2010: Rs. 1.561 million) as at 30 June 2011.

Management of credit risk

To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security / advance payments, wherever considered necessary). Cash is held only with reputable banks with high quality credit worthiness.

Impairment losses and past due balances

The age analysis of trade debts at the balance sheet date was as follows:

	2011		2010	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Past due 1-60 days	25,156	–	18,092	–
Past due 61 days -1 year	4,411	–	3,866	679
More than one year	1,346	1,133	454	454
Total	<u>30,913</u>	<u>1,133</u>	<u>22,412</u>	<u>1,133</u>

Based on the past experience, consideration of financial position, past tracks records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these financial statements. None of the other financial assets are past due or impaired. Movement of provision against trade debts is disclosed in note 10.2.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

Notes to the Financial Statements

For the year ended 30 June 2011

	2011			
	Carrying amount	Contractual cash flows	Six months or less	More than six months
	------(Rupees in '000)-----			
Non-Derivative Financial Liabilities				
Long term deposits	450	450	-	450
Short term borrowing	80,000	80,000	80,000	-
Trade and other payables	203,956	203,956	203,956	-
	<u>284,406</u>	<u>284,406</u>	<u>283,956</u>	<u>450</u>
2010				
	Carrying amount	Contractual cash flows	Six months or less	More than six months
	------(Rupees in '000)-----			
Non-Derivative Financial Liabilities				
Long term deposits	450	450	-	450
Trade and other payables	208,014	208,014	208,014	-
	<u>208,464</u>	<u>208,464</u>	<u>208,014</u>	<u>450</u>

31.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

31.3.1 Currency risk

Foreign currency risk is the risk that the value of financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where payables exist due to transactions entered in foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk on trade credit liability that is denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

Notes to the Financial Statements

For the year ended 30 June 2011

	2011		2010	
	Rupees In '000	US Dollars	Rupees In '000	US Dollars
Trade credit liability	79,470	923,535	111,767	1,305,691
Gross balance sheet exposure	79,470	923,535	111,767	1,305,691
Estimated committed purchases as at the year end	23,515	273,269	64,834	757,411
Gross exposure	102,985	1,196,804	176,602	2,063,102

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the net exposure.

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2011	2010	2011	2010
Rupees / US Dollars	85.890	83.740	86.050	85.600

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against US Dollar at 30 June would have increased / (decreased) equity and profit and loss account by Rs. 3.973 million (2010: Rs. 5.588 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for 2010.

31.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's interest rate exposure arises on deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Carrying amount	
	2011	2010
	(Rupees in '000)	
Fixed rate instruments		
Financial assets	–	55,000
Variable rate instruments		
Financial assets	5,938	33,893

Notes to the Financial Statements

For the year ended 30 June 2011

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and the equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would not have a material impact on equity and profit for the year ended 30 June 2011 and 30 June 2010.

31.3.3 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

32. PLANT CAPACITY AND PRODUCTION

	2011	2010
	(Metric Tons)	
Soap		
Assessed / rated	10,500	10,500
Actual production	8,450	7,813

Due to the growing competition and easy availability of foreign brands of soap, the assessed plant capacity could not be fully utilized.

Notes to the Financial Statements

For the year ended 30 June 2011

33. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Wazir Ali Industries, IGI Insurance Limited, Treet Corporation Limited, Employees Provident Fund, directors and key management personnel. Details of transaction with related parties are as follows:

Associated Companies	2011	2010
	(Rupees in '000)	
Sale of goods	312	124
Services rendered	940	1,019
Purchase of goods	3,567	–
Services received	6,785	–
Dividend paid	3,953	3,477
Bonus shares issued	–	869
Other related parties		
Contribution to the employees' provident fund 33.1	3,653	3,177
Directors and Chief Executive Officer (Key management personnel)		
Dividend paid	4,273	3,138
Bonus	–	784

Detail of balances with a related party is disclosed in note 10.1 to these financial statements.

- 33.1** Contribution to the provident fund is made in accordance with the requirements of staff service rules.
- 33.2** Details of remuneration of key management personnel in accordance with their terms of employment, etc are given in note 30.
- 33.3** Other transactions with related parties are at agreed terms and dividend payment and bonus issues are at the rates approved by the shareholders.

Notes to the Financial Statements

For the year ended 30 June 2011

34. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated substantially from the sale of home and personal care products.

All non-current assets of the Company at 30 June 2011 are located in Pakistan.

35. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

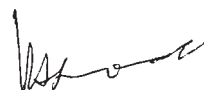
The Board of Directors in its meeting held on 10 August 2011 has proposed a cash dividend of Rs 2. per share (2010: Rs. 3.5 per share) amounting to Rs.10.648 million (2010: Rs. 18.634 million) for approval by the members of the company in forthcoming Annual General Meeting. The financial statements for the year ended 30 June 2011 do not include the effect of the proposed cash dividend, which will be accounted for in the financial statements for the year ending 30 June 2012.

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on 10 August 2011.



Ferial Ali Mehdi
Chairman / Chief Executive



Kemal Shoaib
Director

Pattern of Shareholding

As on June 30, 2011

Number of shareholders	Share Holding		Total shares held	Percentage
	From	To		
894	1	100	16,516	0.3102
231	101	500	58,449	1.0978
59	501	1000	48,606	0.9130
72	1001	5000	169,415	3.1821
12	5001	10000	83,986	1.5775
5	10001	15000	64,202	1.2059
1	15001	20000	18,243	0.3427
2	20001	25000	42,923	0.8062
2	25001	30000	51,910	0.9750
4	30001	35000	125,697	2.3610
2	45001	50000	96,081	1.8047
1	70001	75000	74,900	1.4068
1	120001	125000	125,000	2.3479
2	170001	175000	346,891	6.5156
1	175001	180000	177,794	3.3395
1	210001	215000	211,420	3.9711
1	235001	240000	236,000	4.4328
1	260001	265000	262,293	4.9266
1	310001	315000	310,067	5.8239
1	340001	345000	340,859	6.4023
1	415001	420000	420,000	7.8888
1	510001	515000	513,419	9.6435
1	685001	690000	689,729	12.9551
1	835001	840000	839,600	15.7701
1298			5,324,000	100.0000

Categories Of Shareholders

As on June 30, 2011

	Number of Shareholders	Number of Shares held	Percentage
DIRECTORS & FAMILY			
Mrs. Ferial Ali Mehdi - Chairman / CEO	2	400,087	7.5148
Mr. Mujahid Hamid - Director	2	125,500	2.3573
Mr. Syed Yawar Ali - Director	4	859,487	16.1436
Mrs. Syeda Nighat Ali	2	7,837	0.1472
Mr. Shahid Nazir Ahmed - Director	1	665	0.0125
Mr. Zafar Ahmed Siddqui - Director	1	500	0.0094
Mr. Omer Ehtisham - Director	1	665	0.0125
ASSOCIATED COMPANY			
Treet Corporation Limited	2	730,100	13.7134
IGI Insurance Limited	1	173,191	3.2530
N.B.P - Trustee Deptt. NI(U)T Fund	4	555,784	10.4392
Bank, Funds & Insurance Company	3	70,853	1.3308
SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY			
Mrs. Fakhre Jehan Begum	1	689,729	12.9551
INDIVIDUALS	1260	1,421,777	26.7051
OTHERS	14	287,825	5.4062
	1298	5,324,000	100.0000

Form of Proxy

The Secretary
ZIL Limited
12th Floor, Executive Tower,
Dolmen City, Marine Drive,
Block IV, Clifton, Karachi

I/We.....
of.....being a member of ZIL Limited and holding.....ordinary
shares as per Share Register Folio No. and/or CDC Participant I.D. No
and Sub-Account No.....hereby appoint
ofor failing himof as
my proxy to vote for me and on my behalf at the Annual General Meeting of the Company
to be held on Thursday, September 29, 2011 at 09.00 am. at the Royal Rodale, Plot no Tc-V,
34th Street, Khayaban-e-Sehar, Phase-V Ext., DHA, Karachi, Pakistan and at any adjournment
thereof.

Signed this day of September 2011

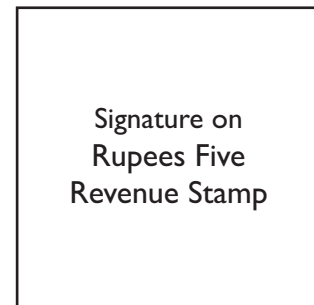
Witnesses:

I. Signature:
Name:
Address:

CNIC or
Passport No.

II. Signature:
Name:
Address:

CNIC or
Passport No.



The Signature should
agree with the specimen
registered with the
Company

Signature of Proxy

Notes:

The instrument appointing a proxy must be received at the registered office of the Company not less than forty eight hours before the meeting.

CDC Shareholders and their Proxies are each requested to attach and attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



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