HALF YEARLY REPORT

JULY - DECEMBER 2022

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

CHIEF FINANCIAL OFFICER
Mudassir Iqbal

EXTERNAL 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, 2022.

Financial Performance at a Glance

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

Operating Results	July- December 2022	July- December 2021	Increase / (Decrease)
	Amount in PKR million		
Turnover	54,731	38,180	43%
Net Turnover	41,944	28,758	46%
Gross Profit	10,898	7,789	40%
Gross Profit %	25.98%	27.08%	(110 bps)
Selling & Distribution Cost	4,537	3,288	38%
Administrative Expenses	435	333	31%
Profit from Operations	6,255	4,278	46%
Taxation	1,963	1,271	54%
Profit After Tax	4,217	2,936	44%
Earnings per Share - Rupees	50.37	35.07	44%

Financial Performance Highlights

While the Company continued its growth momentum led by robust demand, price adjustments and favorable brand mix changes, it also faced an increase in input costs, particularly raw / packing materials and utilities. This was primarily due to depreciation of the Pak Rupee against the US Dollar and unprecedented high inflation. The aforementioned factors have therefore led to the erosion of gross margin by 110 bps compared to corresponding period last year.

Selling and distribution costs increased mainly due to the increase in fuel prices by approximately 96% versus the corresponding period last year.

Business Performance Highlights

A new integrated marketing communication was launched for Colgate Herbal with an engaging TVC highlighting the benefits of its herbal ingredients for strong teeth and healthy gums. Digital amplification of the campaign coupled with enhanced instore visibility helped the brand grow.

The entry of new players in the detergent category made it more competitive while key players continued to increase investment in media and trade alike. The unorganized sector continues to pose a challenge to growth, especially in the laundry and dish care business.

Future Outlook

Due to the current economic climate in Pakistan regarding foreign exchange reserves, the Company is facing serious challenges in imports. The situation has become worse since December 2022 as opening LCs of raw materials has become very difficult. The Company is also facing issues with the retirements of LCs as goods are lying at the port awaiting clearance.

Consequently, the Company's stock coverage has gone down and if this situation continues, the Company might face production shortages. To minimize the impact of these issues, the Company is actively exploring local substitutes of imported inputs to ensure continuity of business operations.

The rupee continues to depreciate and the new parity against USD at the date of writing this report is Rs. 269.63.

Economic and political uncertainty, increasing debt burden, widening current account deficit, and rising inflation coupled with aforesaid import restrictions continue to pose a threat to the Company's future growth and profitability in the upcoming quarters.

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 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 31, 2023

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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, 2022 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, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2022.

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
Date: January 31, 2023
UDIN: RR202210059hPfwi9e27

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	December 31, 2022 (unaudited)	June 30, 2022 (audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	7,709,817	7,623,422
Intangible assets		5,847	3,505
Long term loans		75,461	78,231
Long term security deposits		21,260	20,734
		7,812,385	7,725,892
CURRENT ASSETS			
Stores and spares		562,817	483,196
Stock in trade	5	15,460,657	13,067,927
Trade debts		1,799,019	1,407,106
Loans and advances		191,843	291,309
Trade deposits and short term prepayments		94,064	148,348
Other receivables		405,457	431,603
Accrued profit		12,941	4,760
Short term investments	6	8,322,978	6,543,716
Cash and bank balances		3,727,239	2,901,308
		30,577,015	25,279,273
TOTAL ASSETS		38,389,400	33,005,165
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		1,250,000	1,250,000
Issued, subscribed and paid-up share capital	7	837,149	727,956
Reserves		24,091,756	22,022,222
Remeasurement of post retirement benefits obligation		(201,936)	(201,936)
		24,726,969	22,548,242
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		346,691	261,742
Long term deposits		60,647	63,134
Deferred liability		34,392	76,106
Long-term financing	8	736,323	747,668
Deferred grant		325,415	357,685
Lease liabilities		327,590	341,435
		1,831,058	1,847,770
CURRENT LIABILITIES			
Trade and other payables	9	10,217,581	7,989,140
Accrued mark-up		7,525	8,322
Current maturity of long-term financing		181,261	390,889
Current maturity of lease liabilities		68,851	60,987
Short-term financing		-	42,334
Taxation - net		710,019	86,204
Unpaid dividend	10	611,482	-
Unclaimed dividend		34,654	31,277
		11,831,373	8,609,153
TOTAL LIABILITIES		13,662,431	10,456,923
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		38,389,400	33,005,165

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

Mudassir Iqbal
Chief Financial Officer

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

For the Half Year ended December 31, 2022

	Note	**Quarter ended December 31, 2022**	Quarter ended December 31, 2021	**Half year ended December 31, 2022**	Half year ended December 31, 2021
		(Rupees in '000)			
Turnover		29,224,863	19,386,806	54,730,634	38,180,135
Sales tax		(4,536,929)	(3,055,453)	(8,539,858)	(6,041,901)
Trade and other discounts		(2,250,300)	(1,644,504)	(4,246,369)	(3,379,765)
Net turnover		22,437,634	14,686,849	41,944,407	28,758,469
Cost of sales		(16,295,943)	(10,757,484)	(31,046,805)	(20,969,116)
Gross profit		6,141,691	3,929,365	10,897,602	7,789,353
Selling and distribution cost		(2,469,005)	(1,668,630)	(4,537,357)	(3,288,068)
Administrative expenses		(225,280)	(167,497)	(434,689)	(333,303)
Other expenses		(240,865)	(195,048)	(454,366)	(408,232)
Other income		430,980	245,883	783,526	518,457
Profit from operations		3,637,521	2,144,073	6,254,716	4,278,207
Finance cost and bank charges		(38,235)	(40,080)	(74,877)	(71,173)
Profit before taxation		3,599,286	2,103,993	6,179,839	4,207,034
Taxation					
- Current		(1,042,920)	(535,211)	(1,877,887)	(1,146,565)
- Deferred		(56,885)	(121,459)	(84,949)	(124,923)
		(1,099,805)	(656,670)	(1,962,836)	(1,271,488)
Profit after taxation		2,499,481	1,447,323	4,217,003	2,935,546
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		2,499,481	1,447,323	4,217,003	2,935,546
		(Rupees)			
Earnings per share - basic and diluted	12	29.86	Restated 17.29	50.37	Restated 35.07

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

Mudassir Iqbal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the Half Year ended December 31, 2022

	Issued, subscribed and paid up share capital	Capital reserve- share premium	Reserves			Remeasurement on post retirement benefits obligation- net of tax	Total Equity
			Revenue reserves		Sub Total- reserves		
			General reserve	Unappropriated profit			
	(Rupees in '000)						
Balance as at July 1, 2021	633,005	13,456	15,440,000	4,094,841	19,548,297	(168,676)	20,012,626
Transactions with owners							
Final dividend for the year ended June 30, 2021 at the rate of Rs 24 per share	-	-	-	(1,519,212)	(1,519,212)	-	(1,519,212)
Bonus shares issued at the rate of three shares for every twenty shares held	94,951	-	-	(94,951)	(94,951)	-	-
Total transactions with owners	94,951	-	-	(1,614,163)	(1,614,163)	-	(1,519,212)
Comprehensive income for the period							
Profit after taxation for the period ended December 31, 2021	-	-	-	2,935,546	2,935,546	-	2,935,546
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2021	-	-	-	2,935,546	2,935,546	-	2,935,546
Transfer to general reserve	-	-	2,480,000	(2,480,000)	-	-	-
Balance as at December 31, 2021	727,956	13,456	17,920,000	2,936,224	20,869,680	(168,676)	21,428,960
Balance as at July 1, 2022	727,956	13,456	17,920,000	4,088,766	22,022,222	(201,936)	22,548,242
Transactions with owners							
Final dividend for the year ended June 30, 2022 at the rate of Rs 28 per share	-	-	-	(2,038,276)	(2,038,276)	-	(2,038,276)
Bonus shares issued at the rate of three shares for every twenty shares held	109,193	-	-	(109,193)	(109,193)	-	-
Total transactions with owners	109,193	-	-	(2,147,469)	(2,147,469)	-	(2,038,276)
Comprehensive income for the period							
Profit after taxation for the period ended December 31, 2022	-	-	-	4,217,003	4,217,003	-	4,217,003
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2022	-	-	-	4,217,003	4,217,003	-	4,217,003
Transfer to general reserve	-	-	1,941,000	(1,941,000)	-	-	-
Balance as at December 31, 2022	837,149	13,456	19,861,000	4,217,300	24,091,756	(201,936)	24,726,969

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

Mudassir Iqbal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)

For the Half Year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	5,939,844	1,903,168
Finance cost and bank charges paid		(50,170)	(32,709)
Taxes paid		(1,254,072)	(1,479,159)
Staff retirement benefit paid		(76,107)	-
Long term loans		2,770	(14,440)
Long term security deposits (assets)		(526)	3,092
Long term deposits		(2,487)	(58,786)
Net cash generated from operating activities		4,559,252	321,166
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(554,806)	(1,145,792)
Purchase of intangible assets		(4,976)	-
Short term investments made during the period		(3,918,387)	(23,448,232)
Proceeds from sale of property, plant and equipment		38,463	17,025
Profit received on savings accounts		209,464	56,349
Profit received on treasury bills		951	48,289
Profit received on Pakistan Investment Bonds		-	338
Profit received on term deposit receipts		6,985	29,151
Sale proceeds on disposal of short term investments		2,170,526	22,723,860
Net cash used in investing activities		(2,051,780)	(1,719,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,423,417)	(1,129,438)
Long-term financing obtained		-	661,569
Long-term financing repaid		(253,243)	(253,242)
Short-term financing repaid		(42,334)	-
Payment of lease liabilities		(39,547)	(32,994)
Net cash used in financing activities		(1,758,541)	(754,105)
Net increase / (decrease) in cash and cash equivalents		748,931	(2,151,951)
Cash and cash equivalents at the beginning of the period		2,978,308	4,807,764
Cash and cash equivalents at the end of the period	13	3,727,239	2,655,813

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

Mudassir Iqbal
Chief Financial Officer

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

For the Half Year ended December 31, 2022

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, 2022.

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, 2023

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2022 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, 2023

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, 2023 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, 2022.

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.

Judgments 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, 2022.

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, 2022.

Due to the current economic situation prevalent in the country in relation to the foreign reserves and its consequential impact on imports, the Company is closely monitoring the current situation and has been able to procure essential stocks to ensure business continuity. The Company's presence in the business of export and its strong liquidity position is also helpful in minimizing the risk of current uncertain economic environment in the country.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	**December 31, 2022 (unaudited)**	June 30, 2022 (audited)
		(Rupees in '000)	
Operating fixed assets - at net book value	4.1 to 4.4	7,167,299	6,943,409
Capital work in progress - at cost	4.5	245,176	353,877
Right of use assets - at net book value		297,342	326,136
		7,709,817	7,623,422

		Half year ended December 31, 2022	Half year ended December 31, 2021
		(Rupees in '000)	
4.1	**Additions - operating fixed assets (at cost)**		
	Leasehold land	9,974	-
	Buildings on leasehold land	81,990	963,829
	Plant and machinery	262,833	1,214,435
	Fittings and installation	23,697	412,539
	Furniture and fixtures	6,431	13,799
	Tools and equipment	95,356	87,589
	Vehicles	155,397	92,852
	Computers and accessories	9,854	16,783
	Office equipment	17,975	24,161
		663,507	2,825,987
4.1.1	Additions include transfers from capital work in progress aggregating Rs 394.548 million (December 31, 2021: Rs 2,659.703 million).		
4.2	**Disposals - operating fixed assets (at net book value)**		
	Plant and machinery	647	-
	Tools and equipment	9	-
	Vehicles	16,915	6,358
	Computers and accessories	691	208
	Office equipment	11	147
		18,273	6,713
4.3	Depreciation charge for the period	421,344	413,829
4.4	Included in operating fixed assets are items having aggregate cost of Rs 48.698 million (June 30, 2022: Rs 46.322 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	**Additions - capital work-in-progress (at cost)**		
	Buildings on leasehold land	36,656	175,217
	Plant and machinery	261,804	729,589
	Vehicles	2,382	11,760
	Fittings and installation	20,009	102,399
	Tools and equipment	101,668	112,928
	Furniture and fixtures	202	10,804
	Office equipment	7,924	11,833
	Computer and accessories	4,758	3,440
		435,403	1,157,970

	Note	December 31, 2022 (unaudited)	June 30, 2022 (audited)
		(Rupees in '000)	
5. STOCK IN TRADE			
Raw and packing materials		11,236,920	9,641,697
Work-in-process		1,045,791	1,044,795
Finished goods - Manufactured		2,779,348	1,967,003
Finished goods - Trading		432,837	430,630
		15,494,896	13,084,125
Less: Provision for obsolete inventory		(34,239)	(16,198)
		15,460,657	13,067,927

5.1 Stock in trade include raw and packing materials in transit aggregating Rs 834.740 million (June 30, 2022: Rs 915.379 million) and finished goods in transit aggregating Rs 0.584 million (June 30, 2022: Rs 4.094 million).

	Note	December 31, 2022 (unaudited)	June 30, 2022 (audited)
		(Rupees in '000)	
6. SHORT TERM INVESTMENTS			
- Amortised cost	6.1 & 6.2	836,085	149,105
- Fair value through profit or loss		7,486,893	6,394,611
		8,322,978	6,543,716

6.1 The profits on these term deposits range between 7.55% and 15.25% per annum (June 30, 2022: between 6.85% and 8.75% per annum) having maturity in December 2023.

6.2 These include Term Deposit Receipts (TDRs) amounting to Rs 815.256 million (June 30, 2022: Rs 128.747 million) provided as security to banking companies for issuance of guarantees.

7. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

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

December 31, 2022 (unaudited)	December 31, 2021 (unaudited)		December 31, 2022 (unaudited)	December 31, 2021 (unaudited)
Number of shares			(Rupees in '000)	
72,795,583	63,300,507	Ordinary shares of Rs. 10 each at the begining of the quarter	727,956	633,005
10,919,338	9,495,076	Issued during the quarter as fully paid bonus shares	109,193	94,951
83,714,921	72,795,583	At the end of the period	837,149	727,956

	Note	December 31, 2022 (unaudited)	June 30, 2022 (audited)
		(Rupees in '000)	
8. LONG-TERM FINANCING			
Financing under:			
- salary refinance scheme		124,827	374,481
- temporary economic refinance facility		1,067,412	1,067,412
- renewable energy finance facility		50,760	54,349
		1,242,999	1,496,242
Less: reclassified to deferred grant		325,415	357,685
Less: current maturity of financing under:			
- salary refinance scheme		124,827	368,544
- temporary economic refinance facility		49,255	12,964
- renewable energy finance facility		7,179	9,381
		181,261	390,889
		736,323	747,668

8.1 There has been no change in the terms and conditions as disclosed in note 21 to the Companies financial statements for the year ended June 30, 2022.

	Note	December 31, 2022 (unaudited)	June 30, 2022 (audited)
		(Rupees in '000)	
9. TRADE AND OTHER PAYABLES			
Trade creditors	9.1	1,134,481	1,830,431
Accrued liabilities	9.2	4,338,698	2,973,853
Bills payable		2,803,829	1,464,105
Advances from customers - unsecured	9.3	161,060	160,930
Sales tax payable		522,402	310,066
Royalty payable to Colgate-Palmolive Co., USA - associated company		677,638	466,630
Workers' profits participation fund		330,170	468,010
Workers' welfare fund		123,005	174,357
Retention money payable		2,822	12,947
Gas Infrastructure Development Cess liability		-	22,785
Others	9.4	123,476	105,026
		10,217,581	7,989,140

9.1 These include Rs 89.039 million (June 30, 2022: Rs 193.574 million) payable to related parties.

9.2 These include Rs 267.546 million (June 30, 2022: Rs 109.052 million) payable to related parties.

9.3 These include Rs 1.045 million (June 30, 2022: Rs 48.416 million) advance received from related parties.

9.4 These include Rs 13.048 million (June 30, 2022: Rs 12.187 million) payable to related parties.

10. UNPAID DIVIDEND

This represents dividend payable to Colgate-Palmolive Company, USA. The Company has submitted duly certified application for remittance to authorized dealer on November 7, 2022 for onward approval of regulator which is still awaited.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Custom Appellate Tribunal has dismissed the Custom Appeal 32-K of 2018 vide Judgment dated July 19, 2022, as disclosed in note 25.1.1 to the Company's financial statements for the year ended June 30, 2022, on the grounds that instant appeal of the department has no merits.

11.1.2 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 861.736 million (June 30, 2022: Rs 346.985 million).

11.2 Commitments

11.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 51.794 million and Rs 148.120 million respectively (June 30, 2022: Rs 66.767 million and Rs 1,165.499 million respectively).

11.2.2 Outstanding letters of credit amount to Rs 2,663.735 million (June 30, 2022: Rs 2,775.056 million).

11.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 18.252 million (June 30, 2022: Rs 13.149 million).

11.2.4 Post dated cheques issued to the collector of customs against duty on inventory items amount to Rs 600.981 million (June 30, 2022: Rs 595.414 million).

12. EARNINGS PER SHARE - [basic and diluted]

	Quarter ended December 31, 2022	Quarter ended December 31, 2021	**Half year ended December 31, 2022**	Half year ended December 31, 2021
	(Rupees in '000)			
Profit after taxation	2,499,481	1,447,323	4,217,003	2,935,546
	(Number of shares)			
	(Restated)		(Restated)	
Weighted average number of ordinary shares outstanding at the end of the period	83,714,921	83,714,921	83,714,921	83,714,921
	(Rupees)			
	(Restated)		(Restated)	
Earnings per share - basic and diluted	29.86	17.29	50.37	35.07

12.1 There are no dilutive potential ordinary shares outstanding as at December 31, 2022 and 2021.

	Note	**Half year ended December 31, 2022**	Half year ended December 31, 2021
		(Rupees in '000)	
13. CASH GENERATED FROM OPERATIONS			
Profit before taxation		6,179,839	4,207,034
Adjustment for non-cash charges and other items:			
Depreciation on operating fixed assets		421,344	413,829
Depreciation on right-of-use assets		36,856	26,924
Amortisation expense		2,634	2,812
Gain on disposal of items of property, plant and equipment		(20,190)	(10,312)
Staff retirement benefit		34,393	23,419
Profit on saving accounts		(212,596)	(56,263)
Profit on a term deposit receipt		(11,459)	(19,054)
Profit on treasury bills		(1,526)	(48,289)
Profit on Pakistan investment bonds		-	(338)
Unrealised gain on investments classified as fair value through profit or loss		(73,118)	(99,854)
Gain on disposal of short term investments		(35,283)	(19,344)
Finance cost and bank charges		74,877	71,173
Provision for obsolete inventory		18,041	-
Provision for obsolete stores and spares		3,143	-
Working capital changes	13.1	(477,111)	(2,588,569)
		5,939,844	1,903,168

13.1 **Working capital changes**

(Increase) / decrease in current assets:		
Stores and spares	(82,764)	(25,649)
Stock in trade	(2,410,771)	(2,705,626)
Trade debts	(391,913)	79,753
Loans and advances	99,466	(35,483)
Trade deposits and short term prepayments	54,284	(43,610)
Other receivables	26,146	(122,360)
	(2,705,552)	(2,852,975)
Increase in current liabilities:		
Trade and other payables	2,228,441	264,406
	(477,111)	(2,588,569)

	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	(Rupees in '000)	

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	3,727,239	1,685,813
Short term investments	-	970,000
	3,727,239	2,655,813

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:

Nature of transactions	Half year ended December 31, 2022	Half year ended December 31, 2021
	(Rupees in '000)	
Associated companies		
Sale of goods and services provided and reimbursement of expenses	47,105	46,083
Purchase of goods and services received and reimbursement of expenses	2,538,978	2,035,547
Purchase of short term investments	700,000	-
Sale proceeds on redemption of short term investments	300,000	-
Profit on short term investments	23,426	26,079
Rent, allied and other charges	22,064	20,181
Royalty charges	271,734	199,400
Insurance claims received	9,718	2,002
Donations	20,841	10,000
Dividend received on mutual funds	80,072	52,640
Dividend paid	1,188,447	948,738
Employee funds		
Contribution to staff retirement benefits	71,866	55,798
Key management personnel		
Compensation paid to key management personnel	102,627	93,540

	December 31, 2022 (unaudited)	June 30, 2022 (audited)
	(Rupees in '000)	
Nature of balances		
Associated companies		
Trade debts	2,029	4,703
Loans and advances	181	40,860
Other receivables	2,068	2,790
Short term investments	1,871,385	1,379,898
Lease liabilities	166,177	167,896
Unpaid dividend	611,482	-
Trade and other payables	Refer note 9	

16. ENTITY-WISE 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:

	Half year ended December 31, 2022	Half year ended December 31, 2021
	(Rupees in '000)	
Personal Care	25%	28%
Home Care	68%	68%
Others	7%	4%
	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 30, 2023 has proposed an interim cash dividend of Rs. 20 per share (December 31, 2021: Rs. 24.5 per share) and bonus issue of 37.672 millllion shares at the rate of 9 shares for every 20 shares held (December 31, 2021: Nil) in respect of the year ending June 30, 2023. These condensed interim financial statements do not include the effect of this dividend and bonus issue which will be accounted for in the condensed interim financial statements for the quarter ending March 31, 2023.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 30, 2023 by the Board of Directors of the Company.

Iqbal Ali Lakhani	**Zulfiqar Ali Lakhani**	**Mudassir Iqbal**
Chairman/Director	Chief Executive	Chief Financial Officer

کاروباری کارکردگی کی جھلکیاں

''کولگیٹ ہربل'' کے لیے نئی مربوط مارکیٹنگ کمیونیکیشن مہم ایک پرکشش ٹی وی کمرشل کے ساتھ شروع کی گئی، جو مضبوط دانتوں اور صحت مند مسوڑھوں کے لیے اس کے جڑی بوٹیوں والے اجزاء کے فوائد کو اجاگر کرتا ہے۔ ڈیجیٹل پبلسٹی مہم کے ساتھ ساتھ اسٹورز میں کی جانے والی نمائش میں اضافے نے برانڈ کے فروغ میں مدد کی۔

ڈٹرجنٹ کیٹیگری میں نئے کرداروں کی آمد نے مسابقت میں مزید اضافہ کر دیا جبکہ اہم کردار میڈیا اور کاروبار میں یکساں طور پر سرمایہ کاری بڑھاتے رہے۔ غیر منظّم شعبہ ترقی کے لیے بدستور ایک چیلنج بنا ہوا ہے، خاص طور پر لانڈری اور ڈش کیئر بزنس میں۔

مستقبل کا منظر نامہ

پاکستان میں زرمبادلہ ذخائر کے حوالے سے موجودہ معاشی صورتحال کی وجہ سے کمپنی کو درآمدات میں سنگین چیلنجوں کا سامنا ہے۔ دسمبر 2022ء سے صورتحال مزید خراب ہوگئی کیونکہ خام مال کی ایل سی کھولنا بہت مشکل ہو گیا ہے۔ کمپنی کو ایل سی ریٹائرمنٹ چارجز کی ادائیگی میں بھی مسائل کا سامنا ہے کیونکہ سامان کلیئرنس کے انتظار میں بندرگاہ پر پڑا ہوا ہے۔

نتیجتاً کمپنی کی اسٹاک کوریج کم ہوگئی اور اگر یہ صورتحال جاری رہی تو کمپنی کو پیداوار میں کمی کا سامنا کرنا پڑ سکتا ہے۔ ان مسائل کے اثرات کو کم کرنے اور کاروباری سرگرمیوں کے تسلسل کو یقینی بنانے کے لیے کمپنی درآمدی سامان کا مقامی متبادل تلاش کر رہی ہے۔

روپے کی قدر مسلسل گر رہی ہے اور یہ رپورٹ تحریر کیے جانے کی تاریخ تک امریکی ڈالر کے مقابلے میں روپے کی شرح مبادلہ 269.63 تھی۔

اقتصادی و سیاسی بے یقینی، قرضوں کے بڑھتے ہوئے بوجھ، کرنٹ اکاؤنٹ خسارے میں اضافے اور بڑھتی ہوئی افراط زر کے ساتھ مذکورہ بالا درآمدی رکاوٹیں آنے والی سہ ماہیوں کے دوران کمپنی کی ترقی اور نفع بخشی کے لیے مسلسل خطرہ بنی ہوئی ہیں۔

اظہار تشکر

ہم اپنے برانڈز پر اعتماد کرنے پر صارفین کا تہہ دل سے شکریہ ادا کرتے ہیں۔ ہم اپنے صارفین، ڈسٹری بیوٹرز، سپلائی چین پارٹنرز، بینکرز اور شیئر ہولڈرز کے مسلسل تعاون کے لیے ان کے شکر گزار ہیں۔ ہم انتھک لگن اور کمپنی کے لیے بے پناہ تعاون پر اپنے ملازمین کو بھی سراہتے ہیں۔

ازطرف بورڈ آف ڈائریکٹرز

اقبال علی لاکھانی
چیئرمین

ذوالفقار علی لاکھانی
چیف ایگزیکٹیو

کراچی: 31 جنوری، 2023ء

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کے لیے 31 دسمبر 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے کمپنی کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

مالیاتی کارکردگی کا جائزہ

مذکورہ مدت کے لیے کمپنی کی کارکردگی کا مختصر مالی تجزیہ حسب ذیل ہے:

آپریٹنگ نتائج	جولائی تا دسمبر 2022	جولائی تا دسمبر 2021	اضافہ/(کمی)
	(رقم ملین روپے میں)		
مجموعی آمدنی	54,731	38,180	43%
خالص آمدنی	41,944	28,758	46%
مجموعی منافع	10,898	7,789	40%
مجموعی منافع %	25.98%	27.08%	(110 bps)
فروخت اور تقسیم کے اخراجات	4,537	3,288	38%
انتظامی اخراجات	435	333	31%
آپریشنز سے منافع	6,255	4,278	46%
ٹیکس/محصولات	1,963	1,271	54%
ٹیکس کے بعد منافع	4,217	2,936	44%
فی شیئر آمدنی - (روپے)	50.37	35.07	44%

مالیاتی کارکردگی کی جھلکیاں

کمپنی نے بھرپور طلب، قیمتوں میں ایڈجسٹمنٹ اور سازگار برانڈ مکس تبدیلیوں کی وجہ سے اپنی ترقی کی رفتار کو برقرار رکھا، تاہم اسے ان پٹ لاگت، خاص طور پر خام/ پیکنگ میٹریل اور یوٹیلیٹیز، میں اضافے کا بھی سامنا کرنا پڑا۔ ایسا بنیادی طور پر امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور غیر معمولی بلند افراط زر کی وجہ سے ہوا۔ مذکورہ بالا عوامل گزشتہ سال کی اسی مدت کے مقابلے میں مجموعی منافع میں 110bps کی کمی کی وجہ بنے۔

ایندھن کی قیمتوں میں پچھلے سال کی اسی مدت کے مقابلے میں تقریباً 96 فیصد اضافے کی وجہ سے فروخت اور ڈسٹری بیوشن کے اخراجات میں اضافہ ہوا۔

COLGATE-PALMOLIVE (PAKISTAN) LTD.

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