



Half Yearly Report
July-December 2014



COLGATE-PALMOLIVE (PAKISTAN) LTD.

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COLGATE-PALMOLIVE (PAKISTAN) LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Mukul Deoras	
Lisa Mather (form October 20, 2014)	
Jerome Graham Webb (upto October 20, 2014)	
Aliya Saeeda Khan	Chief Executive
Zulfiqar Ali Lakhani	

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 six months ended December 31, 2014.

Financial Highlights

The Financial results of the Company are summarized below:

	July- December 2014	July- December 2013	Increase / Decrease
	Rs. in million	Rs. in million	(%)
Turnover	15,476	14,122	9.6%
Gross Profit	3,764	3,032	24.1%
- as % age to Net Sales	30.96%	27.19%	377 bps
Selling and Distribution Costs	2,041	1,720	18.6%
- as % age to Net Sales	16.78%	15.43%	136 bps
Administrative Expenses	129	104	24.0%
- as % age to Net Sales	1.06%	0.94%	12 bps
Profit from Operations	1,577	1,174	34.4%
Profit After Tax	1,091	812	34.4%
Earnings per Share (Restated) - Rs.	22.75	16.93	34.4%

The turnover of the Company grew by 9.6% to Rs. 15,476 million versus Rs. 14,122 million in the corresponding period last year. This growth has been achieved despite intense competition, continuing energy crisis, adverse security environment and frequent market closures due to political unrest.

Gross profit margin increased by 377 basis points to 30.96 % versus 27.19 % in the corresponding period last year. Major contributors to the higher gross profit were declining commodity prices, reduced material costs and favorable exchange rates.

Selling and Distribution expenses increased by 18.6% to Rs. 2,041 million as compared to Rs. 1,720 million in the corresponding period last year. This was mainly due to higher media and sales promotion spends, increase freight charges and employee related costs. Administrative expenses increased by 24.0% to Rs. 129 million from Rs. 104 million in the corresponding period last year. HR related costs were the major contributors to the increase in administrative expenses.

Profit from operations increased by 34.4% to Rs. 1,577 million from Rs. 1,174 million in the corresponding period last year. Other income grew by 76.2% to Rs. 109.666 million from Rs. 62.253 million in the corresponding period last year which can be broadly attributed to realization of profits on short term investments.



COLGATE-PALMOLIVE (PAKISTAN) LTD.

The Company registered a growth in Profit After Tax of 34.4% to Rs. 1,091 million from Rs. 812 million in the corresponding period last year. Earnings per share also increased by 34.4% to Rs. 22.75 as compared to Rs. 16.93 in the corresponding period last year.

Home and Personal Care Categories

The dishwashing category continue to show strong performance through highly engaging programs that have helped attract consumers towards our brands. The Company test marketed Max All Purpose Cleaner (APC) in three fragrances and entered the new floor cleaning segment with impactful integrated marketing and communication to build awareness, generate trial and convert users to Max APC.

Oral Care continues to connect with consumers at relevant touch points, offering them a variety of solutions ranging from cavity protection to hyper-sensitivity relief. The positive trend in volume accelerated further to deliver a high market share in toothpaste. The 'Bright Smiles, Bright Futures' School Program continues to increase its reach in both urban and rural areas where dental hygiene awareness is very low.

Palmolive bar soap remained under pressure amid an influx of imported soaps brought into the country at prices much lower than the raw material cost of manufacturing. A persistent industry level effort is continuing to move authorities to eliminate this cost disadvantage to local manufacturers to create a level playing field.

Future Outlook

Price increases are not expected and however may reduce as seen recently with beauty soaps. The Company is focused on aggressively driving volume and value growth through revitalizing base businesses and introducing new products for premiumisation of categories.

The Company sees a challenging year ahead as competition is intensifying with heavy spending on media, on-ground and at the shop level in all our product categories.

Acknowledgement

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

On behalf of Board of Directors

IQBAL ALI LAKHANI
Chairman

Karachi : January 26, 2015



A. F. FERGUSON & CO.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Colgate-Palmolive (Pakistan) Limited as at December 31, 2014, the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the accounts for the six-month period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 and the notes to the accounts have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2014.

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 interim financial information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Karachi : January 26, 2015

Engagement Partner : Khurshid Hasan

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COLGATE-PALMOLIVE (PAKISTAN) LTD.

CONDENSED INTERIM BALANCE SHEET (Unaudited-Note 2)

As at December 31, 2014

	Note	December 31, 2014 (unaudited) (Rupees in '000)	June 30, 2014 (audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,062,480	3,147,236
Intangible assets		3,356	4,810
Long term loans		18,913	14,306
Long term security deposits		14,267	14,587
		3,099,016	3,180,939
CURRENT ASSETS			
Stores and spares		147,680	125,720
Stock in trade	5	3,169,995	2,473,246
Trade debts		427,033	653,003
Loans and advances		104,653	122,898
Trade deposits and short term prepayments	6	94,813	39,127
Other receivables	7	29,879	25,749
Profit receivable from banks		181	188
Taxation		638,099	588,551
Short term investments	8	2,018,638	2,144,508
Cash and bank balances		985,352	853,956
TOTAL ASSETS		7,616,323	7,026,946
		10,715,339	10,207,885
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	9	750,000	750,000
Issued, subscribed and paid-up share capital	9	479,549	479,549
Reserves		7,509,289	7,233,554
Remeasurement on post retirement benefits obligation		(43,623)	(43,623)
Surplus on revaluation of investments		101,231	75,754
		8,046,446	7,745,234
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		422,961	439,239
Long term deposits		21,126	21,232
Deferred liability		22,189	22,189
		466,276	482,660
CURRENT LIABILITIES			
Trade and other payables	10	2,202,617	1,979,991
TOTAL LIABILITIES		2,668,893	2,462,651
TOTAL EQUITY AND LIABILITIES		10,715,339	10,207,885

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 and Six months period ended December 31, 2014

Note	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Six months period ended December 31, 2014	Six months period ended December 31, 2013
	(Rupees in '000)			
Turnover	7,698,948	7,176,998	15,476,184	14,121,579
Sales tax	(1,221,588)	(1,143,735)	(2,459,581)	(2,242,400)
Trade discounts	(471,047)	(357,060)	(858,157)	(729,712)
Net turnover	6,006,313	5,676,203	12,158,446	11,149,467
Cost of sales	(4,172,094)	(4,144,265)	(8,394,533)	(8,117,651)
Gross profit	1,834,219	1,531,938	3,763,913	3,031,816
Selling and distribution costs	(1,068,289)	(893,851)	(2,040,557)	(1,720,008)
Administrative expenses	(68,482)	(52,678)	(129,375)	(104,355)
Other expenses	(51,695)	(35,398)	(126,573)	(96,070)
Other income	31,286	37,097	109,666	62,253
Profit from operations	677,039	587,108	1,577,074	1,173,636
Finance cost and bank charges	(5,206)	(4,659)	(9,970)	(8,850)
Profit before taxation	671,833	582,449	1,567,104	1,164,786
Taxation				
- Current - for the period	220,798	126,549	500,798	339,449
- for prior year	(3,857)	(1,715)	(3,857)	(1,715)
	216,941	124,834	496,941	337,734
- Deferred	(23,453)	17,488	(20,806)	15,051
	(193,488)	(142,322)	(476,135)	(352,785)
Profit after taxation	478,345	440,127	1,090,969	812,001
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'	34,160	2,820	30,005	17,004
Impact of deferred tax	(5,047)	(283)	(4,528)	(1,700)
	29,113	2,537	25,477	15,304
Total comprehensive income for the period	507,458	442,664	1,116,446	827,305
	(Rupees)			
Earnings per share	12 9.97	9.18	22.75	16.93

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



COLGATE-PALMOLIVE (PAKISTAN) LTD.

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

For the Six months period ended December 31, 2014

	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- priated profit				
	(Rupees in '000)							
Balance as at July 1, 2013	435,954	13,456	4,590,000	1,590,776	6,194,232	(26,738)	27,970	6,631,418
Comprehensive income for the period								
Profit after taxation for the six months period ended December 31, 2013	-	-	-	812,001	812,001	-	-	812,001
Other comprehensive income	-	-	-	-	-	-	15,304	15,304
Total comprehensive income for the period	-	-	-	812,001	812,001	-	15,304	827,305
Transfer to general reserve	-	-	935,000	(935,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2013 (Rs 14 per share)	-	-	-	(610,336)	(610,336)	-	-	(610,336)
Bonus shares issued at the rate of one share for every ten shares held	43,595	-	-	(43,595)	(43,595)	-	-	-
Total transactions with owners	43,595	-	-	(653,931)	(653,931)	-	-	(610,336)
Balance as at December 31, 2013	479,549	13,456	5,525,000	813,846	6,352,302	(26,738)	43,274	6,848,387
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
Comprehensive income for the period								
Profit after taxation for the six months period ended December 31, 2014	-	-	-	1,090,969	1,090,969	-	-	1,090,969
Other comprehensive income	-	-	-	-	-	-	25,477	25,477
Total comprehensive income for the period ended	-	-	-	1,090,969	1,090,969	-	25,477	1,116,446
Transfer to general reserve	-	-	878,000	(878,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2014 (Rs 17 per share)	-	-	-	(815,234)	(815,234)	-	-	(815,234)
Balance as at December 31, 2014	479,549	13,456	6,403,000	1,092,833	7,509,289	(43,623)	101,231	8,046,446

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

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited - Note 2)

For the Six months period ended December 31, 2014

	Note	Six months period ended December 31, 2014 (Rupees in '000)	Six months period ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	1,448,283	1,367,728
Staff retirement gratuity paid		(16,941)	(50,979)
Finance cost and bank charges paid		(9,970)	(8,850)
Taxes paid		(546,489)	(403,133)
Long term loans		(4,607)	(3,701)
Long term security deposits (assets)		320	(328)
Long term deposits (liabilities)		(106)	2,303
Net cash inflow from operating activities		870,490	903,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(176,505)	(220,137)
Purchase of intangible assets		-	(2,463)
Sale proceeds on disposal of items of operating fixed assets		9,611	12,292
Profit received on savings accounts		30,620	23,137
Short term investments made during the period		(900,000)	(900,000)
Proceeds on redemption of short term investments		1,110,366	725,000
Net cash inflow / (outflow) from investing activities		74,092	(362,171)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		(813,186)	(609,343)
Net cash outflow from financing activity		(813,186)	(609,343)
Net increase / (decrease) in cash and cash equivalents		131,396	(68,474)
Cash and cash equivalents at the beginning of the period		853,956	1,051,925
Cash and cash equivalents at the end of the period		985,352	983,451

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



COLGATE-PALMOLIVE (PAKISTAN) LTD.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited - Note 2)

For the Six months period ended December 31, 2014

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 six months period ended December 31, 2014 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 provisions 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, 2014 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 December 31, 2014 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 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 the condensed interim profit and loss account for the quarter ended December 31, 2014 which has neither been reviewed nor audited.

2.3 The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2014 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2014 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the six months period ended December 31, 2013 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 and loss account for the quarter ended December 31, 2013 included in these condensed interim financial statements was neither subjected to a review nor audited.

2.4 **New standards, amendments to approved accounting standards and new interpretations which became effective during the six months period ended December 31, 2014:**

There were certain new standards, amendments to the approved accounting standards and a 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 amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2014, 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, 2014.

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, 2014.

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, 2014.

Note	December 31,	June 30,
	2014	2014
	(unaudited)	(audited)
	(Rupees in '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (at net book value) 4.1, 4.2 & 4.3	3,027,681	3,047,545
Capital work-in-progress - (at cost) 4.6	34,799	99,691
	<u>3,062,480</u>	<u>3,147,236</u>



**Six months
period ended
December 31,
2014** Six months
period ended
December 31,
2013
(Rupees in '000)

4.1 Additions - operating fixed assets (at cost)

Factory building on leasehold land	6,701	38,718
Plant and machinery	132,218	306,700
Electric fittings and installation	5,305	31,010
Furniture and fixtures	1,333	390
Tools and equipment	10,151	4,262
Vehicles	66,420	45,767
Computers and accessories	11,331	6,715
Office equipment	7,938	1,815
	<u>241,397</u>	<u>435,377</u>

4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 102.166 million (December 31, 2013: Rs 360.402 million).

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

Vehicles	6,927	8,213
Computers and accessories	80	84
Office equipment	3	-
	<u>7,010</u>	<u>8,297</u>

4.3 Depreciation charge for the period 254,023 215,947

4.4 Included in operating fixed assets are items having cost of Rs 48.534 million (June 30, 2014: Rs 39.890 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 0.985 million (December 31, 2013: Rs 1.104 million) and net book value of Rs 0.228 million (December 31, 2013: Rs 0.314 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, 2014	Six months period ended December 31, 2013
		(Rupees in '000)	
4.6 Additions - capital work-in-progress (at cost)			
Factory building on leasehold land		14,175	13,181
Plant and machinery		11,310	82,019
Electric fittings and installation		1,289	15,893
Tools and equipment		27	4,900
Furniture and fixtures		750	13,551
Office equipment		385	128
Vehicles		9,338	15,490
		<u>37,274</u>	<u>145,162</u>
		December 31, 2014 (unaudited)	June 30, 2014 (audited)
		(Rupees in '000)	

5. STOCK IN TRADE

Raw and packing materials	2,050,305	1,455,682
Work-in-process	287,488	360,531
Finished goods - Manufactured	694,649	528,842
Finished goods - Trading	137,553	128,191
	<u>832,202</u>	<u>657,033</u>
	<u>3,169,995</u>	<u>2,473,246</u>

- 5.1 Stock in trade include raw and packing materials in transit aggregating Rs 854.080 million (June 30, 2014: Rs 384.998 million) and finished goods in transit aggregating Rs 3.826 million (June 30, 2014: Rs 4.381 million).

6. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	21,085	15,875
Prepayments	73,728	23,252
	<u>94,813</u>	<u>39,127</u>

7. OTHER RECEIVABLES

Receivable from related parties	7.1	14,677	10,787
Sales tax claimable		6,007	5,376
Special excise duties claimable		8,720	8,720
Insurance claims receivable from Century Insurance Company Limited		466	866
Other		9	-
		<u>29,879</u>	<u>25,749</u>



Note **December 31, 2014**
(unaudited) June 30, 2014
(audited)
(Rupees in '000)

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

Clover Pakistan Limited	39	39
Tetley Clover (Private) Limited	6,167	10,748
Employees gratuity fund	8,471	-
	<u>14,677</u>	<u>10,787</u>

8. SHORT TERM INVESTMENTS

Investments - Available for sale	8.1	<u>2,018,638</u>	<u>2,144,508</u>
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8.1 Name of the investees	As at July 01, 2014	Purchase during the period	Sales / Redemptions during the period	As at December 31, 2014	Average cost as at December 31, 2014	Fair Value as at December 31, 2014	Unrealised Gain as at December 31, 2014
	Number of units				Rupees in '000		
Lakson Money Market Fund	12,687,575	2,917,181	(4,404,383)	11,200,373	1,085,438	1,169,606	84,168
UBL Liquidity Plus Fund	5,126,897	-	(3,923,190)	1,203,707	117,507	126,011	8,504
Meezan Sovereign Fund	5,144,548	-	(5,144,548)	-	-	-	-
Atlas Money Market Fund	199,318	589,619	-	788,937	400,000	413,813	13,813
ABL Cash Fund	-	29,549,372	-	29,549,372	300,000	309,208	9,208
	<u>23,158,338</u>	<u>33,056,172</u>	<u>(13,472,121)</u>	<u>42,742,389</u>	<u>1,902,945</u>	<u>2,018,638</u>	<u>115,693</u>

9. SHARE CAPITAL

9.1 Authorised share capital

December 31, 2014 (unaudited) (Number of shares)	June 30, 2014 (audited)	December 31, 2014 (unaudited) (Rupees in '000)	June 30, 2014 (audited)
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<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs. 10/- each	<u>750,000</u>	<u>750,000</u>
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9.2 Issued, subscribed and paid-up share capital

December 31, 2014 (unaudited)	June 30, 2014 (audited)		December 31, 2014 (unaudited)	June 30, 2014 (audited)
(Number of shares)			(Rupees in '000)	

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
<u>47,954,929</u>	<u>47,954,929</u>		<u>479,549</u>	<u>479,549</u>

Note	December 31, 2014 (unaudited)	June 30, 2014 (audited)
	(Rupees in '000)	

10. TRADE AND OTHER PAYABLES

Trade creditors	10.1	606,890	470,883
Accrued liabilities	10.2	850,776	748,820
Bills payable		321,446	221,000
Advances from distributors		55,914	35,349
Sales tax payable		62,958	188,114
Royalty payable to an associated undertaking		160,364	106,282
Workers' profits participation fund		84,115	132,071
Workers' welfare fund		31,964	49,101
Retention money payable		3,518	4,318
Unclaimed dividend		6,012	3,964
Others	10.3	18,660	20,089
		<u>2,202,617</u>	<u>1,979,991</u>

- 10.1 This includes Rs 66.515 million (June 30, 2014: Rs 44.802 million) payable to related parties.
- 10.2 This includes Rs 57.284 million (June 30, 2014: Rs 6.953 million) payable to related parties.
- 10.3 This includes Rs 0.761 million (June 30, 2014: Rs 0.842 million) payable to related parties.



11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 There has been no significant development in the case disclosed as contingency in note 24.1.1 to the Company's financial statements for the year ended June 30, 2014.

11.1.2 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 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). 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.

The amount of cess if determined to be payable by the Company with retrospective effect shall aggregate Rs 25 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 accounted for the amount of Rs 25 million in the condensed interim financial statements.

11.1.3 Cases have been filed against the Company by some employees claiming Rs 0.378 million (June 30 2014: Rs 2.078 million) in aggregate. Provision has not been made in these 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 favour.

11.1.4 Post dated cheques have been issued to custom authorities in respect of duties and taxes amounting to Rs 90.799 million (June 30 2014: Rs 76.026 million) as a security and in the event that the imported goods are not consumed within the prescribed time period and the certificate of the same is not provided to the collector of customs cheques issued as security shall be encashable.

11.1.5 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, 2014: Rs 32.931 million).

11.2 Commitments

11.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 40.316 million and Rs 149.270 respectively (June 30, 2014: Rs 46.134 million and Rs 325.056 respectively).

11.2.2 Outstanding letters of credit amount to Rs 238.201 million (June 30, 2014: Rs 726.451 million).

11.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 11.176 million (June 30, 2014: Rs 10.677 million).

12. EARNINGS PER SHARE

	Quarter ended December 31, 2014	Quarter ended December 31, 2013	Six months period ended December 31, 2014	Six months period ended December 31, 2013
	(Rupees in '000)			
Profit after taxation	478,345	440,127	1,090,969	812,001
	(Number of shares)			
Weighted average number of ordinary shares outstanding during the period	47,954,929	47,954,929	47,954,929	47,954,929
	(Rupees)			
Earnings per share	9.97	9.18	22.75	16.93

12.1 There were no dilutive potential ordinary shares outstanding as at December 31, 2014 or 2013.



Note
**Six months
period ended
December 31,
2014**
(Rupees in '000)

Six months
period ended
December 31,
2013

13. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,567,104	1,164,786
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	255,477	217,730
Gain on disposal of items of operating fixed assets	(2,601)	(3,995)
Expense for staff retirement gratuity	8,470	10,744
Operating fixed assets written off 4.5	228	314
Profit on savings accounts	(30,613)	(23,137)
Profit on treasury bills	-	(3,269)
Gain on redemption of short term investments	(54,491)	(21,875)
Finance cost and bank charges	9,970	8,850
Stock in trade written off	7,390	11,356
Liabilities no longer payable written back	(52)	(25)
Working capital changes 13.1	(312,599)	6,249
	<u>1,448,283</u>	<u>1,367,728</u>

13.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spares	(21,960)	(19,915)
Stock in trade	(704,139)	242,061
Trade debts	225,970	(30,725)
Loans and advances	18,245	(1,559)
Trade deposits and short term prepayments	(55,686)	(39,121)
Other receivables	4,341	(14,510)
	<u>(533,229)</u>	<u>136,231</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	220,630	(129,982)
	<u>(312,599)</u>	<u>6,249</u>

14. RELATED PARTIES

14.1 Disclosure of transactions and closing balances 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 Transactions	Relationship with the Company	Six months period ended December 31, 2014	Six months period ended December 31, 2013
		(Rupees in '000)	
Sale of goods, services provided and reimbursement of expenses	Associates	14,467	14,684
Purchase of goods, services received and reimbursement of expenses	Associates	888,212	857,818
Purchase of short term investments	Associates	300,000	550,000
Sale proceeds on redemption of short term investments	Associates	450,000	375,000
Profit on short term investments	Associates	28,037	-
Rent, allied and other charges	Associates	13,817	10,437
Royalty charges	Joint venture company	54,082	51,058
Insurance claims received	Associates	11,071	5,939
Insurance commission income	Associates	13,734	3,335
Purchase of property, plant and equipment	Associates	-	791
Sale of property, plant and equipment	Associates	4	-
Contribution to staff retirement benefits	Employees fund	21,996	22,398
Compensation paid to key management personnel	Key management personnel	28,211	20,801
Donations	Associate	9,000	9,000
Dividend paid	Associates / Joint venture	716,973	536,771

Nature of balances	Relationship with the Company	December 31, 2014 (unaudited)	June 30, 2014 (audited)
		(Rupees in '000)	
Trade debts	Associates	1,326	2,105
Other receivables	Associates	Refer note 7.1	
Short term investments	Associates	1,169,606	1,270,077
Trade and other payables	Associates	Refer note 10	

For better presentation, the Company has reassessed the requirements of IAS 24 - 'Related-Party Disclosures' and has changed related party balances alongwith the corresponding amounts in these condensed interim financial statements.



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:

	Six months period ended December 31, 2014	Six months period ended December 31, 2013
 % %
Personal Care	22%	22%
Home Care	74%	74%
Others	4%	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 Company's revenues.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 26, 2015 by the Board of Directors of the Company.

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director



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