



*First Quarter Report
July-September 2015*

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



COLGATE-PALMOLIVE (PAKISTAN) LTD.

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BOARD OF DIRECTORS

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

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	

COMPANY SECRETARY

Mansoor Ahmed

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

INTERNAL AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

REGISTERED OFFICE

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

SHARES REGISTRAR

FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery, Block-6,
P.E.C.H.S., 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 are pleased to present the un-audited financial statements of the Company for the quarter ended September 30, 2015.

Financial Highlights

The Financial results of the Company are summarized below:

Operating Results	July- September 2015	July- September 2014	Increase/ Decrease
	Rs. in million		
Gross Revenue	7,794	7,777	0.2%
Net Revenue	6,062	6,152	-1.5%
Gross Profit	2,099	1,930	8.8%
Gross Profit %	34.6%	31.4%	+326 bps
Operating Profit	919	900	2.1%
Profit After Tax	652	613	6.4%
Profit After Tax (% of Net Revenue)	10.8%	10.0%	+79 bps
Earnings per Share - Rupees	13.59	12.77	6.4%

The Gross Revenue of the Company increased by 0.2% over the corresponding period last year. However, due to increase in trade discounts allowed in the face of tough competition, net revenue declined by 1.5%. Nonetheless, the gross profit of the Company increased by 8.8% over the corresponding period of last year, largely because of comparatively lower cost of manufacturing.

The Company continued to invest in its brands. Higher advertisement, sales promotion expenditures, and employee related costs increased selling and distribution expenses by 11.6%.

Growth in profit after tax was 6.4%. Earnings per share also increased equally by 6.4% to PKR 13.59 per share as compared to PKR 12.77 in the corresponding of quarter last year.

Home and Personal Care Categories

In the Fabric Care category, key players continued to spend heavily on both media and trade. Competition from unorganized sector especially in the low price segment is also escalating. With its portfolio of current and new variants, the Company has right strategies in place to counter both national and regional competitors.

Dishwashing brands of your Company continued to register a healthy growth despite intense competition and high spends on trade, media and consumer promotions. Our focus remained on converting consumers from cheap and sub-standard dish wash bars to Lemon Max bar through highly engaging targeted activations.

The momentum in oral care continued from last year improving market share in both toothpaste and toothbrush segments. Our focus on building oral health awareness through engaging education and awareness programs for school going children, urban and rural consumers and our business strategies have consolidated Colgate's oral care leadership.

Palmolive bar soap posted a recovery as a result of efforts focusing on improving distribution and leveraging key promotional packs during season. The parallel import of bar soaps has dropped in volume but it is still significant enough to continue to hurt local manufacturers.

Future Outlook

The Company benefitted from the favorable raw material costs and hopes to maintain the gross profit margins for the next quarter.

Further, we have a ready pipeline of innovative new products and new news on existing brands that will support the Company to achieve sustained, profitable growth.

The competition will intensify efforts in capturing market share through increased spending. However with faster speed-to-market, highly engaging consumer and shopper programs, and strong business relationships with our trade partners, your Company is confident to match this competitive headwind effectively.

Acknowledgement

We would like to thank our customers for their faith in our brands and our shareholders, bankers and suppliers for their support. We would also like to thank our employees for their effort and commitment to the Company.

On behalf of Board of Directors


IQBAL ALI LAKHANI
Chairman

Karachi : October 28, 2015

CONDENSED INTERIM BALANCE SHEET (Unaudited-Note 2)

As at September 30, 2015

	Note	September 30, 2015 (unaudited)	June 30, 2015 (audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,862,339	2,935,589
Intangible assets		7,937	7,552
Long term loans		23,401	19,585
Long term security deposits		14,267	14,267
		2,907,944	2,976,993
CURRENT ASSETS			
Stores and spares		159,901	152,238
Stock in trade	5	2,289,246	2,607,106
Trade debts		578,692	666,378
Loans and advances		169,050	164,821
Trade deposits and short term prepayments	6	119,067	32,960
Other receivables	7	34,843	18,101
Profit receivable from banks		361	1,482
Taxation		663,193	886,001
Short term investments	8	3,556,853	3,101,198
Cash and bank balances		1,259,105	936,419
		8,830,311	8,566,704
TOTAL ASSETS		11,738,255	11,543,697
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
75,000,000 ordinary shares of Rs.10 each		750,000	750,000
Issued, subscribed and paid-up share capital	9	479,549	479,549
Reserves		8,093,392	8,640,488
Remeasurement on post retirement benefits obligation		(67,469)	(67,469)
Surplus on revaluation of investments		42,676	1,048
		8,548,148	9,053,616
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		319,065	348,076
Long term deposits		29,668	25,493
Deferred liability		37,088	37,088
		385,821	410,657
CURRENT LIABILITIES			
Trade and other payables	10	2,804,286	2,079,424
TOTAL LIABILITIES		3,190,107	2,490,081
TOTAL EQUITY AND LIABILITIES		11,738,255	11,543,697
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Zulfiqar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited- Note 2)
For the Quarter ended September 30, 2015

	Note	Quarter ended September 30, 2015	Quarter ended September 30, 2014
		(Rupees in '000)	
Turnover		7,794,057	7,777,236
Sales tax		(1,242,224)	(1,237,993)
Trade discounts		(489,583)	(387,110)
Net turnover		6,062,250	6,152,133
Cost of sales		(3,962,987)	(4,222,439)
Gross profit		2,099,263	1,929,694
Selling and distribution costs		(1,085,441)	(972,268)
Administrative expenses		(71,803)	(60,893)
Other expenses		(74,216)	(74,878)
Other income		50,711	78,380
Profit from operations		918,514	900,035
Finance costs and bank charges		(5,194)	(4,764)
Profit before taxation		913,320	895,271
Taxation			
- Current - for the period		296,500	280,000
- Deferred		(34,957)	2,647
		(261,543)	(282,647)
Profit after taxation		651,777	612,624
Other comprehensive income for the period-net of tax			
Items that may be reclassified subsequently to profit and loss			
Surplus on investments categorised as 'available for sale'		47,575	(4,155)
Impact of deferred tax		(5,947)	519
		41,628	(3,636)
Total comprehensive income for the period		693,405	608,988
		----- (Rupees) -----	
Earnings per share	12	13.59	(Restated) 12.77

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Zulfiqar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited - Note 2)

For the Quarter ended September 30, 2015

	Issued, subscribed and paid up share capital	Capital reserve- share premium	Revenue reserves		Sub Total- reserves	Remeasurement on post retirement benefits obligation- net of tax	Surplus on revaluation of investments- net of tax	Total Equity
			General reserve	Unappropri- ated profit				
(Rupees in '000)								
Balance as at July 1, 2014	479,549	13,456	5,525,000	1,695,098	7,233,554	(43,623)	75,754	7,745,234
Transactions with owners								
Final dividend for the year ended June 30, 2014 (Rs. 17.00 per share)	-	-	-	(815,234)	(815,234)	-	-	(815,234)
Total transactions with owners	-	-	-	(815,234)	(815,234)	-	-	(815,234)
Comprehensive income for the period								
Profit after taxation for the quarter ended September 30, 2014	-	-	-	612,624	612,624	-	-	612,624
Other comprehensive income	-	-	-	-	-	-	(3,636)	(3,636)
Total comprehensive income for the quarter ended September 30, 2014	-	-	-	612,624	612,624	-	(3,636)	608,988
Transfer to general reserve	-	-	878,000	(878,000)	-	-	-	-
Balance as at September 30, 2014	479,549	13,456	6,403,000	614,488	7,030,944	(43,623)	72,118	7,538,988
Balance as at July 1, 2015	479,549	13,456	6,403,000	2,224,032	8,640,488	(67,469)	1,048	9,053,616
Transactions with owners								
Final dividend for the year ended June 30, 2015 (Rs. 25.00 per share)	-	-	-	(1,198,873)	(1,198,873)	-	-	(1,198,873)
Total transactions with owners	-	-	-	(1,198,873)	(1,198,873)	-	-	(1,198,873)
Comprehensive income for the period								
Profit after taxation for the quarter ended September 30, 2015	-	-	-	651,777	651,777	-	-	651,777
Other comprehensive income	-	-	-	-	-	-	41,628	41,628
Total comprehensive income for the quarter ended September 30, 2015	-	-	-	651,777	651,777	-	41,678	693,405
Transfer to general reserve	-	-	1,025,000	(1,025,000)	-	-	-	-
Balance as at September 30, 2015	479,549	13,456	7,428,000	651,936	8,093,392	(67,469)	42,676	8,548,148

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Zulfiqar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited - Note 2)

For the Quarter ended September 30, 2015

Note **Quarter ended** **Quarter ended**
September 30, **September 30,**
2015 **2014**
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	13	1,681,918	1,135,341
Taxes paid		(73,691)	(264,726)
Long term loans		(3,817)	(5,300)
Long term security deposits		-	(100)
Staff retirement gratuity paid		(22,869)	(16,941)
Long term deposits		4,175	(190)
Net cash inflow from operating activities		1,585,716	848,084

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure		(65,251)	(67,894)
Purchase of intangible assets		(1,645)	-
Short term investments made during the period		(2,491,619)	(750,000)
Proceeds from sale of property, plant and equipment		7,819	4,243
Profit received on savings accounts		14,732	17,051
Profit received on a term deposit receipt		5,950	29
Sale proceeds on disposal of short term investments		2,100,199	1,010,365
Net cash (outflow) / inflow from investing activities		(429,815)	213,794

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid		(833,215)	(772,309)
Net cash outflow from financing activities		(833,215)	(772,309)
Net increase in cash and cash equivalents		322,686	289,569
Cash and cash equivalents at the beginning of the period		936,419	853,956
Cash and cash equivalents at the end of the period		1,259,105	1,143,525

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Zulfikar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS** (Unaudited - Note 2)
For the Quarter ended September 30, 2015

1. THE COMPANY AND ITS OPERATIONS

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 2.1 These condensed interim financial statements of the Company for the period ended September 30, 2015 have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard 34 - 'Interim Financial Reporting' and provision of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. These interim financial statements should be read in conjunction with the financial statements for the year ended June 30, 2015 as they provide an update of previously reported information.
- 2.2 These condensed interim financial statements comprise of the condensed interim balance sheet as at September 30, 2015 and the condensed interim profit and loss account, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the three months period then ended.
- 2.3 The comparative condensed balance sheet, presented in these condensed interim financial statements, as at June 30, 2015 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2015 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the period ended September 30, 2014 and are unaudited.
- 2.4 New standards, amendments to approved accounting standards and new interpretations which became effective during the quarter ended September 30, 2015:**

There were certain new standards, amendments to the approved accounting standards and new interpretation issued by the international Financial Reporting Interpretations

Committee (IFRIC) which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - net book value	4.1,4.2 & 4.3	2,754,490	2,846,001
Capital work-in-progress - at cost	4.6	107,849	89,588
		<u>2,862,339</u>	<u>2,935,589</u>

**Quarter ended
September 30,
2015** **Quarter ended
September 30,
2014**
(Rupees in '000)

4.1 Additions - operating fixed assets (at cost)

Factory building on leasehold land	1,276	1,330
Plant and machinery	15,462	111,235
Electric fittings and installation	990	1,870
Furniture and fixtures	-	542
Tools and equipment	3,216	6,474
Vehicles	18,435	17,712
Computer and accessories	3,184	3,960
Office equipment	4,427	3,043
	<u>46,990</u>	<u>146,166</u>

4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 00.528 million (September 30, 2014 : Rs 84.550).

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

Vehicles	5,008	3,187
Computer and accessories	-	3
Tools and equipment	104	-
Office equipment	212	25
	<u>5,324</u>	<u>3,215</u>

4.3 Depreciation charge during the period

	<u>133,170</u>	<u>125,160</u>
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4.4 Included in operating fixed assets are few items having cost of Rs. 38.265 million (June 30, 2015: Rs. 38.265 million) held by third parties for manufacturing certain products of the Company. These fixed assets are free of lien and the Company has full rights of repossession of these assets.

4.5 During the period, the Company has identified certain items of operating fixed assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Rs 1.735 million (September 30, 2014: Rs 0.623 million) and net book value of Rs 0.007 million (September 30, 2014: Rs 0.132 million) have been retired from active use and have been written off in these condensed interim financial statements.

Quarter ended **Quarter ended**
September 30, **September 30,**
2015 **2014**
(Rupees in '000)

4.6 Additions - Capital Work-in-Progress (at cost)

Factory building on leasehold land	4,358	3,001
Plant and machinery	10,351	1,860
Electric fittings and installation	2,619	605
Tools and equipment	177	27
Furniture & fixtures	1,110	750
Computer and accessories	-	35
Office equipment	174	-
	<u>18,789</u>	<u>6,278</u>

Note **September 30,** **June 30,**
 2015 **2015**
 (unaudited) **(audited)**
(Rupees in '000)

5. STOCK IN TRADE

Raw and packing materials	5.1	1,352,656	1,764,188
Work-in-process		254,530	196,392
Finished goods - Manufacturing		534,193	500,435
Finished goods - Trading		147,867	146,091
		<u>682,060</u>	<u>646,526</u>
		<u>2,289,246</u>	<u>2,607,106</u>

5.1 Stock in trade include raw and packing materials in transit aggregating Rs 584.279 million (June 30,2015 : Rs 441.491 million) and finished goods in transit aggregating Rs 12.535 million (June 30,2015 : Rs 3.888 million).

6. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	12,310	11,955
Prepayments	106,757	21,005
	<u>119,067</u>	<u>32,960</u>

7. OTHER RECEIVABLES

Receivable from related parties	7.1	20,024	2,674
Sales Tax claimable		5,694	6,187
Special excise duties claimable		8,720	8,720
Claims receivable from an insurance company		378	502
Others		27	18
		<u>34,843</u>	<u>18,101</u>

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

	Note	September 30, 2015 (unaudited)	June 30, 2015 (audited)
		(Rupees in '000)	
Clover Pakistan Limited		104	-
Tetley Clover (Private) Limited		3,569	2,674
Employee gratuity fund		16,064	-
Century Insurance Company Limited		287	-
		<u>20,024</u>	<u>2,674</u>

8. SHORT TERM INVESTMENTS

Investments - Held to maturity	8.1	99,215	-
Investments - Available for sale	8.2	3,457,638	2,301,198
Investments - Loans and receivables (term deposits)		-	800,000
		<u>3,556,853</u>	<u>3,101,198</u>

8.1	Name of issuer	Maturity	Effective interest rate	As at July 1, 2015	Purchase during the period	Sales/ Redemption during the period	As at September 30, 2015	Amortised cost as at September 30, 2015
				Number of units			Rupees in '000	
	Treasury bills							
	Government of Pakistan	August 31, 2015	6.98%	-	1,000	1,000	-	-
		September 15, 2015	6.96%	-	2,500	2,500	-	-
		September 15, 2015	6.96%	-	2,500	2,500	-	-
		September 29, 2015	6.95%	-	1,000	1,000	-	-
		September 29, 2015	6.94%	-	3,000	3,000	-	-
		November 12, 2015	6.92%	-	1,000	-	1,000	99,215
				-	11,000	10,000	1,000	99,215

Treasury bills have a normal value of Rs. 100,000 each

8.2	Name of the investee company	As at July 01, 2015	Purchase during the period	Sales / Redemptions during the period	As at September 30, 2015	Average cost as at September 30, 2015	Fair Value as at September 30, 2015	Unrealised Gain as at September 30, 2015
		Number of units				Rupees in '000		
	Lakson Money Market Fund	7,990,363	-	-	7,990,363	800,000	812,111	12,111
	Lakson Income Fund	7,934,925	2,886,836	(2,887,667)	7,934,094	808,865	824,264	15,399
	ABL Govt. Securities Fund	-	68,838,205	-	68,838,205	700,000	709,488	9,488
	UBL Govt. Securities Fund	-	3,631,306	-	3,631,306	400,000	400,101	101
	Atlas Money Market Fund	1,389,744	-	-	1,389,744	700,000	711,674	11,674
		<u>17,315,032</u>	<u>75,356,347</u>	<u>(2,887,667)</u>	<u>89,783,712</u>	<u>3,408,865</u>	<u>3,457,638</u>	<u>48,773</u>

9. SHARE CAPITAL

9.1 Authorised share capital

September 30, 2015 (unaudited) (Number of shares)	June 30, 2015 (audited)	September 30, 2015 (unaudited) (Rupees in '000)	June 30, 2015 (audited)
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75,000,000	75,000,000
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750,000	750,000
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9.2 Issued, subscribed and paid-up share capital

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

Note	September 30, 2015 (unaudited) (Rupees in '000)	June 30, 2015 (audited)
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10. TRADE AND OTHER PAYABLES

Trade creditors	10.1	595,083	517,478
Accrued liabilities	10.2	912,156	872,908
Bills payable		337,450	215,479
Amounts due to distributors		39,926	43,184
Sales tax payable		219,813	27,068
Royalty payable to an associated undertaking		155,589	125,429
Workers' profit participation fund		49,009	175,827
Workers' welfare fund		84,661	66,814
Retention money payable		3,173	3,173
Unclaimed dividend		370,309	4,650
Others	10.3	37,117	27,414
		2,804,286	2,079,424

- 10.1 This includes Rs. 62.611 million (June 30,2015: Rs. 35.485 million) payable to related parties.
- 10.2 This includes Rs. 27.014 million (June 30,2015: Rs. 32.301 million) payable to related parties.
- 10.3 This includes Rs.7.290 million (June 30,2015: Rs. 1.004 million) payable to related parties.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

- 11.1.1 Certain cases have been filed against the Company by some employees claiming Rs 0.784 million (June 30,2015: Rs 0.784 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 the Company's favor.
- 11.1.2 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 184.629 million (June 30, 2015: Rs 188.456 million) payable at the time of exbonding of imported goods. In the event the goods are not cleared from custom warehouse within the prescribed time period, cheques issued as security shall be encashable.
- 11.1.3 During the year 2011, the Gas Infrastructure Development Cess (GIDC) was levied at Rs 13 per unit of gas consumption through the Gas infrastructure Development Cess Act, 2011 (the Act) .The rate was increased to Rs 100 per unit w.e.f. July 2012 whereas subsequently it was reduced to Rs 50 per unit through a notification dated September 7, 2012. The Sindh High Court through its order dated September 19, 2012, however, has restrained Sui Southern Gas Company Limited (SSGCL), being the company required to charge and collect the cess, from charging cess over and above Rs 13 per unit from the Company. In case of a separate petition on June 13, 2013, the said Act was declared unconstitutional by the Peshawar High Court (PHC) and such judgment was also upheld by the Supreme Court on August 22, 2014.

On September 25, 2014, the Gas infrastructure Development Cess Ordinance, 2014 (the Ordinance) was promulgated which levied GIDC at Rs 150 per unit. Section 8 of the Ordinance interalia states that notwithstanding anything to the contrary contained in any decree of any court, the cess levied under the Act shall be deemed to have been validly levied under the provision of the Ordinance (i.e. retrospective application). The Company has filed a petition to invalidate the promulgation of the Ordinance which is pending adjudication. In the meantime on the basis of the Company's application on October 20,2014, the Sindh High Court issued a stay order in favour of the Company refraining Sui Southern Gas Company Limited from collecting GIDC Under the Ordinance.

On May 23, 2015, the Gas infrastructure Development Cess Act, 2015 (the Act) was promulgated which levied GIDC at Rs 100 per unit. Section 8 of the Act inter alia states that notwithstanding anything to the contrary contained in any decree of any court, the cess levied under the Act shall be deemed to have been validly levied under the provision of the Ordinance (i.e. retrospective application). On June 29, 2015, the Company has filed a petition to invalidate the promulgation of the Act which is pending adjudication.

The amount of cess if determined to be payable by the Company with retrospective effect shall aggregate Rs 47 million approximately, however the Company, based on the advice of its legal counsel, is confident of a favorable outcome of the aforementioned application to the Sindh High Court and, therefore, has not provided for the amount of Rs 47 million in these condensed interim financial statements.

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

11.2 Commitments

11.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs. 14.990 million and Rs. 303.703 respectively (June 30, 2015: Rs. 4.826 million and Rs. 359.828 respectively).

11.2.2 Outstanding letters of credit amount to Rs. 522.317 million (June 30, 2015: Rs. 350.492 million).

11.2.3 Outstanding duties leviable on clearing of stocks amount to Rs. 5.826 million (June 30, 2015: Rs. 10.849 million).

12. EARNINGS PER SHARE

	Quarter ended September 30, 2015 (Rupees in '000)	Quarter ended September 30, 2014
Profit after taxation	651,777	612,624
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period	47,954,929	47,954,929
	(Rupees)	
Earnings per share	13.59	12.77

12.1 There were no dilutive potential ordinary shares outstanding as at September 30, 2015 and 2014.

	Note	Quarter ended September 30, 2015	Quarter ended September 30, 2014
(Rupees in '000)			
13. CASH GENERATED FROM OPERATIONS			
Profit before taxation		913,320	895,271
Adjustment for non-cash charges and other items:			
Depreciation and amortisation expense		134,430	125,978
Gain on sale of items of property, plant and equipment		(2,496)	(1,028)
Provision for impairment - trade debts		(61)	
Expenses for gratuity		6,805	4,235
Property, plant and equipment written off		7	132
Stocks in trade written off		-	7,325
Profit on savings accounts		(13,612)	(17,064)
Profit on a term deposit receipt		(5,950)	(29)
Profit on treasury bills		(7,795)	-
Gain on redemption of short term investments		(8,865)	(47,858)
Liabilities no longer payable written back		-	(20)
Net exchange loss		1,987	3,909
Working capital changes	13.1	664,148	164,490
		<u>1,681,918</u>	<u>1,135,341</u>
13.1 Working capital changes			
Decrease / (increase) in current assets:			
Stores and spares		(7,663)	(17,829)
Stock in trade		317,860	(52,553)
Trade debts		87,748	20,141
Loans and advances		(4,229)	(41,127)
Trade deposits and short term prepayments		(86,107)	(87,264)
Other receivables		(678)	2,484
		<u>306,931</u>	<u>(176,148)</u>
Increase in current liabilities:			
Trade and other payables		357,217	340,638
		<u>664,148</u>	<u>164,490</u>

14. RELATED PARTIES DISCLOSURES**14.1 Disclosure of transactions between the Company and related parties**

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

Nature of Transaction	Relationship with the Company	Quarter ended September 30, 2015 (Rupees in '000)	Quarter ended September 30, 2014
Sale of goods, services and reimbursement of expenses	Associates	6,745	6,947
Purchase of goods and services received and reimbursement of expenses	Associates	450,344	462,675
Purchase of short term investments	Associates	300,000	150,000
Profit on short term investments	Associates	8,865	21,404
Sale proceeds on redemption of short term investments	Associates	300,000	328,596
Sale of property, plant and equipment	Associates	-	4
Rent, allied and other charges	Associates	7,507	6,898
Royalty charges	Joint venture company	30,160	28,888
Insurance claims received	Associates	2,425	626
Insurance commission income	Associates	5,763	8,388
Contribution to staff retirement benefits	Employee fund	14,553	11,003
Compensation paid to Key management personnel	Key management personnel	19,516	16,004
Donation	Associates	4,500	4,500
Dividend paid	Associates / Joint venture	1,054,371	716,973

Nature of balances	Relationship with the Company	September 30, 2015 (unaudited) (Rupees in '000)	June 30, 2015 (audited)
Trade debts	Associates	4,140	4,054
Other receivable	Associates	Refer note 7.1	
Short term investments	Associates	1,636,375	1,601,198
Trade and other payables	Associates	Refer note 10	

15. ENTITY-WIDE INFORMATION

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

15.2 Information about products

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

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
Personal Care	24%	22%
Home Care	73%	74%
Others	3%	4%
	<u>100%</u>	<u>100%</u>

15.3 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.

15.4 Information about major customers

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

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 28, 2015 by the Board of Directors of the Company.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

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