HALF YEARLY REPORT

JULY - DECEMBER 2019

COLGATE-PALMOLIVE (PAKISTAN) LTD.

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COLGATE-PALMOLIVE (PAKISTAN) LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Aliya Saeeda Khan	
Peter John Graylin	
Mukul Vinayak Deoras	
Zulfiqar Ali Lakhani	Chief Executive

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

Aliya Saeeda Khan	Chairperson
Iqbal Ali Lakhani	
Amin Mohammed Lakhani	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Aliya Saeeda Khan	Chairperson
Iqbal Ali Lakhani	
Zulfiqar Ali Lakhani	

COMPANY SECRETARY

Mansoor Ahmed

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

INTERNAL AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

SHARES REGISTRAR

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

REGISTERED OFFICE

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

FACTORIES

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

217, Sundar Industrial Estate,
Raiwind Road, Lahore

WEBSITE

www.colgate.com.pk

DIRECTORS' REVIEW

The directors of your Company are pleased to present un-audited condensed financial statements of the Company for the six months period ended December 31, 2019.

Financial Position at a Glance

A brief financial analysis of the Company for the period is summarized below:

Operating Results	July- December 2019	July- December 2018	Increase/ (Decrease)
	Amount in PKR million		
Turnover	**27,355**	22,948	19.20%
Net Turnover	**20,593**	17,362	18.61%
Gross Profit	**5,864**	5,058	15.94%
Gross Profit %	**28.48%**	29.13%	(65 bps)
Selling & Distribution Costs	**2,654**	2,486	6.76%
Administrative Expenses	**285**	241	18.26%
Operating Profit	**3,184**	2,403	32.50%
Profit After Tax	**2,300**	1,704	34.98%
Earnings Per Share - Rupees	**39.97**	29.61	34.98%

Financial Performance Highlights

Net turnover of the Company grew by 18.61% backed by volume gains and price adjustments across all categories. The pressure on gross margin continued as the prices of key inputs including energy increased during the period under review.

Selling and distribution costs were up by 6.76% primarily due to increase in freight costs. Administrative expenses increased by 18.26% on account of employee related costs and depreciation.

Business Performance Highlights

The requirement of collecting retailer CNICs and also to print CNIC number on invoices proved to be a challenge for sales and distribution efforts.

Oral Care continued its market leadership with increasing focus around consumption building of toothpaste.

In Personal Care, consistent marketing support coupled with an increased focus on distribution helped drive growth and market. Palmolive shampoo also contributed towards growth.

Fabric Care category remained competitive with key players focusing on gaining market share. Industry spend on media and promotion increased despite margin pressure caused by an increase in raw material cost. Unorganized sector continued to grow due to price and higher trade margins in both fabric and dish washing products.

Future Outlook

Inflation has been on the rise despite recent stability in exchange rates, putting pressure on disposable income. This has intensified competition, especially in detergents and dish washing bars, as the regional players are growing disproportionately by leveraging their cost advantage due to their operating in the unorganised sector.

The Company is committed to taking on these challenges and delivering profitable growth by bringing products which provide a better value proposition to its consumers.

Acknowledgement

We would like to extend our sincere gratitude to our customers for their trust in our brands. We are thankful to our bankers, shareholders and suppliers for their continued support. We also appreciate our employees for their relentless dedication and immense contribution to the Company.

On behalf of Board of Directors

IQBAL ALI LAKHANI
Chairman

ZULFIQAR ALI LAKHANI
Chief Executive

Karachi : January 29, 2020

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2019 کو اختتام پذیر ہونے والی ششماہی کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی صورتحال ایک نظر میں

اس ششماہی کے لئے کمپنی کا مختصر مالیاتی جائزہ ذیل کے مطابق ہے:

کاروباری نتائج	جولائی - دسمبر 2019	جولائی - دسمبر 2018	اضافہ / (کمی)
	(روپے ملین میں)		
مجموعی آمدنی	**27,355**	22,948	19.20%
خالص آمدنی	**20,593**	17,362	18.61%
مجموعی منافع	**5,864**	5,058	15.94%
مجموعی منافع %	**28.48%**	29.13%	(65 بنیادی پوائنٹس)
فروخت اور ترسیل کے اخراجات	**2,654**	2,486	6.76%
انتظامی اخراجات	**285**	241	18.26%
آپریشنز سے منافع	**3,184**	2,403	32.50%
بعد از ٹیکس منافع	**2,300**	1,704	34.98%
فی شیئر آمدنی (روپے)	**39.97**	29.61	34.98%

مالیاتی کارکردگی کی جھلکیاں

تمام کیٹیگریز کے حجم میں اضافے اور قیمتوں میں ردوبدل کے باعث کمپنی کی خالص آمدنی میں 18.61 فی صد اضافہ ہوا۔ زیر جائزہ مدت کے دوران کلیدی اجزاء بشمول بجلی کی قیمتوں میں اضافے سے مجموعی نفع پر دباؤ کا سلسلہ جاری رہا۔

زیر جائزہ مدت کے دوران کمپنی کے فروخت اور ترسیل کے اخراجات میں 6.76 فی صد اضافہ ہوا جس کی بنیادی وجہ مال برداری کی لاگت میں اضافہ ہے۔ انتظامی اخراجات میں 18.26 فی صد اضافہ ہوا جس کی بنیادی وجہ ملازمین اور ڈیپریسیئشن سے متعلق اخراجات ہیں۔

کاروباری کارکردگی کی جھلکیاں

ریٹیلرز سے CNICs کی وصولی اور انوائسز پر CNIC نمبر پرنٹ کرنے کی شرط، فروخت اور ڈسٹری بیوشن کی کاوشوں کے لئے بڑا چیلنج ثابت ہوئی۔

ٹوتھ پیسٹ کی کھپت میں اضافے پر توجہ مرکوز کرتے ہوئے اورل کیئر نے مارکیٹ میں اپنا قائدانہ مقام برقرار رکھا۔

پرسنل کیئر میں ڈسٹری بیوشن پر اضافی توجہ کے ساتھ لگاتار مارکیٹنگ سپورٹ سے نمو اور مارکیٹ کو توسیع دینے میں مدد ملی۔ پامولیو شیمپو نے بھی نمو میں اپنا کردار ادا کیا۔

فیبرک کیئر میں مسابقت کی فضا برقرار رہی جہاں اہم فریقین نے مارکیٹ شیئر حاصل کرنے پر توجہ مبذول رکھی۔ خام مال کی لاگت میں اضافے کے نتیجے میں مجموعی نفع پر پڑنے والے دباؤ کے باوجود انڈسٹری کی طرف سے میڈیا اور پروموشن کے مصارف کا سلسلہ جاری رکھا گیا۔ فیبرک اور ڈش واشنگ پروڈکٹس میں قیمت اور زیادہ ٹریڈ مارجن کی وجہ سے غیر منظّم شعبے ترقی پذیر رہے۔

مستقبل کی توقعات

شرح مبادلہ میں حالیہ استحکام کے باوجود افراطِ زر میں اضافے کا سلسلہ مسلسل جاری رہا۔ جس کی وجہ سے قابلِ تصرف آمدنی دباؤ میں رہی اور مسابقت میں مزید شدت دیکھنے میں آئی بالخصوص ڈٹرجنٹس اور برتن دھونے والے صابن کی کیٹیگری میں جہاں دیگر علاقائی صنعتکاروں نے اپنی کم لاگت کا فائدہ اٹھاتے ہوئے، جو انھیں غیر منظّم شعبے میں ہونے کی وجہ سے حاصل ہے، غیر متناسب نمو حاصل کی۔

کمپنی ان چیلنجوں کا مقابلہ کرنے اور صارفین کے لئے بہتر قدر پیش کرنے والی پروڈکٹس لانے کے ذریعے منافع بخش نمو حاصل کرنے کے لیے پُرعزم ہے۔

اظہارِ تشکر

ہم اپنے کسٹمرز کے انتہائی مشکور ہیں کہ انھوں نے ہمارے برانڈز پر اپنا اعتماد برقرار رکھا۔ ہم اپنے بینکرز، شیئر ہولڈرز اور سپلائرز کی مسلسل معاونت پر انکے شکر گزار ہیں۔ ہم اپنے ملازمین کی انتھک لگن اور قابل قدر کردار کی تعریف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

اقبال علی لاکھانی
چیئرمین

ذوالفقار علی لاکھانی
چیف ایگزیکٹیو

کراچی: 29 جنوری، 2020

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF COLGATE-PALMOLIVE (PAKISTAN) LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Colgate-Palmolive (Pakistan) Limited as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2019.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Syed Fahim ul Hasan.

A.F. Ferguson & Co.,
Chartered Accountants
Karachi:
February 17, 2020

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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■KARACHI ■LAHORE ■ISLAMABAD

COLGATE-PALMOLIVE (PAKISTAN) LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Unaudited)

As at December 31, 2019

	Note	December 31, 2019 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**4,754,840**	4,168,568
Intangible assets		**13,458**	14,435
Long term loans		**42,157**	41,730
Long term security deposits		**19,199**	19,045
		4,829,654	4,243,778
CURRENT ASSETS			
Stores and spares		**330,874**	267,753
Stock in trade	5	**5,228,992**	4,974,814
Trade debts - considered good		**742,546**	749,550
Loans and advances - considered good		**333,670**	404,795
Trade deposits and short term prepayments		**105,271**	56,962
Other receivables		**216,725**	204,730
Accrued profit		**25,786**	14,167
Taxation		**1,146,133**	1,317,968
Short term investments	6	**6,811,020**	5,546,618
Cash and bank balances		**1,332,457**	1,214,300
		16,273,474	14,751,657
TOTAL ASSETS		**21,103,128**	18,995,435
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		**750,000**	750,000
Issued, subscribed and paid-up share capital		**575,459**	575,459
Reserves		**15,594,133**	14,444,822
Remeasurement on post retirement benefits obligation		**(147,819)**	(147,819)
Defecit on revaluation of investments		**(77)**	(4,217)
		16,021,696	14,868,245
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		**181,557**	164,709
Long term deposits		**105,171**	86,304
Lease liabilities		**322,518**	-
		609,246	251,013
CURRENT LIABILITIES			
Trade and other payables	7	**4,422,729**	3,854,046
Current maturity of lease liabilities		**29,784**	-
Unclaimed dividend		**19,673**	22,131
		4,472,186	3,876,177
TOTAL LIABILITIES		**5,081,432**	4,127,190
TOTAL EQUITY AND LIABILITIES		**21,103,128**	18,995,435
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Mirza Rehan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

For the Six months period ended December 31, 2019

	Note	**Quarter ended December 31, 2019**	Quarter ended December 31, 2018	**Six months period ended December 31, 2019**	Six months period ended December 31, 2018
		(Rupees in '000)			
Turnover		**13,848,187**	11,723,539	**27,354,649**	22,948,218
Sales tax		**(2,198,320)**	(1,860,645)	**(4,340,862)**	(3,641,921)
Trade and other discounts		**(1,266,350)**	(985,376)	**(2,420,792)**	(1,944,734)
Net turnover		**10,383,517**	8,877,518	**20,592,995**	17,361,563
Cost of sales		**(7,489,619)**	(6,364,342)	**(14,729,344)**	(12,303,294)
Gross profit		**2,893,898**	2,513,176	**5,863,651**	5,058,269
Selling and distribution cost		**(1,340,852)**	(1,216,571)	**(2,653,906)**	(2,485,618)
Administrative expenses		**(148,730)**	(117,183)	**(284,528)**	(241,427)
Other expenses		**(128,125)**	(108,274)	**(257,129)**	(209,729)
Other income		**276,907**	160,992	**515,731**	281,761
Profit from operations		**1,553,098**	1,232,140	**3,183,819**	2,403,256
Finance cost and bank charges		**(24,754)**	(9,620)	**(47,342)**	(18,429)
Profit before taxation		**1,528,344**	1,222,520	**3,136,477**	2,384,827
Taxation					
- Current - for the period		**(433,850)**	(258,525)	**(913,850)**	(645,631)
- for prior year		**92,307**	5,176	**92,307**	5,176
		(341,543)	(253,349)	**(821,543)**	(640,455)
- Deferred		**(37,331)**	(65,906)	**(14,705)**	(40,451)
		(378,874)	(319,255)	**(836,248)**	(680,906)
Profit after taxation		**1,149,470**	903,265	**2,300,229**	1,703,921
Other comprehensive income / (loss) for the period - net of tax					
Items that may be reclassified subsequently to profit or loss					
Surplus / (deficit) on investments categorised as 'fair value through other comprehensive income' - net		**934**	(2,361)	**6,283**	(9,250)
Impact of tax		**(806)**	574	**(2,143)**	2,296
		128	(1,787)	**4,140**	(6,954)
Total comprehensive income for the period		**1,149,598**	901,478	**2,304,369**	1,696,967
		(Rupees)			
Earnings per share - basic and dilutive	9	**19.97**	15.70	**39.97**	29.61

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Mirza Rehan Ahmed
Chief Financial Officer

COLGATE-PALMOLIVE (PAKISTAN) LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the Six months period ended December 31, 2019

	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	Deficit on revaluation of investments-net of tax	Total Equity
			General reserve	Unappropriated profit				
	(Rupees in '000)							
Balance as at July 1, 2018	479,549	13,456	10,386,000	2,539,080	12,938,536	(112,888)	(944)	13,304,253
Comprehensive income for the period								
Profit after taxation for the six months period ended December 31, 2018	-	-	-	1,703,921	1,703,921	-	-	1,703,921
Other comprehensive income	-	-	-	-	-	-	(6,954)	(6,954)
Total comprehensive income for the period ended December 31, 2018	-	-	-	1,703,921	1,703,921	-	(6,954)	1,696,967
Transfer to general reserve	-	-	1,483,000	(1,483,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2018 @ Rs 20 per share	-	-	-	(959,099)	(959,099)	-	-	(959,099)
Bonus shares issued at the rate of one share for every five shares held	95,910	-	-	(95,910)	(95,910)	-	-	-
Balance as at December 31, 2018	575,459	13,456	11,869,000	1,704,992	13,587,448	(112,888)	(7,898)	14,042,121
Balance as at July 01, 2019	575,459	13,456	11,869,000	2,562,366	14,444,822	(147,819)	(4,217)	14,868,245
Comprehensive income for the period								
Profit after taxation for the six months period ended December 31, 2019	-	-	-	2,300,229	2,300,229	-	-	2,300,229
Other comprehensive income	-	-	-	-	-	-	4,140	4,140
Total comprehensive income for the period ended December 31, 2019	-	-	-	2,300,229	2,300,229	-	4,140	2,304,369
Transfer to general reserve	-	-	1,411,000	(1,411,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2019 @ Rs 20 per share	-	-	-	(1,150,918)	(1,150,918)	-	-	(1,150,918)
Balance as at December 31, 2019	**575,459**	**13,456**	**13,280,000**	**2,300,677**	**15,594,133**	**(147,819)**	**(77)**	**16,021,696**

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Mirza Rehan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)

For the Six months period ended December 31, 2019

	Note	**Six months period ended December 31, 2019**	Six months period ended December 31, 2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	**3,675,922**	2,403,973
Finance cost and bank charges paid		**(20,564)**	(18,429)
Taxes paid		**(649,708)**	(1,254,866)
Gratuity paid		**(90,112)**	(17,758)
Long term loans		**(427)**	(5,652)
Long term security deposits (assets)		**(154)**	(1,684)
Long term deposits (liabilities)		**18,867**	(2,823)
Net cash generated from operating activities		**2,933,824**	1,102,761
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(648,174)**	(622,854)
Purchase of intangible assets		**(5,697)**	(1,630)
Proceeds from disposal of property, plant and equipment		**41,222**	24,561
Profit received on savings accounts and Term Deposit Receipts		**93,307**	59,492
Profit received on Treasury Bills		**89,717**	79,298
Profit received on Pakistan Investment Bonds		**19,762**	12,062
Profit received on Sukuk Bonds		**3,096**	2,010
Short term investments made during the period		**(12,046,707)**	(2,350,000)
Disposal / redemption of short term investments		**12,507,385**	950,287
Net cash generated from / (used in) investing activities		**53,911**	(1,846,774)
CASH FLOWS FROM FINANCING ACTIVITY			
Payment of lease liabilities		**(29,202)**	-
Dividend paid		**(1,153,376)**	(954,000)
Net cash used in financing activities		**(1,182,578)**	(954,000)
Net increase / (decrease) in cash and cash equivalents		**1,805,157**	(1,698,013)
Cash and cash equivalents at beginning of the period		**2,557,300**	4,291,039
Cash and cash equivalents at end of the period	11	**4,362,457**	2,593,026

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Mirza Rehan Ahmed
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the Six months period ended December 31, 2019

1. THE COMPANY AND ITS OPERATIONS

Colgate-Palmolive (Pakistan) Limited (the Company) was 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 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 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2019.

2.3 These condensed interim financial statements comprise of condensed interim statement of financial position as at December 31, 2019, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows 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 condensed statement of interim profit or loss and other comprehensive income for the quarter ended December 31, 2019 which has neither been reviewed nor audited.

2.4 The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019 whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes thereto for the six months period ended December 31, 2018 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 statement of interim profit or loss and other comprehensive income for the quarter ended December 31, 2019 included in these condensed interim financial statements was neither subjected to a review nor audited.

2.5 Changes in accounting standards, interpretations and amendments to published approved accounting standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 'Leases' - replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' , SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The Company applied IFRS 16 using simplified approach and recognised right of use assets and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease'. Right of use assets amounting to Rs 354.574 million were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019. Corresponding lease liabilities amounting to Rs 354.726 million were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 01, 2019. Consequently, depreciation charge on Right of use assets and financial charges on lease liabilities amounting to Rs 22.614 million and Rs 26.777 million respectively have been recognised in the condensed interim statement of profit or loss and other comprehensive income. The weighted average incremental borrowing rate applied to the lease liabilities was 15.60% per annum. Right of use assets and corresponding liabilities are not recognized in respect of leases having remaining lease term of 12 months or less as of July 01, 2019.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

There are certain new standards, interpretations and amendments to approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

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, 2019 except for those specified in note 2.5.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting 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, 2019.

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, 2019.

	Note	**December 31, 2019 (unaudited)**	June 30, 2019 (audited)
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets (at net book value)	4.1 to 4.5	**3,459,121**	3,389,732
Capital work-in-progress (at cost)	4.6	**963,759**	778,836
Right of use assets		**331,960**	-
		4,754,840	4,168,568

	Six months period ended December 31, 2019	Six months period ended December 31, 2018
4.1 **Additions - operating fixed assets (at cost)**		
Leasehold land	**88,784**	-
Factory building on leasehold land	**105,693**	81,702
Plant and machinery	**92,561**	623,313
Electric fittings and installation	**5,022**	54,666
Furniture and fixtures	**4,323**	7,595
Tools and equipment	**16,256**	23,377
Vehicles	**120,840**	62,849
Computers and accessories	**23,883**	8,181
Office equipment	**5,889**	7,781
	463,251	869,464

4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 237.167 million (December 31, 2018: Rs 722.280 million).

		Six months period ended December 31, 2019	Six months period ended December 31, 2018
		(Rupees in '000)	
4.2	**Disposals - operating fixed assets (at net book value)**		
	Factory building on leasehold land	**-**	77
	Plant and Machinery	**14,246**	1,148
	Vehicles	**9,187**	10,353
	Electric fittings and installation	**-**	2,496
	Furniture and fixtures	**-**	234
	Computers and accessories	**-**	63
	Office equipment	**25**	47
	Tools and equipment	**-**	1,040
		23,458	15,458
4.3	Depreciation charge for the period	**387,448**	375,606

4.4 Included in operating fixed assets are items having aggregate cost of Rs 28.949 million (June 30, 2019: Rs 28.949 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 77.942 million (December 31, 2018: Rs 4.803 million) and net book value of Rs 5.570 million (December 31, 2018: Rs 0.039 million) have been retired from active use and have been written off in these condensed interim financial statements.

4.6 Additions - capital work-in-progress (at cost)

Factory building on leasehold land	**251,622**	146,333
Plant and machinery	**146,588**	225,230
Vehicles	**12,114**	10,185
Electric fittings and installation	**3,049**	56,184
Tools and equipment	**2,401**	9,190
Furniture and fixtures	**4,587**	2,804
Office equipment	**88**	25,282
Computer and accessories	**1,640**	462
	422,089	475,670

	Note	December 31, 2019 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	

5. STOCK IN TRADE

Raw and packing materials	**3,245,174**	3,330,768
Work-in-process	**463,991**	478,627
Finished goods - Manufacturing	**1,315,974**	989,617
Finished goods - Trading	**203,853**	175,802
	1,519,827	1,165,419
	5,228,992	4,974,814

5.1 Stock in trade include raw and packing materials in transit aggregating Rs 1,557.794 million (June 30, 2019: Rs 1,531.475 million) and finished goods in transit aggregating Rs 4.518 million (June 30, 2019: Rs 13.601 million).

6. SHORT TERM INVESTMENTS

Investments - Amortised cost	6.1	**3,047,347**	1,345,607
Investments - Fair value through OCI	6.2	**39,497**	383,115
Investments - Fair value through profit or loss	6.3	**3,724,176**	3,817,896
		6,811,020	5,546,618

6.1 The range of rates of profits on these term deposits is between 14.45% and 8.36% (June 30, 2019: 13.20% and 8.36%) per annum having maturity in January and November 2020.

6.2 These include Sukuk Bonds having profit rate of 14.50% and maturity in November 2022.

6.3

Name of the investee	As at July 01, 2019	Purchase during the period	Sales / Redemptions during the period	As at December 31, 2019	Average cost as at December 31, 2019	Fair Value as at December 31, 2019	Unrealised Gain as at December 31, 2019
	(Number of units in '000)				(Rupees in '000)		
Lakson Money Market Fund (associated undertaking) managed by Lakson Investments Limited	24,523	1,179	(2,975)	22,727	2,279,840	2,287,356	7,516
Lakson Income Fund (asociated undertaking) managed by: Lakson Investments Limited	3,770	-	-	3,770	380,620	407,132	26,512
Atlas Money Market Fund managed by Atlas Asset Management Limited	1,712	92	-	1,804	906,596	909,085	2,489
NBP Money Market Fund (Formerly NAFA Money Market Fund) managed by NBP Funds Management Limited	11,585	614	-	12,199	120,371	120,603	232
	41,590	1,885	(2,975)	40,500	3,687,427	3,724,176	36,749

	Note	December 31, 2019 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
7. TRADE AND OTHER PAYABLES			
Trade creditors	7.1	**1,328,458**	802,825
Accrued liabilities	7.2	**1,520,839**	1,645,911
Bills payable		**706,995**	342,320
Advances from customers - unsecured	7.3	**126,194**	63,864
Sales tax payable		**209,156**	205,186
Royalty payable to Colgate-Palmolive Co., USA associated Company		**196,006**	271,522
Workers' profits participation fund		**168,339**	266,082
Workers' welfare fund		**64,400**	93,960
Staff retirement benefit		**26,428**	90,112
Retention money payable		**8,541**	7,514
Others	7.4	**67,373**	64,750
		4,422,729	3,854,046

7.1 These include Rs 58.963 million (June 30, 2019: Rs 74.845 million) payable to related parties.

7.2 These include Rs 48.305 million (June 30, 2019: Rs 51.665 million) accrued to related parties.

7.3 These include Rs 2.316 million (June 30, 2019: Rs 2.70 million) in relation to advance from a related party.

7.4 These include Rs 4.206 million (June 30, 2019: Rs 10.821 million) payable to related parties.

7.5 There has been no change in short-term borrowing facilities from various banks on mark-up basis from those that are mentioned in note 23.1 of the Company's financial statements for the year ended June 30, 2019.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Certain cases have been filed against the Company by some employees claiming Rs 1.316 million (June 30, 2019: Rs 2.380 million) in aggregate. Provision has not been made in these condensed interim 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 Company's favour.

8.1.2 In respect of the matter disclosed in note 24.1.4 to the Company's financial statements for the year ended June 30, 2019, Gas Infrastructure Development Cess (Amendment) Ordinance 2019 was promulgated during the period for

settlement of disputed matter, however, the same was subsequently recalled by the government with request to the Honorable Supreme Court of Pakistan (SCP) for settlement of the matter judicially.

The decision to be made by the SCP would impact all pending appeals in various High Courts, therefore, it invited intervener applications to join the proceedings. Accordingly, the Company has filed intervener application which is pending before the SCP.

The amount of cess if determined to be payable by the SCP with retrospective effect i.e. w.e.f 2011 shall aggregate to Rs 162.922 million (June 30, 2019: Rs 150.725 million) approximately, however the Company, based on the advice of its legal counsel, is confident of a favourable outcome of the aforementioned applications to the SCP and, therefore, has not provided for the amount of Rs 162.922 million in these financial statements.

8.1.3 There has been no material change in the status of contingencies disclosed in notes 24.1.2, 24.1.3, 24.1.5 and 24.1.6 to the Company's financial statements for the year ended June 30, 2019.

8.2 Commitments

8.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 279.648 million and Rs 919.687 million respectively (June 30, 2019: Rs 134.545 million and Rs 431.622 million respectively).

8.2.2 Outstanding letters of credit amount to Rs 1,293.353 million (June 30, 2019: Rs 1,146.456 million).

8.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 19.749 million (June 30, 2019: Rs 22.812 million).

9. EARNINGS PER SHARE - basic and diluted

	Quarter ended December 31, 2019	Quarter ended December 31, 2018	**Six months period ended December 31, 2019**	Six months period ended December 31, 2018
	(Rupees in '000)			
Profit after taxation	**1,149,470**	903,265	**2,300,229**	1,703,921
	(Number of shares)			
Weighted average number of ordinary shares outstanding at the end of the period	**57,545,915**	57,545,915	**57,545,915**	57,545,915
	(Rupees)			
Earnings per share	**19.97**	15.70	**39.97**	29.61

9.1 There were no dilutive potential ordinary shares outstanding as at December 31, 2019 and 2018.

	Note	Six months period ended December 31, 2019	Six months period ended December 31, 2018
		(Rupees in '000)	
10. CASH GENERATED FROM OPERATIONS			
Profit before taxation		**3,136,477**	2,384,827
Adjustment for non-cash and other items:			
Depreciation and amortisation expense		**394,122**	382,610
Gain on disposal of items of operating fixed assets		**(17,764)**	(9,103)
Staff retirement gratuity		**26,428**	17,758
Property plant and equipment written off	4.5	**5,570**	39
Finance cost and bank charges		**47,342**	18,429
Profit on savings accounts and Term Deposit Receipts		**(106,581)**	(57,346)
Profit on Treasury Bills		**(89,717)**	(79,298)
Profit on PIBs		**(17,849)**	(23,803)
Profit on Sukuk Bonds		**(3,354)**	(2,872)
Gain on mutual funds		**(31,797)**	(78,436)
Working capital changes	10.1	**333,045**	(148,832)
		3,675,922	2,403,973
10.1 **Working capital changes**			
(Increase) / decrease in current assets:			
Stores and spares		**(63,121)**	(23,184)
Stock in trade		**(254,178)**	(434,797)
Trade debts		**7,004**	214,493
Loans and advances		**71,125**	(131,522)
Trade deposits and short term prepayments		**(48,742)**	(50,527)
Other receivables		**(11,995)**	(1,177)
		(299,907)	(426,714)
Increase in current liabilities:			
Trade and other payables		**632,952**	277,882
		333,045	(148,832)

	Note	December 31, 2019 (unaudited)	December 31, 2018 (unaudited)
		(Rupees in '000)	
11. CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,332,457**	914,026
Short term investments - Amortised cost	6	**3,030,000**	1,679,000
		4,362,457	2,593,026

12. RELATED PARTIES

12.1 Disclosure of transactions and closing balances between the Company and related parties:

The related parties include associated companies, staff retirement funds, directors, key management personnel and close family members of 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:

Nature of Transaction	**Six months period ended December 31, 2019**	Six months period ended December 31, 2018
	(Rupees in '000)	
Associated companies		
Sale of goods and services provided	**36,180**	24,085
Purchase of goods and services received	**1,228,422**	1,499,528
Purchase of short term investments	**200,000**	700,000
Sale proceeds on redemption of short term investments	**500,000**	642,514
Profit on short term investments	**34,026**	7,486
Rent, allied and other charges	**13,298**	19,169
Royalty charges	**134,959**	104,477
Insurance claims received	**15,170**	42,048
Insurance commission income	**8,331**	14,115
Purchase of property, plant and equipment	**190**	87
Donations	**10,500**	10,500
Dividend received on mutual funds	**137,609**	-
Dividend paid	**1,012,196**	843,497
Employees funds		
Contribution to staff retirement benefits	**51,797**	38,966
Key management personnel		
Compensation paid to key management personnel	**46,255**	30,448

Nature of balances	**December 31, 2019 (unaudited)**	June 30, 2019 (audited)
	(Rupees in '000)	
Associated companies		
Trade debts	**122**	41
Loans and advances	**1,546**	1,582
Other receivables	**2,757**	2,030
Short term investments	**2,694,488**	2,843,494
Trade and other payables	Refer note 7	

13. ENTITY-WIDE INFORMATION

13.1 The Company operates as a single reportable segment, the principal classes of which are Personal Care, Home Care and others.

13.2 Information about products

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

	Six months period ended December 31, 2019	Six months period ended December 31, 2018
Personal Care	**26%**	25%
Home Care	**69%**	70%
Others	**5%**	5%
	100%	100%

13.3 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.

13.4 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.

14. NON-ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in its meeting held on January 29, 2020 have proposed an interim cash dividend of Rs. 22.5 per share (December 31, 2018: Rs. 16.5 per share) in respect of the year ending June 30, 2020. The condensed interim financial statements for the half year ended December 31, 2019, do not include the effect of this dividend which will be accounted for in the condensed interim financial statements for the quarter ending March 31, 2020.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 29, 2020 by the Board of Directors of the Company.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

Mirza Rehan Ahmed
Chief Financial Officer

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