



HALF YEARLY REPORT

JULY - DECEMBER 2018

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COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Aliya Saeeda Khan	
Peter John Graylin	
Mukul Vinayak Deoras	(from September 27, 2018)
Vinod Nambiar	(upto September 27, 2018)
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

REGISTERED OFFICE

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

SHARES REGISTRAR

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

FACTORIES

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

217, Sundar Industrial Estate,
Raiwind Road, Lahore

WEBSITE

www.colgate.com.pk

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, 2018.

Financial Position at a Glance

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

Operating Results	July- December 2018	July- December 2017	Increase/ (Decrease)
	Amount in PKR million		
Turnover	22,948	20,165	13.80%
Net Turnover	17,361	15,242	13.90%
Gross Profit	5,058	5,149	(1.77%)
Gross Profit %	29.13%	33.78%	(465 bps)
Selling & Distribution Costs	2,486	2,648	(6.12%)
Administrative Expenses	241	217	11.06%
Operating Profit	2,403	2,285	5.16%
Profit After Tax	1,704	1,668	2.16%
Earnings per Share - Rupees	29.61	28.98	2.16%

Financial Performance Highlights

Net turnover of the Company grew by 13.90% driven by volume and selling price increases. The gross margin of the Company dropped by 465 bps due to PKR devaluation and upsurge in commodity prices.

During the period under review the Company made selective adjustments in its spending on media and promotional activities which resulted in decrease of 6.12% in selling and distribution costs. Administrative expenses of the Company grew by 11.06% mainly due to increase in employee related cost and depreciation expense.

Net turnover, gross profit and selling and distribution costs of corresponding period have been restated due to implementation of IFRS 15 as detailed in note 2.5 to the unaudited condensed financial statements.

Business Performance Highlights

The detergent powder market remained very competitive amid headwind of increasing raw material costs and pressure on margin. Competition offered promotional price cuts on large packs to gain volume; this led the Company to align promotional price on selected packs to defend market share. The focus remained on increasing penetration with targeted below the line activities and converting the users to our products.

The unorganized sector and non-filers in detergents and dishwashing products continue to gain momentum aided by tax avoidance. Besides loss of revenue to government, this does not provide a level playing field to the organized sector.

Personal care continues to deliver growth resulting in healthy share gain for bar soap business.

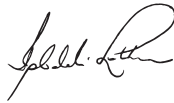
Future Outlook

Weakening Pak rupee and volatile commodity prices continue to impact the business. The Company anticipates pressure on its margin to continue in the latter half of the year as passing on the full impact of rupee devaluation and increase in material costs is challenging.

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

Karachi : January 31, 2019



ZULFIQAR ALI LAKHANI
Chief Executive

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ کمپنی کے 31 دسمبر 2018 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 2017	جولائی - دسمبر 2018	اضافہ / (کمی)
	(روپے ملین میں)		
مجموعی آمدنی	20,165	22,948	13.80%
خالص آمدنی	15,242	17,361	13.90%
مجموعی منافع	5,149	5,058	(1.77%)
مجموعی منافع %	33.78%	29.13%	(465 بنیادی پوائنٹس)
فروخت اور ترسیل کے اخراجات	2,648	2,486	(6.12%)
انتظامی اخراجات	217	241	11.06%
آپریٹنگز سے منافع	2,285	2,403	5.16%
بعد از ٹیکس منافع	1,668	1,704	2.16%
فی شیئر آمدنی (روپے)	28.98	29.61	2.16%

مالیاتی کارکردگی کی جھلکیاں

حجم اور قیمت فروخت میں اضافے کی بدولت کمپنی کی خالص آمدنی میں 13.90 فی صد اضافہ ہوا۔ روپے کی قدر میں کمی اور مصنوعات کے نرخوں میں اضافے کے باعث کمپنی کا مجموعی منافع 465 بنیادی پوائنٹس سے کم ہو گیا۔

زیر جائزہ مدت کے دوران کمپنی نے میڈیا اور پروموشن کی سرگرمیوں پر اخراجات میں منتخب مطالعتیں کیں جس کے نتیجے میں فروخت اور ترسیل کے اخراجات میں 6.12 فی صد کمی ہوئی۔ کمپنی کے انتظامی اخراجات میں 11.06 فی صد اضافہ ہوا جس کی بنیادی وجہ ملازمین اور ڈیپارٹمنٹس سے متعلق اخراجات ہیں۔

IFRS 15 کے اطلاق کی وجہ سے متعلقہ مدت کی خالص آمدنی، مجموعی منافع اور فروخت و ترسیل کے اخراجات کی درجہ بندی تبدیل کی گئی ہے۔ جس کی تفصیل غیر آڈٹ شدہ مختصر عبوری مالیاتی گوشواروں کے نوٹ 2.5 میں درج ہے۔

کاروباری کارکردگی کی جھلکیاں

خام مال کی بڑھتی قیمتوں اور منافع جات پر دباؤ کے باعث ڈسٹریبیوٹرز کی مارکیٹ میں سخت مقابلے کا سامنا رہا۔ مقابلے میں کمپنیوں نے حجم کے حصول کی خاطر بڑے پیک کی قیمتوں میں پروموشن کی مدد میں کمی کی، جس کے نتیجے میں کمپنی کو اپنا مارکیٹ شیئر برقرار رکھنے کے لئے منتخب پیکس پر قیمتوں کو کمزور کرنا پڑا۔ صارفین کو اپنی پراڈکٹس کی جانب راغب کرنے کے لئے مقررہ اہداف پر منتخب سرگرمیوں کے ذریعے نفوذ بڑھانے پر توجہ برقرار رکھی گئی۔

ڈسٹریبیوٹرز اور ڈسٹریبیوٹنگ پروڈکٹس میں غیر منظم طبقے اور ٹیکس نادہندگان کے ٹیکس بچانے کی وجہ سے انھیں کاروبار میں نمو حاصل کرنے میں مدد مل رہی ہے جس سے نہ صرف حکومت کو آمدن میں نقصان ہو رہا ہے بلکہ منظم شعبے کو اپنا کاروباری حجم بڑھانے کے یکساں مواقع نہیں مل رہے۔

پرسنل کیئر میں تسلسل کے ساتھ نمود حاصل ہونے سے بارسوپ کیٹیکری کے شیئر میں صحت مندانہ اضافہ ہوا ہے۔

مستقبل کی توقعات

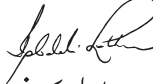
روپے کی قدر میں مسلسل کمی اور مصنوعات کے نرخوں میں اضافے میں اتار چڑھاؤ سے کاروبار مسلسل متاثر ہو رہا ہے۔ کمپنی کا اندازہ ہے کہ اس کے منافع جات پر دباؤ سال کے دوسرے نصف میں بھی جاری رہے گا کیونکہ روپے کی قدر میں کمی اور خام مال کی لاگتوں میں اضافے کے مکمل اثرات کو صارف پر منتقل کرنا مشکل ہے۔

اظہار تشکر

ہم اپنے صارفین کے انتہائی مشکور ہیں کہ انھوں نے ہمارے برانڈز پر اپنا اعتماد برقرار رکھا۔ ہم اپنے مینجرز، شیئرز، 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


ذوالفقار علی لاکھانی
چیف ایگزیکٹو


اقبال علی لاکھانی
چیئر مین

کراچی: 31 جنوری، 2019



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, 2018, 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, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 is Khurshid Hasan.

A.F. Ferguson & Co.,
Chartered Accountants
Karachi: January 31, 2019

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



Half Yearly Report 2018-19

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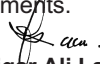
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(Unaudited-Note 2)

As at December 31, 2018

	Note	December 31, 2018 (unaudited) (Rupees in '000)	June 30, 2018 (audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,876,045	3,644,294
Intangible assets		19,444	24,818
Long term loans		48,303	42,651
Long term security deposits		19,332	17,648
		<u>3,963,124</u>	<u>3,729,411</u>
CURRENT ASSETS			
Stores and spares		251,745	228,561
Stock in trade	5	4,545,775	4,110,978
Trade debts - considered good		521,880	736,373
Loans and advances - considered good		385,104	253,582
Trade deposits and short term prepayments		117,124	66,597
Other receivables		205,515	204,338
Accrued profit		25,150	14,693
Taxation		1,139,649	522,942
Short term investments	6	5,739,353	5,354,454
Cash and bank balances		914,026	1,528,039
		<u>13,845,321</u>	<u>13,020,557</u>
TOTAL ASSETS		<u>17,808,445</u>	<u>16,749,968</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		750,000	750,000
Issued, subscribed and paid-up share capital		575,459	479,549
Reserves		13,587,448	12,937,587
Remeasurement on post retirement benefits obligation		(112,888)	(112,888)
Surplus on revaluation of investments		(7,898)	5
		<u>14,042,121</u>	<u>13,304,253</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		203,801	163,350
Long term deposits		83,239	86,062
		<u>287,040</u>	<u>249,412</u>
CURRENT LIABILITIES			
Trade and other payables	7	3,461,538	3,183,656
Unclaimed dividend		17,746	12,647
		<u>3,479,284</u>	<u>3,196,303</u>
TOTAL LIABILITIES		<u>3,766,324</u>	<u>3,445,715</u>
TOTAL EQUITY AND LIABILITIES		<u>17,808,445</u>	<u>16,749,968</u>
CONTINGENCIES AND COMMITMENTS			
	8		

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


Zulfikar 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- Note 2)

For the Six months period ended December 31, 2018

Note	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Six months period ended December 31, 2018	Six months period ended December 31, 2017
	(Rupees in '000)			
Turnover	11,723,539	10,036,050	22,948,218	20,165,479
Sales tax	(1,860,645)	(1,592,194)	(3,641,921)	(3,195,737)
Trade and other discounts	(985,376)	(876,300)	(1,944,734)	(1,727,288)
Net turnover	8,877,518	7,567,556	17,361,563	15,242,454
Cost of sales	(6,364,342)	(5,022,771)	(12,303,294)	(10,093,323)
Gross profit	2,513,176	2,544,785	5,058,269	5,149,131
Selling and distribution cost	(1,216,571)	(1,342,027)	(2,485,618)	(2,647,853)
Administrative expenses	(117,183)	(108,514)	(241,427)	(216,779)
Other expenses	(108,274)	(101,996)	(209,729)	(199,151)
Other income	160,992	124,078	281,761	199,746
Profit from operations	1,232,140	1,116,326	2,403,256	2,285,094
Finance cost and bank charges	(9,620)	(6,636)	(18,429)	(13,036)
Profit before taxation	1,222,520	1,109,690	2,384,827	2,272,058
Taxation				
- Current - for the period	(258,525)	(287,541)	(645,631)	(650,641)
- for prior year	5,176	28,136	5,176	28,136
	(253,349)	(259,405)	(640,455)	(622,505)
- Deferred	(65,906)	882	(40,451)	18,182
	(319,255)	(258,523)	(680,906)	(604,323)
Profit after taxation	903,265	851,167	1,703,921	1,667,735
Other comprehensive (loss) / income for the period - net of tax				
Items that may be reclassified subsequently to profit or loss				
(Deficit) / surplus on investments categorised as 'fair value through other comprehensive income' - net	(2,361)	(3,184)	(9,250)	34,810
Impact of tax	574	477	2,296	(5,222)
	(1,787)	(2,707)	(6,954)	29,588
Total comprehensive income for the period	901,478	848,460	1,696,967	1,697,323
	(Rupees)			
Earnings per share - basic and diluted	9 15.70	(Restated) 14.79	29.61	(Restated) 28.98

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


Zulfikar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director


Mirza Rehan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

 (Unaudited - Note 2)

For the Six months period ended December 31, 2018

	Issued, subscribed and paid up share capital	Capital reserve- share premium	Revenue reserves		Sub Total- reserves	Remeasurement on post retire- ment benefits obligation- net of tax	Surplus on revaluation of investments- net of tax	Total Equity
			General reserve	Unappro- riated profit				
(Rupees in '000)								
Balance as at July 1, 2017	479,549	13,456	8,808,000	2,537,499	11,358,955	(88,621)	4,043	11,753,926
Comprehensive income for the period								
Profit after taxation for the six months period ended December 31, 2017	-	-	-	1,667,735	1,667,735	-	-	1,667,735
Other comprehensive income	-	-	-	-	-	-	29,588	29,588
Total comprehensive income for the period ended December 31, 2017	-	-	-	1,667,735	1,667,735	-	29,588	1,697,323
Transfer to general reserve	-	-	1,578,000	(1,578,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2017 (Rs 20 per share)	-	-	-	(959,099)	(959,099)	-	-	(959,099)
Balance as at December 31, 2017	479,549	13,456	10,386,000	1,668,135	12,067,591	(88,621)	33,631	12,492,150
Balance as at June 30, 2018	479,549	13,456	10,386,000	2,538,131	12,937,587	(112,888)	5	13,304,253
Impact of reclassification (note 2.5)	-	-	-	949	949	-	(949)	-
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

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


Zulfikar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director


Mirza Rehan Ahmed
 Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

 (Unaudited - Note 2)

For the Six months period ended December 31, 2018

	Note	Six months period ended December 31, 2018	Six months period ended December 31, 2017
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	2,386,215	2,447,916
Finance cost and bank charges paid		(18,429)	(13,036)
Taxes paid		(1,254,866)	(1,018,657)
Long term loans		(5,652)	(3,656)
Long term security deposits (assets)		(1,684)	(72)
Long term deposits (liabilities)		(2,823)	10,988
Net cash generated from operating activities		1,102,761	1,423,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(622,854)	(434,351)
Purchase of intangible assets		(1,630)	-
Proceeds from disposal of property, plant and equipment		24,561	11,953
Profit received on savings accounts and Term Deposit Receipts		59,492	67,295
Profit received on Treasury Bills		79,298	52,080
Profit received on Pakistan Investment Bonds		12,062	5,058
Profit received on Sukuk Bonds		2,010	-
Profit received on Musharakah Certificates		-	3,896
Short term investments made during the period		(2,350,000)	(5,693,193)
Disposal / redemption of short term investments		950,287	5,626,586
Net cash used in investing activities		(1,846,774)	(360,676)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		(954,000)	(958,126)
Net (decrease) / increase in cash and cash equivalents		(1,698,013)	104,681
Cash and cash equivalents at the beginning of the period		4,291,039	4,415,140
Cash and cash equivalents at the end of the period	11	2,593,026	4,519,821

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 - Note 2)

For the Six months period ended December 31, 2018

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.

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, 2018.

2.3 These condensed interim financial statements comprise of condensed interim statement of financial position as at December 31, 2018, condensed interim statement of profit or loss account 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 interim profit or loss account and other comprehensive income for the quarter ended December 31, 2018 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, 2018 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2018 whereas the comparative condensed interim statement of profit or loss account 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, 2017 have been extracted from the condensed interim financial statements of the Company for the six months period then ended, which were subjected to a review but not audited. The comparative condensed interim profit or loss account and other comprehensive income for the quarter ended December 31, 2017 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 the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

- IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

As a result of application of IFRS 9, investments in mutual funds amounting to Rs 2,200 million as at July 1, 2018 have been reclassified from 'available for sale' to 'fair value through profit or loss'. In accordance with the transitional provisions of IFRS 9, comparative figures and their related gains / (losses) have been reclassified in the opening statement of financial position.

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

As a result of application of IFRS 15, certain payments / rebates for the period amounting to Rs 561.264 million (December 31, 2017: Rs 506.869 million) that were classified in 'Selling and distribution cost' have now been netted of against 'Turnover' by including in 'Trade and other discounts'.

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, 2019 and may have an impact on the financial statements of the Company. At present, the impact of application of these standards, amendments and interpretations on the Company's future financial statements is being assessed.

- 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, 2018 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 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, 2018.

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, 2018.

Note	December 31, 2018 (unaudited)	June 30, 2018 (audited)
	(Rupees in '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (at net book value)	4.1 to 4.5	3,235,394	2,757,033
Capital work-in-progress (at cost)	4.6	640,651	887,261
		<u>3,876,045</u>	<u>3,644,294</u>

**Six months
period ended
December 31,
2018** **Six months
period ended
December 31,
2017**
(Rupees in '000)

4.1 Additions - operating fixed assets (at cost)

Factory building on leasehold land	81,702	17,676
Plant and machinery	623,313	217,772
Electric fittings and installation	54,666	18,810
Furniture and fixtures	7,595	37,299
Tools and equipment	23,377	40,854
Vehicles	62,849	64,315
Computers and accessories	8,181	15,256
Office equipment	7,781	14,623
	869,464	426,605

4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 722.280 million (December 31, 2017: Rs 263.807 million).

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

Factory building on leasehold land	77	-
Plant and Machinery	1,148	1,833
Vehicles	10,353	4,017
Electric fittings and installation	2,496	-
Furniture and fixtures	234	-
Computers and accessories	63	105
Office equipment	47	67
Tools and equipment	1,040	60
	15,458	6,082

4.3 Depreciation charge for the period **375,606** **322,019**

4.4 Included in operating fixed assets are items having aggregate cost of Rs 36.080 million (June 30, 2018: Rs 35.506 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 4.803 million (December 31, 2017: Rs 1.923 million) and net book value of Rs 0.039 million (December 31, 2017: Rs 0.232 million) have been retired from active use and have been written off in these condensed interim financial statements.

	Note	Six months period ended December 31, 2018 (Rupees in '000)	Six months period ended December 31, 2017
4.6 Additions - Capital Work-in-Progress (at cost)			
Factory building on leasehold land		146,333	22,664
Plant and machinery		225,230	223,197
Vehicles		10,185	-
Electric fittings and installation		56,184	8,587
Tools and equipment		9,190	4,337
Furniture and fixtures		2,804	5,245
Office equipment		25,282	7,396
Computer and accessories		462	127
		<u>475,670</u>	<u>271,553</u>
		December 31, 2018 (unaudited) (Rupees in '000)	June 30, 2018 (audited)

5. STOCK IN TRADE

Raw and packing materials	2,802,152	2,846,080
Work-in-process	477,728	311,269
Finished goods - Manufactured	1,051,913	703,191
Finished goods - Trading	213,982	250,438
	<u>1,265,895</u>	<u>953,629</u>
	<u>4,545,775</u>	<u>4,110,978</u>

5.1 Stock in trade include raw and packing materials in transit aggregating Rs 993.657 million (June 30, 2018: Rs 1,088.557 million) and finished goods in transit aggregating Rs 26.913 million (June 30, 2018: Rs 36.694 million).

6. SHORT TERM INVESTMENTS

Investments - Amortised cost	6.1	1,681,607	2,765,607
Investments - Fair value through other comprehensive income	6.2	380,255	388,171
Investments - Fair value through profit or loss	6.3	3,677,491	2,200,676
		<u>5,739,353</u>	<u>5,354,454</u>

6.1 The range of rates of profits on these term deposits is between 5.00% and 10.75% (June 30, 2018: 5.00% and 7.30%) per annum having maturity in January and February 2019.

6.2 These include PIBs and Sukuk Bonds having profit rates of 6.85% and 7.16% (June 30, 2018: 6.85% and 7.16%) per annum respectively.

6.3 Name of the investee	As at July 01, 2018	Purchase during the period	Sales / Redemptions during the period	As at December 31, 2018	Average cost as at December 31, 2018	Fair Value as at December 31, 2018	Unrealised Gain as at December 31, 2018
	(Number of units in '000)			(Rupees in '000)			
Lakson Money Market Fund (associated undertaking)	-	22,765	-	22,765	2,350,000	2,368,240	18,240
Lakson Income Fund (associated undertaking)	9,442	468	(6,367)	3,543	350,000	369,366	19,366
Atlas Money Market Fund	1,513	81	-	1,594	800,000	830,323	30,323
NAFA Money Market Fund	38,464	2,462	(29,840)	11,086	100,000	109,562	9,562
	<u>49,419</u>	<u>25,776</u>	<u>(36,207)</u>	<u>38,988</u>	<u>3,600,000</u>	<u>3,677,491</u>	<u>77,491</u>
				Note	December 31, 2018 (unaudited)	June 30, 2018 (audited)	
					(Rupees in '000)		

7. TRADE AND OTHER PAYABLES

Trade creditors	7.1	1,086,726	790,063
Accrued liabilities	7.2	1,356,361	1,402,467
Bills payable		378,181	317,929
Advances from customers - unsecured	7.3	97,232	47,636
Sales tax payable		146,546	2,053
Royalty payable to Colgate-Palmolive Co., USA		165,524	222,814
Workers' profits participation fund		126,922	250,446
Workers' welfare fund		46,000	93,540
Retention money payable		6,539	4,945
Others	7.4	51,507	51,763
		<u>3,461,538</u>	<u>3,183,656</u>

7.1 This includes Rs 138.126 million (June 30, 2018: Rs 90.932 million) payable to related parties.

7.2 This includes Rs 61.088 million (June 30, 2018: Rs 73.399 million) payable to related parties.

7.3 This includes Rs 6.272 million (June 30, 2018: Rs 6.205 million) in relation to advance from a related party.

7.4 This includes Rs 3.766 million (June 30, 2018: Rs 3.292 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 annual audited financial statements for the year ended June 30, 2018.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1 Certain cases have been filed against the Company by some employees claiming Rs 2.272 million (June 30, 2018: Rs 2.072 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 The matter disclosed in note 24.1.4 and 24.1.7 to the financial statements for the year ended June 30, 2018 has been decided in favour of the Company and application for release of bank guarantees amounting to Rs 143.597 million (June 30, 2018: Rs 67.307 million), issued in favour of Collector of Customs, has been filed.
- 8.1.3 Competition Appellate Tribunal has upheld the decision of Competition Commission of Pakistan, as disclosed in note 24.1.8 to the financial statements for the year ended June 30, 2018. However, during the period the penalty imposed has been settled at reduced value of Rs 3 million.
- 8.1.4 There has been no material change in the status of contingencies disclosed in note 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, 2018.

8.2 Commitments

- 8.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 122.848 million and Rs 1,153.157 million respectively (June 30, 2018: Rs 165.729 million and Rs 963.283 million respectively).
- 8.2.2 Outstanding letters of credit amount to Rs 1,324.797 million (June 30, 2018: Rs 534.505 million).
- 8.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 19.749 million (June 30, 2018: Rs 6.261 million).

9. EARNINGS PER SHARE - basic and diluted

	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Six months period ended December 31, 2018	Six months period ended December 31, 2017
	(Rupees in '000)			
Profit after taxation	903,265	851,167	1,703,921	1,667,735
	(Number of shares)			
Weighted average number of ordinary shares outstanding at the end of the period - Restated	57,545,915	57,545,915	57,545,915	57,545,915
	(Rupees)			
	(Restated)		(Restated)	
Earnings per share	15.70	14.79	29.61	28.98

9.1 There were no dilutive potential ordinary shares outstanding as at December 31, 2018 and 2017.

Note **Six months
period ended
December 31,
2018** Six months
period ended
December 31,
2017
(Rupees in '000)

10. CASH GENERATED FROM OPERATIONS

Profit before taxation	2,384,827	2,272,058
Adjustment for non-cash and other items:		
Depreciation and amortisation expense	382,610	327,105
Gain on disposal of items of operating fixed assets	(9,103)	(5,871)
Property plant and equipment written off	4.5 39	232
Profit on savings accounts and Term Deposit Receipts	(57,346)	(72,812)
Profit on Treasury Bills	(79,298)	(52,080)
Profit on PIBs	(23,803)	(1,956)
Profit on Sukuk Bonds	(2,872)	(447)
Profit on Musharakah Certificates	-	(3,896)
Gain on mutual funds	(78,436)	(46,205)
Finance cost and bank charges	18,429	13,036
Stock in trade written off	-	502
Working capital changes	10.1 (148,832)	18,250
	<u>2,386,215</u>	<u>2,447,916</u>

	Note	Six months period ended December 31, 2018 (Rupees in '000)	Six months period ended December 31, 2017
10.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(23,184)	(22,554)
Stock in trade		(434,797)	(126,821)
Trade debts		214,493	(41,913)
Loans and advances		(131,522)	12,540
Trade deposits and short term prepayments		(50,527)	(109,346)
Other receivables		(1,177)	1,076
		<u>(426,714)</u>	<u>(287,018)</u>
Increase in current liabilities:			
Trade and other payables		<u>277,882</u>	<u>305,268</u>
		<u>(148,832)</u>	<u>18,250</u>

11. CASH AND CASH EQUIVALENTS

Cash and bank balances		914,026	1,311,821
Short term investments - Amortised cost	6	<u>1,679,000</u>	<u>3,208,000</u>
		<u>2,593,026</u>	<u>4,519,821</u>

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,
2018** **Six months
period ended
December 31,
2017**
(Rupees in '000)

Associated companies

Sale of goods, services provided and reimbursement of expenses	24,085	32,560
Purchase of goods, services received and reimbursement of expenses	1,499,528	1,178,337
Purchase of short term investments	700,000	1,200,000
Sale proceeds on redemption of short term investments	642,514	1,000,000
Profit on short term investments	7,486	24,808
Rent, allied and other charges	19,169	17,901
Royalty charges	104,477	69,952
Insurance claims received	42,048	5,370
Insurance commission income	14,115	4,652
Purchase of property, plant and equipment	87	333
Donations	10,500	10,500
Dividend paid	843,497	843,497

Staff retirement benefit funds

Contribution to staff retirement benefits	38,966	33,813
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Key management personnel

Compensation paid to key management personnel	30,448	35,124
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Nature of balances

**December 31,
2018** **June 30,
2018**
(unaudited) **(audited)**
(Rupees in '000)

Associated companies

Trade debts	242	750
Loans and advances	1,425	4,536
Other receivables	2,305	1,769
Short term investments	2,737,606	1,000,159
Trade and other payables	Refer note 7	

13. ENTITY-WIDE INFORMATION

13.1 The Company constitutes of 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, 2018	Six months period ended December 31, 2017
	_____ % _____	_____ % _____
Personal Care	25%	24%
Home Care	70%	72%
Others	5%	4%
	<u>100%</u>	<u>100%</u>

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 31, 2019 have proposed an interim cash dividend of Rs.16.50 per share (December 31, 2017: Rs. 15 per share) in respect of the year ending June 30, 2019. The condensed interim financial statements for the half year ended December 31, 2018, 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, 2019.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 31, 2019 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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