



*Half Yearly Report  
July-December 2015*

Great **ideas**  
Strong **brands**  
Continuous **growth**

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**BOARD OF DIRECTORS**

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Aliya Saeeda Khan	
Lisa Mather	
Vinod Nambiar (from July 27, 2015)	
Zulfiqar Ali Lakhani	Chief Executive

**ADVISOR**

Sultan Ali Lakhani

**AUDIT COMMITTEE**

Aliya Saeeda Khan	Chairperson
Iqbal Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

**HUMAN RESOURCE &  
REMUNERATION COMMITTEE**

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	

**COMPANY SECRETARY**

Mansoor Ahmed

**AUDITORS**

A. F. Ferguson & Co.  
Chartered Accountants

**INTERNAL AUDITORS**

BDO Ebrahim & Co.  
Chartered Accountants

**REGISTERED OFFICE**

Lakson Square, Building No. 2,  
Sarwar Shaheed Road,  
Karachi-74200  
Pakistan

**SHARES REGISTRAR**

FAMCO Associates (Private) Limited  
8-F, Next to Hotel Faran, Nursery, Block-6,  
P.E.C.H.S., Shakra-e-Faisal, Karachi.

**FACTORIES**

G-6, S.I.T.E., Kotri  
District Jamshoro (Sindh)

217, Sundar Industrial Estate  
Raiwind Road, Lahore

**WEBSITE**

[www.colgate.com.pk](http://www.colgate.com.pk)

## DIRECTORS' REVIEW

The Directors are pleased to present the un-audited financial statements of the Company for the six months ended December 31, 2015.

### Financial Highlights

The Financial results of the Company are summarized below:

Operating Results	July- December 2015	July- December 2014	Increase/ (Decrease)
	Rs. in million		
Turnover	16,003	15,476	3.4%
Gross Profit	4,414	3,764	17.3%
- as % age of Net Sales	35.4%	31.0%	445 bps
Selling and Distribution Costs	2,269	2,041	11.2%
Administrative Expenses	147	129	13.6%
Profit from Operations	1,955	1,577	23.9%
Profit After Tax	1,334	1,091	22.3%
Earnings per Share - Rupees	27.82	22.75	22.3%

The turnover of the Company increased by 3.4% versus the corresponding period last year. Net revenue increased by 2.5%. The Company benefitted from favorable costs of raw material that resulted in a decline of 4.1% in the cost of sales. Gross Profit of the Company increased by 17.3% versus the corresponding period last year.

In the competitive market environment, the Company continued investing in its brands. Higher media & sales promotion expenditures and employee related costs increased selling and distribution expenses by 11.2%.

Growth in Profit after Tax was 22.3%. Earnings per share increased by 22.3% to PKR 27.82 per share as compared to PKR 22.75 in the corresponding period last year.

### Home and Personal Care Categories

Fabric Care continued to be a challenging category. Competition's targeted price promotions in selected retail environments coupled with increased spend on both media and trade led to our intensified efforts to defend and grow market share in detergents. We have responded with right pricing, advertising and promotional strategies to counter competition and deliver growth.

Impactful IMC in dishwashing helped in achieving the growth target set for the category. On-ground activations continued focusing conversion of low price dishwashing bars users to Lemon Max bar.

With innovative product portfolio for consumers' oral health needs and consistently growing advertising and promotional support, Colgate leadership is strengthening with a healthy increase in market share in both toothpastes and toothbrushes. Aiming to build stronger ties with its consumers, the Company is investing to scale up its equity building activities like Bright Smiles, Bright Futures school program and Oral Health Month. Important oral health awareness and education for consumers remain key priority for us.

Palmolive bar soap performed well and grew as a result of improved distribution and leveraging key promotional packs. As we enter the New Year, competition further reduced prices on bar soaps. The Company foresees some pressure on margins this year as it is determined to defend share with a competitive pricing strategy and targeting share gain from parallel imports that continues to hurt local manufacturers.

#### **Future Outlook**

The Company anticipates some commodity prices to stay low for the next quarter, benefits of which will be realized in lower cost of production and maintenance of margins.

Increase in advertising and promotion spend is key to countering intense competition along with an aggressive pricing strategy. Realizing the importance of innovation for business growth, the Company has invested in new products along with re-launches of existing brands to meet our consumers' needs better. This will also grow our trade customers profitably.

Our technologically aided urban and rural distribution system is helping us target our consumers and trade partners in far reaching areas of the country. We are committed to further growing our investment in distribution to build a competitive edge.

#### **Acknowledgement**

The management would like to thank our customers for their loyalty to our brands and our shareholders, bankers and suppliers for their continued support. We would also like to thank our employees for their commitment towards the Company.

On behalf of Board of Directors



**IQBAL ALI LAKHANI**  
Chairman

Karachi : January 28, 2016



**A. F. FERGUSON & CO.**

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Colgate-Palmolive (Pakistan) Limited as at December 31, 2015, the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement and notes thereto for the six-month period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 and the notes thereto have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2015.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants  
Karachi : January 28, 2016  
Engagement Partner : Khurshid Hasan

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**CONDENSED INTERIM BALANCE SHEET (Unaudited-Note 2)**

As at December 31, 2015

	Note	December 31, 2015 (unaudited)	June 30, 2015 (audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	2,816,825	2,935,589
Intangibles		8,880	7,552
Long term loans		28,204	19,585
Long term security deposits		14,887	14,267
		<u>2,868,796</u>	<u>2,976,993</u>
<b>CURRENT ASSETS</b>			
Stores and spares		161,428	152,238
Stock in trade	5	2,474,624	2,607,106
Trade debts		448,023	666,378
Loans and advances		173,611	164,821
Trade deposits and short term prepayments	6	88,176	32,960
Other receivables	7	26,854	18,101
Profit receivable from banks		2,038	1,482
Taxation		402,381	886,001
Short term investments	8	4,591,515	3,101,198
Cash and bank balances		766,184	936,419
		<u>9,134,834</u>	<u>8,566,704</u>
<b>TOTAL ASSETS</b>		<u>12,003,630</u>	<u>11,543,697</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	9	750,000	750,000
Issued, subscribed and paid-up capital	9	479,549	479,549
Reserves		8,775,623	8,640,488
Remeasurement on post retirement benefits obligation		(67,469)	(67,469)
Surplus on revaluation of investments		70,282	1,048
		<u>9,257,985</u>	<u>9,053,616</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		342,494	348,076
Long term deposits		32,874	25,493
Deferred liability		37,088	37,088
		<u>412,456</u>	<u>410,657</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	2,333,189	2,079,424
<b>TOTAL LIABILITIES</b>		<u>2,745,645</u>	<u>2,490,081</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>12,003,630</u>	<u>11,543,697</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT** (Unaudited - Note 2)

For the Quarter and Six months period ended December 31, 2015

Note	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Six months period ended December 31, 2015	Six months period ended December 31, 2014
(Rupees in '000)				
Turnover	8,209,138	7,698,948	16,003,195	15,476,184
Sales tax	(1,309,072)	(1,221,588)	(2,551,296)	(2,459,581)
Trade discounts	(495,092)	(471,047)	(984,675)	(858,157)
Net turnover	6,404,974	6,006,313	12,467,224	12,158,446
Cost of sales	(4,090,088)	(4,172,094)	(8,053,075)	(8,394,533)
Gross profit	2,314,886	1,834,219	4,414,149	3,763,913
Selling and distribution costs	(1,183,115)	(1,068,289)	(2,268,556)	(2,040,557)
Administrative expenses	(75,113)	(68,482)	(146,916)	(129,375)
Other expenses	(84,051)	(51,695)	(158,267)	(126,573)
Other income	63,527	31,286	114,238	109,666
Profit from operations	1,036,134	677,039	1,954,648	1,577,074
Finance cost and bank charges	(6,140)	(5,206)	(11,334)	(9,970)
Profit before taxation	1,029,994	671,833	1,943,314	1,567,104
Taxation				
- Current - for the period	341,868	220,798	638,368	500,798
- for prior year	(11,263)	(3,857)	(11,263)	(3,857)
- Deferred	330,605	216,941	627,105	496,941
	17,158	(23,453)	(17,799)	(20,806)
	(347,763)	(193,488)	(609,306)	(476,135)
Profit after taxation	682,231	478,345	1,334,008	1,090,969
<b>Other comprehensive income for the period - net of tax</b>				
Items that may be reclassified subsequently to profit and loss				
Surplus on investments categorised as 'available for sale'	33,876	34,160	81,451	30,005
Impact of deferred tax	(6,270)	(5,047)	(12,217)	(4,528)
	27,606	29,113	69,234	25,477
<b>Total comprehensive income for the period</b>	<b>709,837</b>	<b>507,458</b>	<b>1,403,242</b>	<b>1,116,446</b>
Earnings per share (Rupees)	12 14.23	9.97	27.82	22.75

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
Zulfiqar Ali Lakhani  
Chief Executive

  
Tasleemuddin Ahmed Batlay  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY** (Unaudited - Note 2)  
For the Six months period ended December 31, 2015

	Issued, subscribed and paid up share capital	Capital reserve-share premium	Revenue reserves		Sub Total-reserves	Remeasurement on post retirement benefits obligation- net of tax	Surplus on revaluation of investments-net of tax	Total Equity
			General reserve	Unappropriated profit				
(Rupees in '000)								
<b>Balance as at July 1, 2014</b>	479,549	13,456	5,525,000	1,695,098	7,233,554	(43,623)	75,754	7,745,234
<b>Comprehensive income for the period</b>								
Profit after taxation for the six months period ended December 31, 2014	-	-	-	1,090,969	1,090,969	-	-	1,090,969
Other comprehensive income	-	-	-	-	-	-	25,477	25,477
<b>Total comprehensive income for the period ended</b>	-	-	-	1,090,969	1,090,969	-	25,477	1,116,446
Transfer to general reserve	-	-	878,000	(878,000)	-	-	-	-
<b>Transaction with owners</b>								
Final dividend for the year ended June 30, 2014 (Rs. 17.00 per share)	-	-	-	(815,234)	(815,234)	-	-	(815,234)
<b>Balance as at December 31, 2014</b>	<u>479,549</u>	<u>13,456</u>	<u>6,403,000</u>	<u>1,092,833</u>	<u>7,509,289</u>	<u>(43,623)</u>	<u>101,231</u>	<u>8,046,446</u>
<b>Balance as at July 1, 2015</b>	479,549	13,456	6,403,000	2,224,032	8,640,488	(67,469)	1,048	9,053,616
<b>Comprehensive income for the period</b>								
Profit after taxation for the six months period ended December 31, 2015	-	-	-	1,334,008	1,334,008	-	-	1,334,008
Other comprehensive income	-	-	-	-	-	-	69,234	69,234
<b>Total comprehensive income for the period ended</b>	-	-	-	1,334,008	1,334,008	-	69,234	1,403,242
Transfer to general reserve	-	-	1,025,000	(1,025,000)	-	-	-	-
<b>Transaction with owners</b>								
Final dividend for the year ended June 30, 2015 (Rs. 25.00 per share)	-	-	-	(1,198,873)	(1,198,873)	-	-	(1,198,873)
<b>Balance as at December 31, 2015</b>	<u>479,549</u>	<u>13,456</u>	<u>7,428,000</u>	<u>1,334,167</u>	<u>8,775,623</u>	<u>(67,469)</u>	<u>70,282</u>	<u>9,257,985</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
**Zulfiqar Ali Lakhani**  
Chief Executive

  
**Tasleemuddin Ahmed Batlay**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT** (Unaudited - Note 2)  
For the Six months period ended December 31, 2015

	Note	Six months period ended December 31, 2015	Six months period ended December 31, 2014
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	2,675,731	1,448,283
Staff retirement gratuity paid		(22,870)	(16,941)
Finance cost and bank charges paid		(11,334)	(9,970)
Taxes paid		(143,485)	(546,489)
Long term loans		(8,619)	(4,607)
Long term security deposits (assets)		(620)	320
Long term deposits (liabilities)		7,381	(106)
Net cash inflow from operating activities		2,496,184	870,490
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(160,655)	(176,505)
Purchase of intangibles		(4,008)	-
Proceeds from disposal of property, plant and equipment		34,451	9,611
Profit received on savings accounts		32,676	30,620
Short term investments made during the period		(3,741,021)	(900,000)
Disposal / redemption of short term investments		2,368,123	1,110,366
Net cash (outflow) / inflow from investing activities		(1,470,434)	74,092
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Dividend paid		(1,195,985)	(813,186)
Net (decrease) / increase in cash and cash equivalents		(170,235)	131,396
Cash and cash equivalents at the beginning of the period		1,736,419	853,956
Cash and cash equivalents at the end of the period	14	1,566,184	985,352

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
**Zulfiqar Ali Lakhani**  
Chief Executive

  
**Tasleemuddin Ahmed Batlay**  
Director

## **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS** (Unaudited - Note 2) For the Six months period ended December 31, 2015

### **1. THE COMPANY AND ITS OPERATIONS**

Colgate-Palmolive (Pakistan) Limited (the Company) was initially incorporated in Pakistan on December 5, 1977 as a public limited company with the name of National Detergents Limited. The name of the Company was changed to Colgate-Palmolive (Pakistan) Limited on March 28, 1990 when the Company entered into a Participation Agreement with Colgate-Palmolive Company, USA. The Company is listed on the Karachi and Lahore Stock Exchanges, with effect from January 11, 2016 both merged into Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi.

The Company is mainly engaged in the manufacture and sale of detergents, personal care and other related products.

### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

- 2.1 These condensed interim financial statements of the Company for the six months period ended December 31, 2015 have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. These interim financial statements should be read in conjunction with the financial statements for the year ended June 30, 2015 as they provide an update of previously reported information.
- 2.2 These condensed interim financial statements comprise of the condensed interim balance sheet as at December 31, 2015 and the condensed interim profit and loss account, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the six months period then ended which have been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2015 which has neither been reviewed nor audited.
- 2.3 The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2015 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2015 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes thereto for the six months period ended December 31, 2014 have been extracted from the condensed interim financial statements of the Company for the six months period then ended, which were subjected to a review but not audited. The comparative condensed interim profit and loss account for the quarter ended December 31, 2014 included in these condensed interim financial statements was neither subjected to a review nor audited.
- 2.4 **New standards, amendments to approved accounting standards and new interpretations which became effective during the six months period ended December 31, 2015:**

There were certain new standards, amendments to the approved accounting standards and a new interpretation issued by the IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee) which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

**2.5 New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Company:**

There are certain amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2015, but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.6 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30, 2015.

**3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

Note	December 31, 2015 (unaudited)	June 30, 2015 (audited)
	(Rupees in '000)	

**4. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets (at net book value)	4.1 to 4.5	2,659,650	2,846,001
Capital work-in-progress (at cost)	4.6	157,175	89,588
		2,816,825	2,935,589

**Six months  
period ended  
December 31,  
2015**      Six months  
period ended  
December 31,  
2014  
(Rupees in '000)

**4.1 Additions - operating fixed assets (at cost)**

Factory building on leasehold land	3,101	6,701
Plant and machinery	27,991	132,218
Electric fittings and installation	1,020	5,305
Furniture and fixtures	656	1,333
Tools and equipment	5,180	10,151
Vehicles	36,733	66,420
Computers and accessories	10,111	11,331
Office equipment	8,276	7,938
	<u>93,068</u>	<u>241,397</u>

4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 0.868 million (December 31, 2014: Rs 102.166 million).

**4.2 Disposals - operating fixed assets (at net book value)**

Vehicles	11,187	6,927
Computers and accessories	71	80
Office equipment	213	3
Tools and equipment	104	-
	<u>11,575</u>	<u>7,010</u>

4.3 Depreciation charge for the period 267,782      254,023

4.4 Included in operating fixed assets are items having aggregate cost of Rs 38.265 million (June 30, 2015: Rs 38.265 million) held by third parties for manufacturing certain products of the Company. These operating fixed assets are free of lien and the Company has full right of repossession of these assets.

4.5 During the period, the Company has identified certain items of operating fixed assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Rs 1.919 million (December 31, 2014: Rs 0.985 million) and net book value of Rs 0.062 million (December 31, 2014: Rs 0.228 million) have been retired from active use and have been written off in these condensed interim financial statements.

	Note	Six months period ended December 31, 2015	Six months period ended December 31, 2014
(Rupees in '000)			
<b>4.6 Additions - Capital Work-in-Progress (at cost)</b>			
Factory building on leasehold land		5,490	14,175
Plant and machinery		56,577	11,310
Electric fittings and installation		3,507	1,289
Tools and equipment		1,454	27
Furniture and fixtures		1,167	750
Office equipment		260	385
Vehicles		-	9,338
		<u>68,455</u>	<u>37,274</u>
		<b>December 31, 2015 (unaudited)</b>	June 30, 2015 (audited)
(Rupees in '000)			
<b>5. STOCK IN TRADE</b>			
Raw and packing materials		1,433,006	1,764,188
Work-in-process		272,360	196,392
Finished goods - Manufactured		568,022	500,435
Finished goods - Trading		201,236	146,091
		<u>769,258</u>	<u>646,526</u>
		<u>2,474,624</u>	<u>2,607,106</u>
5.1	Stock in trade include raw and packing materials in transit aggregating Rs 469.843 million (June 30, 2015: Rs 441.491 million) and finished goods in transit aggregating Rs 52.397 million (June 30, 2015: Rs 3.888 million).		
<b>6. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		18,900	11,955
Prepayments		69,276	21,005
		<u>88,176</u>	<u>32,960</u>
<b>7. OTHER RECEIVABLES</b>			
Receivable from related parties	7.1	11,756	2,674
Sales tax claimable		5,998	6,187
Special excise duties claimable		8,720	8,720
Insurance claims receivable from an insurance company		341	502
Other		39	18
		<u>26,854</u>	<u>18,101</u>

7.1 Other receivables include the following amounts due from related parties:

	Note	December 31, 2015 (unaudited) (Rupees in '000)	June 30, 2015 (audited)
Clover Pakistan Limited		34	-
Tetley Clover (Private) Limited		-	2,674
Century Insurance Company Limited		287	-
Colgate-Palmolive (Pakistan) Limited - Employees gratuity fund		11,435	-
		<u>11,756</u>	<u>2,674</u>

## 8. SHORT TERM INVESTMENTS

Investments - Loans and receivables (term deposits)	8.1	800,000	800,000
Investments - Available for sale	8.2	3,791,515	2,301,198
		<u>4,591,515</u>	<u>3,101,198</u>

8.1 The range of rates of profit on these term deposits is between 7.15% and 7.50% per annum (June 30, 2015: 7.30% per annum) maturing in January 2016.

8.2 Name of the investees	As at July 01, 2015	Purchase during the period	Sales / Redemptions during the period	As at December 31, 2015	Average cost as at December 31, 2015	Fair Value as at December 31, 2015	Unrealised gain as at December 31, 2015
	Number of units				Rupees in '000		
Lakson Money Market Fund - a related party	7,990,364	-	-	7,990,364	800,000	822,477	22,477
Lakson Income Fund - a related party	7,934,926	2,886,836	(2,887,667)	7,934,095	808,865	837,568	28,703
Atlas Money Market Fund	1,389,744	-	(1,389,744)	-	-	-	-
Atlas Income Fund	-	1,325,833	-	1,325,833	700,000	703,500	3,500
ABL Government Securities Fund	-	68,838,205	-	68,838,205	700,000	719,339	19,339
UBL Government Securities Fund	-	6,339,049	-	6,339,049	700,000	708,631	8,631
	<u>17,315,034</u>	<u>79,389,923</u>	<u>(4,277,411)</u>	<u>92,427,546</u>	<u>3,708,865</u>	<u>3,791,515</u>	<u>82,650</u>

## 9. SHARE CAPITAL

### 9.1 Authorised share capital

December 31, 2015 (unaudited)	June 30, 2015 (audited)		December 31, 2015 (unaudited)	June 30, 2015 (audited)
(Number of shares)			(Rupees in '000)	
<u>75,000,000</u>	<u>75,000,000</u>		<u>750,000</u>	<u>750,000</u>

### 9.2 Issued, subscribed and paid-up share capital

December 31, 2015 (unaudited)	June 30, 2015 (audited)		December 31, 2015 (unaudited)	June 30, 2015 (audited)
(Number of shares)			(Rupees in '000)	
5,882,353	5,882,353	Ordinary shares of Rs. 10 each fully paid in cash	58,824	58,824
42,072,576	42,072,576	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	420,725	420,725
<u>47,954,929</u>	<u>47,954,929</u>		<u>479,549</u>	<u>479,549</u>

Note  
December 31,  
2015  
(unaudited)  
(Rupees in '000)

June 30,  
2015  
(audited)

## 10. TRADE AND OTHER PAYABLES

Trade creditors	10.1	484,158	517,478
Accrued liabilities	10.2	1,000,309	872,908
Bills payable		353,041	215,479
Advances from distributors		73,501	43,184
Sales tax payable		150,593	27,068
Royalty payable to an associated undertaking		86,620	125,429
Workers' profits participation fund		104,520	175,827
Workers' welfare fund		42,560	66,814
Retention money payable		3,173	3,173
Unclaimed dividend		7,538	4,650
Others	10.3	27,176	27,414
		<u>2,333,189</u>	<u>2,079,424</u>



- 10.1 This includes Rs 39.452 million (June 30, 2015: Rs 35.485 million) payable to related parties.
- 10.2 This includes Rs 25.648 million (June 30, 2015: Rs 32.301 million) payable to related parties.
- 10.3 This includes Rs 0.756 million (June 30, 2015: Rs 1.004 million) payable to related parties.

## **11. CONTINGENCIES AND COMMITMENTS**

### **11.1 Contingencies**

- 11.1.1 As stated in note 23.1.3 of the financial statements for the year ended June 30, 2015, the Company's petition relating to Gas Infrastructure Development Cess is pending before the Sindh High Court. The amount of cess if determined to be payable by the Company with retrospective effect shall aggregate Rs 48.084 million. However, the Company based on the advice of its legal counsel, is confident of a favorable outcome of the aforementioned pending petition and, therefore, has not accounted for the amount of Rs 48.084 million in these condensed interim financial statements.
- 11.1.2 During the current period, the Company received a letter dated December 21, 2015 from the Directorate of Input Output Co-efficient Organisation, Federal Board of Revenue stating that the conditions for claiming the exemption on import of a raw material during the year ended June 30, 2015 under SRO 565(1) / 2006 (SRO) were not fulfilled and sought an explanation from the Company as to why Custom Duty of Rs 560.964 million, Sales Tax of Rs 93.971 million and Income Tax of Rs 8.237 million remitted under SRO may not be recovered from the Company. The Company fulfilled all conditions under the SRO and shall submit a reply to the aforementioned letter in due course. The management of the Company, based on its discussion with the tax consultants, is confident that its submissions shall be accepted and no demand will be raised against the Company.
- 11.1.3 Cases have been filed against the Company by some employees claiming Rs 1.384 million (June 30 2015: Rs 0.784 million) in aggregate. Provision has not been made in these financial statements for the said amount as the management of the Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Company's favour.
- 11.1.4 Post dated cheques have been issued to custom authorities in respect of duties and taxes amounting to Rs 134.420 million (June 30 2015: Rs 188.456 million) as security and in the event that the imported goods are not consumed within the prescribed time period and the certificate of the same is not provided to the collector of customs, cheques issued as security shall be encashable.

11.1.5 Contingent liabilities in respect of indemnities given to financial institutions for guarantees issued by them on behalf of the Company in the normal course of business aggregate Rs 32.931 million (June 30, 2015: Rs 32.931 million).

## 11.2 Commitments

11.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 90.372 million and Rs 258.168 respectively (June 30, 2015: Rs 4.826 million and Rs 359.828 respectively).

11.2.2 Outstanding letters of credit amount to Rs 440.125 million (June 30, 2015: Rs 350.492 million).

11.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 10.961 million (June 30, 2015: Rs 10.849 million).

## 12. EARNINGS PER SHARE

	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Six months period ended December 31, 2015	Six months period ended December 31, 2014
	(Rupees in '000)			
Profit after taxation	682,231	478,345	1,334,008	1,090,969
	(Number of shares)			
Weighted average number of ordinary shares outstanding during the period	47,954,929	47,954,929	47,954,929	47,954,929
	(Rupees)			
Earnings per share	14.23	9.97	27.82	22.75

12.1 There were no dilutive potential ordinary shares outstanding as at December 31, 2015 or 2014.

	Note	Six months period ended December 31, 2015 (Rupees in '000)	Six months period ended December 31, 2014
<b>13. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,943,314	1,567,104
Adjustment for non-cash and other items:			
Depreciation and amortisation expense		270,462	255,477
Gain on disposal of items of operating fixed assets		(22,876)	(2,601)
Expense for staff retirement gratuity		11,435	8,470
Operating fixed assets written off	4.5	62	228
Profit on savings accounts		(33,232)	(30,613)
Profit on treasury bills		(9,078)	-
Gain on redemption of short term investments		(26,890)	(54,491)
Finance cost and bank charges		11,334	9,970
Stock in trade written off		8,351	7,390
Liabilities no longer payable written back		-	(52)
Advances to an employee written off		61	-
Working capital changes	13.1	522,788	(312,599)
		<u>2,675,731</u>	<u>1,448,283</u>
<b>13.1 Working capital changes</b>			
Decrease / (increase) in current assets:			
Stores and spares		(9,190)	(21,960)
Stock in trade		124,131	(704,139)
Trade debts		218,355	225,970
Loans and advances		(8,851)	18,245
Trade deposits and short term prepayments		(55,216)	(55,686)
Other receivables		2,682	4,341
		<u>271,911</u>	<u>(533,229)</u>
Increase in current liabilities:			
Trade and other payables		250,877	220,630
		<u>522,788</u>	<u>(312,599)</u>
<b>14. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		766,184	985,352
Short term investments	8	800,000	-
		<u>1,566,184</u>	<u>985,352</u>

## 15. RELATED PARTIES DISCLOSURES

### 15.1 Disclosure of transactions between the Company and related parties

The related parties comprise associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

<b>Nature of Transactions</b>	<b>Relationship with the Company</b>	<b>Six months period ended December 31, 2015</b>	<b>Six months period ended December 31, 2014</b>
(Rupees in '000)			
Sale of goods, services provided and reimbursement of expenses	Associates	4,776	14,467
Purchase of goods, services received and reimbursement of expenses	Associates	827,965	888,212
Purchase of short term investments	Associates	300,000	300,000
Sale proceeds on redemption of short term investments	Associates	300,000	450,000
Profit on short term investments	Associates	8,865	28,037
Rent, allied and other charges	Associates	16,525	13,817
Royalty charges	Associates	59,510	54,082
Insurance claims received	Associates	3,765	11,071
Insurance commission income	Associates	9,210	13,734
Purchase of property, plant and equipment	Associates	3,771	-
Sale of property, plant and equipment	Associates	-	4
Contribution to staff retirement benefits	Employees funds	26,860	21,996
Key management personnel compensation paid	Key management personnel	30,318	28,211
Donations	Associate	9,000	9,000
Dividend paid	Associates	1,054,371	716,973
<b>Nature of balances</b>	<b>Relationship with the Company</b>	<b>December 31, 2015 (unaudited)</b>	<b>June 30, 2015 (audited)</b>
(Rupees in '000)			
Trade debts	Associates	4,216	4,054
Loans and advances	Associates	300	25,496
Other receivables	Associates		Refer note 7.1
Short term investments	Associates	1,660,045	1,601,198
Trade and other payables	Associates		Refer note 10

**16. ENTITY-WIDE INFORMATION**

16.1 The Company constitutes of a single reportable segment, the principal classes of which are Personal Care, Home Care and others.

16.2 Information about products

The Company's principal classes of products accounted for the following percentages of sales:

	<b>Six months period ended December 31, 2015</b>	Six months period ended December 31, 2014
Personal Care	23%	22%
Home Care	74%	74%
Others	3%	4%
	<u>100%</u>	<u>100%</u>

16.3 Information about geographical areas

The Company does not hold non-current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are not material.

16.4 Information about major customers

The Company does not have transactions with any external customer which amount to 10 percent or more of the Company's revenues.

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on January 28, 2016 by the Board of Directors of the Company.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director



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