HALF YEARLY REPORT

JULY - DECEMBER 2020

COLGATE-PALMOLIVE (PAKISTAN) LTD.

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COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Aliya Saeeda Khan	
Kamran Yousuf Mirza	
Syed Shahid Ali Bukhari	
Peter John Graylin	
Xuan Dai	
Zulfiqar Ali Lakhani	Chief Executive

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

Aliya Saeeda Khan	Chairperson
Iqbal Ali Lakhani	
Amin Mohammed Lakhani	
Kamran Yousuf Mirza	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Kamran Yousuf Mirza	Chairman
Iqbal Ali Lakhani	
Zulfiqar Ali Lakhani	
Aliya Saeeda Khan	

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)

H-36 (B), 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 the un-audited condensed financial statements of the Company for the six month period ended December 31, 2020.

Financial Performance at a Glance

A brief financial analysis of the Company's performance is summarized below:

Operating Results	July- December 2020	July- December 2019	Increase / (Decrease)
	Amount in PKR million		
Turnover	32,791	27,355	19.87%
Net Turnover	24,565	20,593	19.29%
Gross Profit	7,392	5,864	26.06%
Gross Profit %	30.09%	28.48%	161 bps
Selling & Distribution Cost	3,138	2,654	18.24%
Administrative Expenses	294	285	3.16%
Profit from Operations	4,044	3,184	27.01%
Profit After Tax	2,774	2,300	20.61%
Earnings per Share - Rupees	43.82	36.34	20.61%

Financial Performance Highlights

The growth momentum continued as the Company registered a 19.29% increase in net sales. Gross profit margin also improved by 161 bps due to favourable selling price adjustments and product, pack mix changes.

Advertising spend was increased to support new product launches and to respond to the increased media presence by competitors. This resulted in an increase of 18.24% in selling and distribution cost.

Business Performance Highlights

Colgate continued to grow its market share and strengthened its leadership both in toothpaste and toothbrush categories. The flagship brand, Colgate Maximum Cavity Protection increased focus on consumption building, while continuing to build the base with focused value creating offers for its consumers and customers.

Aiming to establish itself as the leading player in the Personal Care category offering both health and beauty benefits, the Company launched its antibacterial brand Protex in bar soap, liquid hand soap and hand sanitizer formats. With COVID-19 causing an increasing demand for antibacterial products, Protex along with Palmolive's portfolio is expected to fuel growth in this category going forward.

The Laundry segment saw heightened levels of advertising and trade spends by the competition. Further key players in this segment offered consumer promotions to retain their consumer base. The unorganized sector continues to challenge the Laundry and Dish Care categories in smaller towns and rural markets.

Future Outlook

The economic outlook is expected to be subdued due to uncertainty over the evolution of the COVID-19 virus. High inflation is taking its toll on the disposable incomes and consumer spending is expected to remain in check during the year.

The substantial increase in freight charges along with a rise in key raw material prices will put pressure on margins.

The year ahead is going to be a challenging one amid fierce competition to gain market share in our key categories and reduced consumer spending.

Acknowledgement

We would like to extend our sincere gratitude to our consumers for their trust in our brands. We are thankful to our customers, distributors, supply chain partners, bankers and shareholders for their continued support. We also appreciate our employees for their commitment and relentless dedication to the Company.

On behalf of Board of Directors

Iqbal Ali Lakhani
Chairman

Zulfiqar Ali Lakhani
Chief Executive

Karachi : January 27, 2021

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2020 کو اختتام پذیر ہونے والی ششماہی کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی کارکردگی پہ ایک نظر

کمپنی کا مختصر مالیاتی جائزہ ذیل کے مطابق ہے:

کاروباری نتائج	جولائی - دسمبر 2020	جولائی - دسمبر 2019	اضافہ / (کمی)
	(روپے ملین میں)		
مجموعی آمدنی	32,791	27,355	19.87%
خالص آمدنی	24,565	20,593	19.29%
مجموعی منافع	7,392	5,864	26.06%
مجموعی منافع %	30.09%	28.48%	161 بنیادی پوائنٹس
فروخت اور ترسیل کے اخراجات	3,138	2,654	18.24%
انتظامی اخراجات	294	285	3.16%
آپریشنز سے منافع	4,044	3,184	27.01%
بعد از ٹیکس منافع	2,774	2,300	20.61%
فی شیئر آمدنی۔(روپے)	43.82	36.34	20.61%

مالیاتی کارکردگی کی جھلکیاں

مندرجہ بالا مدت کے دوران نمو کی رفتار برقرار رہی جب کہ کمپنی کی خالص آمدنی میں 19.29 فیصد اضافہ ریکارڈ کیا گیا۔ قیمتِ فروخت میں موافق ایڈجسٹمنٹ اور پروڈکٹ و پیک مکس میں تبدیلیوں کی وجہ سے منافع کی مجموعی شرح میں بھی 161 بنیادی پوائنٹس کا اضافہ ہوا۔

نئی مصنوعات کو متعارف کرنے اور حریفوں کی طرف سے میڈیا میں بڑھتی ہوئی موجودگی کا مقابلہ کرنے کے لیے اشتہاری اخراجات میں اضافہ کیا گیا، جس کے نتیجے میں فروخت اور ترسیل کے اخراجات میں 18.24 فیصد کا اضافہ ہوا۔

کاروباری کارکردگی کی جھلکیاں

کولگیٹ نے اپنے مارکیٹ شیئر میں اضافہ جاری رکھا اور ٹوتھ پیسٹ اور ٹوتھ برش دونوں کیٹیگریز میں اپنی قیادت کو مستحکم کیا۔ فلیگ شپ برانڈ، کولگیٹ میکسیمم کیویٹی پروٹیکشن نے قدر سازی پر توجہ بڑھانے کے ساتھ ساتھ صارفین اور خریداروں کے لیے بنائی گئی مخصوص قدر انگیز پیشکشوں کے ذریعے اپنی بنیاد کو مستحکم رکھا۔

صحت اور خوبصورتی دونوں فوائد پیش کرنے والی پرسنل کیئر کیٹیگری میں صف اول کے کھلاڑی کے طور پر خود کو مستحکم کرنے کے ہدف کے ساتھ، کمپنی نے بار سوپ، لیکوئڈ ہینڈ سوپ اور ہینڈ سینیٹائزر فارمیٹس میں اپنا اینٹی بیکٹیریل برانڈ پروٹیکس متعارف کرایا۔ کووڈ-19 کے نتیجے میں اینٹی بیکٹیریل پروڈکٹس کی بڑھتی ہوئی طلب کے ساتھ، توقع ہے کہ پامولیو کے پورٹ فولیو کے ہمراہ پروٹیکس اس کیٹیگری میں نمو کو تیزی سے آگے بڑھائے گا۔

لانڈری کے شعبے میں حریفوں کی طرف سے اشتہاری اور تجارتی اخراجات کی سطح میں اضافہ نظر آیا۔ اس طبقے کے مزید کلیدی کھلاڑیوں نے اپنے صارفین کی تعداد برقرار رکھنے کے لیے کنزیومر پروموشنز پیش کیں۔ چھوٹے شہروں اور دیہی منڈیوں میں لانڈری اور ڈش کیئر کی کیٹیگریز میں غیر منظم شعبے کی طرف سے بدستور چیلنج کا سامنا ہے۔

مستقبل کی توقعات

کووڈ-19 وائرس کے ارتقاء کے بارے میں غیر یقینی صورتحال کی وجہ سے معاشی توقعات بدستور پست رہنے کی توقع ہے۔ بلند افراطِ زر کی وجہ سے خرچ کے لیے دستیاب آمدنی پر اثر پڑ رہا ہے اور توقع کی جارہی ہے کہ سال کے دوران صارفین کی طرف سے خریداری بھی محدود رہے گی۔ اہم خام مال کی قیمتوں میں اضافے کے ساتھ ساتھ نقل و حمل کے اخراجات میں نمایاں اضافہ مارجن پر دباؤ ڈالے گا۔

ہمارے اہم شعبوں میں مارکیٹ شیئر حاصل کرنے کے لیے درپیش سخت مقابلے اور صارفین کی طرف سے کم خریداری کے رجحان کے باعث آئندہ آنے والا سال چیلنجز سے بھرپور ہوگا۔

اعتراف

ہم اپنے صارفین کا ہمارے برانڈز پر اعتماد پر خلوص دل سے شکریہ ادا کرتے ہیں۔ ہم لگاتار معاونت کے لیے اپنے کسٹمرز، ڈسٹریبیوٹرز، سپلائی چین پارٹنرز، بینکرز اور شیئر ہولڈرز کے ممنون ہیں۔ ہم اپنے ملازمین کی لگن اور کمپنی کے لیے ان کے قابل قدر کردار کا بھی اعتراف کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

اقبال علی لاکھانی
چیئرمین

ذوالفقار علی لاکھانی
چیف ایگزیکٹیو

کراچی: 27 جنوری 2021

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, 2020 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-months 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, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2020.

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 the 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 Farrukh Rehman.

A.F. Ferguson & Co.,
Chartered Accountants
Karachi: February 03, 2021

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
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■KARACHI ■LAHORE ■ISLAMABAD

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	December 31, 2020 (unaudited)	June 30, 2020 (audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,862,310	5,102,949
Intangible assets		10,735	13,675
Long term loans		42,889	33,176
Long term security deposits		44,502	21,127
		5,960,436	5,170,927
CURRENT ASSETS			
Stores and spares		401,960	348,815
Stock in trade	5	6,163,688	6,173,696
Trade debts		863,835	837,141
Loans and advances		187,487	126,670
Trade deposits and short term prepayments		124,648	93,847
Other receivables		413,288	407,416
Accrued profit		5,377	3,695
Taxation		258,527	976,164
Short term investments	6	8,944,283	6,030,408
Cash and bank balances		2,004,439	2,339,835
		19,367,532	17,337,687
TOTAL ASSETS		25,327,968	22,508,614
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		750,000	750,000
Issued, subscribed and paid-up share capital	7	633,005	575,459
Reserves		18,228,148	16,863,937
Remeasurement of post retirement benefits obligation		(188,474)	(188,474)
Surplus on revaluation of investments		245	259
		18,672,924	17,251,181
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		69,749	103,348
Long term deposits		116,886	112,613
Deferred liabilities	8	116,584	47,293
Long-term financing	9	739,018	273,732
Lease liabilities		325,550	319,022
		1,367,787	856,008
CURRENT LIABILITIES			
Trade and other payables	10	4,845,847	4,308,804
Accrued mark-up		2,773	121
Current maturity of long-term financing	9	379,865	39,105
Current maturity of lease liabilities		34,317	31,757
Unclaimed dividend		24,455	21,638
		5,287,257	4,401,425
TOTAL LIABILITIES		6,655,044	5,257,433
TOTAL EQUITY AND LIABILITIES		25,327,968	22,508,614
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

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, 2020

	Note	**Quarter ended December 31, 2020**	Quarter ended December 31, 2019	**Six months period ended December 31, 2020**	Six months period ended December 31, 2019
		(Rupees in '000)			
Turnover		16,372,641	13,848,187	32,791,347	27,354,649
Sales tax		(2,588,459)	(2,198,320)	(5,195,043)	(4,340,862)
Trade and other discounts		(1,518,698)	(1,266,350)	(3,031,408)	(2,420,792)
Net turnover		12,265,484	10,383,517	24,564,896	20,592,995
Cost of sales		(8,536,930)	(7,489,619)	(17,172,775)	(14,729,344)
Gross profit		3,728,554	2,893,898	7,392,121	5,863,651
Selling and distribution cost		(1,657,270)	(1,340,852)	(3,138,076)	(2,653,906)
Administrative expenses		(146,204)	(148,730)	(293,817)	(284,528)
Other expenses		(158,954)	(128,125)	(326,014)	(257,129)
Other income		250,466	276,907	409,814	515,731
Profit from operations		2,016,592	1,553,098	4,044,028	3,183,819
Finance cost and bank charges		(31,926)	(24,754)	(58,622)	(47,342)
Profit before taxation		1,984,666	1,528,344	3,985,406	3,136,477
Taxation					
- Current - for the period		(599,366)	(433,850)	(1,180,982)	(913,850)
- for prior year		(63,931)	92,307	(63,931)	92,307
		(663,297)	(341,543)	(1,244,913)	(821,543)
- Deferred		11,666	(37,331)	33,594	(14,705)
		(651,631)	(378,874)	(1,211,319)	(836,248)
Profit after taxation		1,333,035	1,149,470	2,774,087	2,300,229
Other comprehensive income / (loss) for the period - net of tax					
Items that may be reclassified subsequently to profit or loss					
(Loss) / Gain on investments categorised as fair value through other comprehensive income		(125)	934	(19)	6,283
Impact of tax		32	(806)	5	(2,143)
		(93)	128	(14)	4,140
Total comprehensive income for the period		1,332,942	1,149,598	2,774,073	2,304,369
		(Rupees)			
Earnings per share - basic and dilutive	12	21.06	(Restated) 18.16	43.82	(Restated) 36.34

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the Six months period ended December 31, 2020

	Issued, subscribed and paid up share capital	Reserves				Remeasurement on post retirement benefits obligation- net of tax	(Deficit)/Surplus on revaluation of investments- net of tax	Total Equity
		Capital reserve- share premium	Revenue reserves		Sub Total- reserves			
			General reserve	Unappropriated profit				
	(Rupees in '000)							
Balance as at July 1, 2019	575,459	13,456	11,869,000	2,562,366	14,444,822	(147,819)	(4,217)	14,868,245
Transactions with owners								
Final dividend for the year ended June 30, 2019 at the rate of Rs 20 per share	-	-	-	(1,150,918)	(1,150,918)	-	-	(1,150,918)
Total transactions with owners	-	-	-	(1,150,918)	(1,150,918)	-	-	(1,150,918)
Comprehensive income for the period								
Profit after taxation for the 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	-	4140	2,304,369
Transfer to general reserve	-	-	1,411,000	(1,411,000)	-	-	-	-
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
Balance as at July 1, 2020	575,459	13,456	13,280,000	3,570,481	16,863,937	(188,474)	259	17,251,181
Transactions with owners								
Final dividend for the year ended June 30, 2020 at the rate of Rs 23.5 per share	-	-	-	(1,352,330)	(1,352,330)	-	-	(1,352,330)
Bonus shares issued at the rate of one share for every ten shares held	57,546	-	-	(57,546)	(57,546)	-	-	-
Total transactions with owners	57,546	-	-	(1,409,876)	(1,409,876)	-	-	(1,352,330)
Comprehensive income for the period								
Profit after taxation for the period ended December 31, 2020	-	-	-	2,774,087	2,774,087	-	-	2,774,087
Other comprehensive income	-	-	-	-	-	-	(14)	(14)
Total comprehensive income for the period ended December 31, 2020	-	-	-	2,774,087	2,774,087	-	(14)	2,774,073
Transfer to general reserve	-	-	2,160,000	(2,160,000)	-	-	-	-
Balance as at December 31, 2020	633,005	13,456	15,440,000	2,774,692	18,228,148	(188,474)	245	18,672,924

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)

For the Six months period ended December 31, 2020

	Note	**Six months period ended December 31, 2020**	Six months period ended December 31, 2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	4,889,973	3,675,922
Finance cost and bank charges paid		(26,029)	(20,564)
Taxes paid		(657,371)	(649,708)
Staff retirement gratuity paid		(58,015)	(90,112)
Long term loans		(9,713)	(427)
Long term security deposits (assets)		(23,375)	(154)
Long term deposits		4,273	18,867
Net cash generated from operating activities		4,119,743	2,933,824
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,177,109)	(648,174)
Purchase of intangible assets		(2,024)	(5,697)
Short term investments made during the period		(17,203,440)	(12,046,707)
Proceeds from sale of property, plant and equipment		37,086	41,222
Profit received on saving accounts		43,318	61,232
Profit received on treasury bills		58,030	89,717
Profit received on Sukuks bonds		1,527	3,096
Profit received on Pakistan Investment Bonds		-	19,762
Profit received on term deposit receipts		41,846	32,075
Sale proceeds on disposal of short term investments		13,910,481	12,507,385
Net cash (used in) / generated from investing activities		(4,290,285)	53,911
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,349,513)	(1,153,376)
Long-term financing obtained		806,046	-
Payment of lease liabilities		(31,387)	(29,202)
Net cash used in financing activities		(574,854)	(1,182,578)
Net (decrease) / increase in cash and cash equivalents		(745,396)	1,805,157
Cash and cash equivalents at the beginning of the period		5,226,835	2,557,300
Cash and cash equivalents at the end of the period	14	4,481,439	4,362,457

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

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, 2020

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 Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan.

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, 2020.

2.3 New standards, amendments to approved accounting standards and new interpretations

2.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2021

There are certain amendments to approved accounting standards which are mandatory for 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.

2.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2021

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or expected to have any significant effect on the Company’s financial reporting.

2.4 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, 2020.

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, 2020.

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, 2020.

	Note	**December 31, 2020 (unaudited)**	June 30, 2020 (audited)
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - at net book value	4.1 to 4.5	3,471,782	3,417,800
Capital work in progress at cost	4.6	2,089,282	1,375,804
Right of use assets - at net book value		301,246	309,345
		5,862,310	5,102,949

	Six months period ended December 31, 2020	Six months period ended December 31, 2019
	(Rupees in '000)	
4.1 **Additions - operating fixed assets (at cost)**		
Leasehold land	-	88,784
Factory building on leasehold land	56,627	105,693
Plant and machinery	235,116	92,561
Fittings and installation	12,917	5,022
Furniture and fixtures	2,158	4,323
Tools and equipment	33,133	16,256
Vehicles	96,399	120,840
Computers and accessories	21,954	23,883
Office equipment	5,328	5,889
	463,632	463,251

4.1.1 Additions include transfers from capital work in progress aggregating Rs 288.268 million (December 31, 2019: Rs 237.167 million).

	Six months period ended December 31, 2020	Six months period ended December 31, 2019
	(Rupees in '000)	
4.2 **Disposals - operating fixed assets (at net book value)**		
Plant and Machinery	-	14,246
Furniture and fixtures	27	-
Vehicles	13,246	9,187
Computers and accessories	15	-
Office equipment	17	25
	13,305	23,458
4.3 Depreciation charge for the period	396,147	387,448

4.4 Included in operating fixed assets are items having aggregate cost of Rs 36.493 million (June 30, 2020: Rs 30.399 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 7.053 million (December 31, 2019: Rs 77.942 million) and net book value of Rs 0.198 million (December 31, 2019: Rs 5.570 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	243,068	251,622
Plant and machinery	580,663	146,588
Vehicles	1,700	12,114
Electric fittings and installation	53,541	3,049
Tools and equipment	1,257	2,401
Furniture and fixtures	9,108	4,587
Office equipment	2,819	88
Computer and accessories	513	1,640
	892,669	422,089

	Note	December 31, 2020 (unaudited)	June 30, 2020 (audited)
		(Rupees in '000)	
5. STOCK IN TRADE			
Raw and packing materials		3,523,588	4,057,034
Work-in-process		574,398	581,972
Finished goods - Manufactured		1,812,137	1,353,206
Finished goods - Trading		253,565	181,484
		2,065,702	1,534,690
		6,163,688	6,173,696
6. SHORT TERM INVESTMENTS			
- Amortised cost	6.1	2,477,000	2,904,347
- Fair value through profit or loss		6,437,258	3,091,067
- Fair value through other comprehensive income	6.2	30,025	34,994
		8,944,283	6,030,408

6.1 The range of rates of profits on these term deposits is between 5.75% and 7.80% (June 30, 2020: 6.75% and 11.43%) per annum having maturity in January and March 2021.

6.2 These include Sukuk Bonds having profit rate of 8.30% per annum and maturity in November 2022.

7. Issued, subscribed and paid-up share capital

7.1 Movement in issued, subscribed and paid-up share capital during the six months period ended is as follows:

December 31, 2020 (unadited)	June 30, 2020 (audited)		December 31, 2020 (unadited)	June 30, 2020 (audited)
Number of shares			(Rupees in '000)	
5,882,353	5,882,353	Ordinary shares of Rs. 10 each	58,824	58,824
57,418,168	51,663,576	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	574,181	516,635
63,300,521	57,545,929		633,005	575,459

	Note	December 31, 2020 (unaudited)	June 30, 2020 (audited)
		(Rupees in '000)	
8. DEFERRED LIABILITIES			
Staff retirement benefit		11,329	47,293
Payable against Gas infrastructure development cess (GIDC)		105,255	-
		116,584	47,293
9. LONG-TERM FINANCING			
Financing under:			
- salary refinance scheme	9.1	998,615	312,837
- temporary economic refinance facility	9.2	71,812	-
- renewable energy finance facility	9.3	48,456	-
		1,118,883	312,837
Less current maturity of financing under:			
- salary refinance scheme		374,481	39,105
- renewable energy finance facility		5,384	-
		379,865	39,105
		739,018	273,732

9.1 There has been no change in the terms and conditions as disclosed in note 21.1 to the Companies financial statements for the year ended June 30, 2020.

9.2 This carry a mark-up rate of 2.5% and is repayable in 32 quarterly installments with a 2 year grace period commencing from March 2023.

9.3 This carry a mark-up rate of 3.75% per annuum and is repayable in 27 quarterly installments with a six month grace period commencing from April 2021.

	Note	December 31, 2020 (unaudited)	June 30, 2020 (audited)
		(Rupees in '000)	
10. TRADE AND OTHER PAYABLES			
Trade creditors	10.1	1,130,581	743,183
Accrued liabilities	10.2	2,053,774	1,712,903
Bills payable		630,247	394,837
Advances from customers - unsecured	10.3	109,698	93,316
Sales tax payable		281,323	278,799
Royalty payable to Colgate-Palmolive Co., USA - associated company		231,614	339,968
Workers' profits participation fund		212,823	360,009
Workers' welfare fund		79,287	130,837
Retention money payable		15,374	11,259
Current portion of GIDC payable		34,166	175,813
Others	10.4	66,960	67,880
		4,845,847	4,308,804

10.1 These include Rs 78.624 million (June 30, 2020: Rs 55.289 million) payable to related parties.

10.2 These include Rs 95.032 million (June 30, 2020: Rs 62.556 million) accrued to related parties.

10.3 These include Rs 5.775 million (June 30, 2020: Rs 0.005 million) in relation to advance from related parties.

10.4 These include Rs 4.569 million (June 30, 2020: Rs 14.640 million) payable to related parties.

10.5 There has been no change in short-term borrowing facilities from various banks on mark-up basis from those that are mentioned in note 24.1 of the Company's financial statements for the year ended June 30, 2020.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 There has been no material change in the status of contingencies disclosed in note 25 to the Company's financial statements for the year ended June 30, 2020.

11.2 Commitments

11.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 555.198 million and Rs 754.235 million respectively (June 30, 2020: Rs 642.618 million and Rs 789.121 million respectively).

11.2.2 Outstanding letters of credit amount to Rs 1,256.495 million (June 30, 2020: Rs 1,294.489 million).

11.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 24.038 million (June 30, 2020: Rs 17.175 million).

12. EARNINGS PER SHARE

	Quarter ended December 31, 2020	Quarter ended December 31, 2019	**Six months period ended December 31, 2020**	Six months period ended December 31, 2019
		(Rupees in '000)		
Profit after taxation	1,333,035	1,149,470	2,774,087	2,300,299
		(Number of shares)		
Weighted average number of ordinary shares outstanding during the period	63,300,521	(Restated) 63,300,521	63,300,521	(Restated) 63,300,521
		(Rupees)		
Earnings per share - basic and dilutive	21.06	(Restated) 18.16	43.82	(Restated) 36.34

12.1 There were no dilutive potential ordinary shares outstanding as at December 31, 2020 and 2019.

	Note	**Six months period ended December 31, 2020**	Six months period ended December 31, 2019
		(Rupees in '000)	
13. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,985,406	3,136,477
Adjustment for non-cash charges and other items:			
Depreciation on operating fixed assets		396,147	364,834
Depreciation on right-of-use assets		23,339	22,614
Amortisation expense		4,964	6,674
Gain on disposal of items of property, plant and equipment		(23,781)	(17,764)
Staff retirement gratuity		22,051	26,428
Profit on savings accounts		(43,241)	(61,814)
Profit on a term deposit receipt		(43,911)	(44,767)
Profit on treasury bills		(58,030)	(89,717)
Profit on PIBs		-	(17,849)
Profit on Sukuks bonds		(1,221)	(3,354)
Gain on disposal of short term investments		(30,935)	(31,797)
Finance cost and bank charges		58,622)	47,342
Stores and spares written off		1,599	-
Property, plant and equipment written off		198	5,570
Working capital changes	13.1	598,766	333,045
		4,889,973	3,675,922
13.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(54,744)	(63,121)
Stock in trade		10,008	(254,178)
Trade debts		(26,694)	7,004
Loans and advances		(60,817)	71,125
Trade deposits and short term prepayments		(30,801)	(48,742)
Other receivables		(5,872)	(11,995)
		(168,920)	(299,907)
Increase in current liabilities:			
Trade and other payables		767,686	632,952
		598,766	333,045

	December 31, 2020 (unaudited)	December 31, 2019 (unaudited)
	(Rupees in '000)	
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,004,439	1,332,457
Short term investments	2,477,000	3,030,000
	4,481,439	4,362,457

15. RELATED PARTIES

15.1 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:

	Six months period ended December 31, 2020	Six months period ended December 31, 2019
	(Rupees in '000)	
Nature of transactions		
Associated companies		
Sale of goods and services provided and reimbursement of expenses	24,205	36,180
Purchase of goods and services received and reimbursement of expenses	1,705,879	1,228,422
Purchase of short term investments	-	200,000
Sale proceeds on redemption of short term investments	200,000	500,000
Profit on short term investments	13,788	34,026
Rent, allied and other charges	18,747	13,298
Royalty charges	169,826	134,959
Insurance claims received	1,111	15,170
Insurance commission income	-	8,331
Purchase of property, plant and equipment	481	190
Donations	15,200	10,500
Dividend received on mutual funds	45,514	137,609
Dividend paid	1,189,331	1,012,196
Employee funds		
Contribution to staff retirement benefits	50,846	51,797
Key management personnel		
Compensation paid to key management personnel	52,462	46,255

	December 31, 2020 (unaudited)	June 30, 2020 (audited)
	(Rupees in '000)	
Nature of balances		
Associated companies		
Trade debts	7	-
Loans and advances	38,785	-
Other receivables	4,096	2,093
Short term investments	1,756,517	1,904,042
Lease liabilities	168,171	167,252
Trade and other payables	Refer note 10	

16. ENTITY-WIDE INFORMATION

16.1 The Company constitutes of a single reportable segment, the principal classes of products 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:

	Six months period ended December 31, 2020	Six months period ended December 31, 2019
Personal Care	29%	26%
Home Care	67%	69%
Others	4%	5%
	100%	100%

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 in the overall context of these financial statements.

16.4 Information about major customers

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

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

The Board of Directors in its meeting held on January 27, 2021 has proposed an interim cash dividend of Rs. 25 per share (December 31, 2019: Rs. 22.5 per share) in respect of the year ending June 30, 2021. These condensed interim financial statements 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, 2021.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 27, 2021 by the Board of Directors of the Company.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

COLGATE-PALMOLIVE (PAKISTAN) LTD.

Lakson Square, Building No. 2,
Sarwar Shaheed Road, Karachi-74200.
Tel: +9221-38400000