

THIRD QUARTER REPORT
JANUARY - MARCH 2019

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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 the un-audited condensed financial statements of the Company for the nine months period ended March 31, 2019.

Financial Position at a Glance

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

Operating Results	July- March 2018-19	July- March 2017-18	Increase/ (Decrease)
	Amount in PKR million		
Turnover	35,686	30,656	16.41%
Net Turnover	27,112	23,155	17.09%
Gross Profit	7,693	7,798	(1.35%)
Gross Profit %	28.37%	33.68%	(530 bps)
Selling & Distribution Costs	3,716	3,998	(7.05%)
Administrative Expenses	373	339	10.03%
Operating Profit	3,722	3,456	7.70%
Profit After Tax	2,599	2,484	4.63%
Earnings per Share - Rupees	45.17	43.16	4.63%

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 in the condensed interim financial statements.

Financial Performance Highlights

Net turnover of the Company grew by 17.09% due to an increase in selling prices and volume gains across all categories. Despite selling price increases, aimed at neutralizing the impact of currency devaluation and commodity price changes, gross profit margin dropped by 530 bps.

The Company restructured its media and promotional expenses resulting in a decrease of 7.05% in selling and distribution costs. Administrative expenses increased by 10.03% mainly due to employee related cost and depreciation expense.

Business Performance Highlights

The upsurge in input cost led in the detergent and dish washing categories to increase prices to partially off-set the cost impact. The Company defended its market share by focusing on making its brands more consumer relevant in the inflationary period.

Promising a clean and fragrant home, Max All Purpose Cleaner was launched nationwide to further consolidate the Company's leadership position in the surface care category.

Future Outlook

The business outlook continues to be uncertain and may prove to be challenging as the Rupee has continued its downward trend against the USD and inflation is on the rise. The Management is focused on delivering profitable growth by focusing on product mix that delivers good margins, staying responsive to consumer and shopper demands and introducing innovative new products.

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 : April 29, 2019



ZULFIQAR ALI LAKHANI
Chief Executive

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ کمپنی کے 31 مارچ 2019 کو اختتام پذیر ہونے والے نو ماہ کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی صورتحال ایک نظر میں

اس نو ماہ کے لئے کمپنی کا مختصر مالیاتی جائزہ ذیل کے مطابق ہے:

کاروباری نتائج	جولائی - مارچ 2017-18	جولائی - مارچ 2018-19	اضافہ / (کمی)
	(روپے ملین میں)		
مجموعی آمدنی	30,656	35,686	16.41%
خالص آمدنی	23,155	27,112	17.09%
مجموعی منافع	7,798	7,693	(1.35%)
مجموعی منافع %	33.68%	28.37%	(530 بنیادی پوائنٹس)
فروخت اور ترسیل کے اخراجات	3,998	3,716	(7.05%)
انتظامی اخراجات	339	373	10.03%
آپریٹنگز سے منافع	3,456	3,722	7.70%
بعد از ٹیکس منافع	2,484	2,599	4.63%
فی شیئر آمدنی (روپے)	43.16	45.17	4.63%

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

مالیاتی کارکردگی کی جھلکیاں

تمام کیٹیگریز کی قیمت فروخت اور حجم میں اضافے کے باعث کمپنی کی خالص آمدنی میں 17.09% اضافہ ہوا۔ روپے کی قدر میں کمی اور مصنوعات کی نرخوں میں اضافے کے اثرات کو زائل کرنے کے لئے قیمت فروخت میں اضافے کے باوجود مجموعی منافع 530 بنیادی پوائنٹس سے کم ہو گیا۔

کمپنی کے فروخت اور ترسیل کے اخراجات میں 7.05% کمی واقع ہوئی جس کی وجہ میڈیا اور پرموشنل سرگرمیوں کی مد میں اخراجات کو مرتب کیا جانا تھا۔ انتظامی اخراجات میں 10.03% اضافہ ہوا جس کی بنیادی وجہ ملازمین اور ڈیپریکیشن سے متعلق اخراجات ہیں۔

کاروباری کارکردگی کی جھلکیاں

بیدواری لاگت میں اضافے کے اثرات کو زائل کرنے کے لئے ڈسٹریبنٹ اور ڈسٹریبنٹس واشنگ کیلنگریز کی قیمتوں میں اضافہ کیا گیا۔ کمپنی نے اس افراط زر کے دور میں اپنے مارکیٹ شیئر کا دفاع اپنی مصنوعات کو صارفین کے لئے مزید موزوں بناتے ہوئے کیا۔

سرفیس کیئر کیلنگریز میں کمپنی نے اپنا قائدانہ مقام مزید مستحکم کرنے کے لیے ایک صاف ستھرے، مہکتے گھر کے وعدے کے ساتھ ملک بھر میں میکس آل پریز کلیئر متعارف کرایا۔

مستقبل کی توقعات


کاروباری توقعات بدستور رہے۔ یقینی کارکن ہیں اور مستقبل چیلنج سے بھرپور ثابت ہونے کا امکان ہے جیسا کہ روپے نے امریکی ڈالر کے مقابلے میں اپنا گراؤٹ کارکن برقرار رکھا ہے اور افراط زر میں اضافے کا سلسلہ جاری ہے۔ کمپنی اچھا منافع جات مہیا کرنے والی مصنوعات پر توجہ مرکوز کرنے، صارف اور خریدار کے مطالبات کی تکمیل کرنے اور نئی جدت آمیز مصنوعات متعارف کرنے کے ذریعے منافع بخش نمو حاصل کرنے پر توجہ مرکوز کئے ہوئے ہے۔

اظہار تشکر

ہم اپنے صارفین کے انتہائی مشکور ہیں کہ انھوں نے ہمارے برانڈز پر اپنا اعتماد برقرار رکھا۔ ہم اپنے فیکٹریز، شیئر 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: 29 اپریل، 2019


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(Unaudited-Note 2)

As at March 31, 2019

	Note	March 31, 2019 (unaudited) (Rupees in '000)	June 30, 2018 (audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,995,621	3,644,294
Intangible assets		17,409	24,818
Long term loans		43,523	42,651
Long term security deposits		19,331	17,648
		<u>4,075,884</u>	<u>3,729,411</u>
CURRENT ASSETS			
Stores and spares		270,279	228,561
Stock in trade	5	4,823,468	4,110,978
Trade debts		688,476	736,373
Loans and advances		397,558	253,582
Trade deposits and short term prepayments		101,581	66,597
Other receivables		203,604	204,338
Accrued profit		27,032	14,693
Taxation		1,126,244	522,942
Short term investments	6	4,635,266	5,354,454
Cash and bank balances		1,452,123	1,528,039
		<u>13,725,631</u>	<u>13,020,557</u>
TOTAL ASSETS		<u>17,801,515</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		13,533,180	12,937,587
Remeasurement on post retirement benefits obligation		(112,888)	(112,888)
(Deficit) / Surplus on revaluation of investments		(6,453)	5
		<u>13,989,298</u>	<u>13,304,253</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		215,412	163,350
Long term deposits		83,633	86,062
		<u>299,045</u>	<u>249,412</u>
CURRENT LIABILITIES			
Trade and other payables	7	3,490,293	3,183,656
Unclaimed dividend		22,879	12,647
		<u>3,513,172</u>	<u>3,196,303</u>
TOTAL LIABILITIES		<u>3,812,217</u>	<u>3,445,715</u>
TOTAL EQUITY AND LIABILITIES		<u>17,801,515</u>	<u>16,749,968</u>
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 14 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

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Unaudited- Note 2)

For the Quarter and Nine months period ended March 31, 2019

Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018 (Restated)	Nine months period ended March 31, 2019	Nine months period ended March 31, 2018 (Restated)
	(Rupees in '000)			
Turnover	12,738,161	10,490,602	35,686,379	30,656,081
Sales tax	(2,012,005)	(1,666,353)	(5,653,926)	(4,862,090)
Trade and other discounts	(975,381)	(911,261)	(2,920,115)	(2,638,549)
Net turnover	9,750,775	7,912,988	27,112,338	23,155,442
Cost of sales	(7,116,241)	(5,264,122)	(19,419,535)	(15,357,445)
Gross profit	2,634,534	2,648,866	7,692,803	7,797,997
Selling and distribution costs	(1,230,840)	(1,350,586)	(3,716,458)	(3,998,439)
Administrative expenses	(131,709)	(121,733)	(373,136)	(338,512)
Other expenses	(103,003)	(102,724)	(312,732)	(301,875)
Other income	150,126	96,943	431,887	296,689
Profit from operations	1,319,108	1,170,766	3,722,364	3,455,860
Finance cost and bank charges	(9,148)	(7,369)	(27,577)	(20,405)
Profit before taxation	1,309,960	1,163,397	3,694,787	3,435,455
Taxation				
- Current - for the period	389,369	359,159	1,035,000	1,009,800
- for prior year	11,517	-	6,341	(28,136)
	400,886	359,159	1,041,341	981,664
- Deferred	13,834	(11,971)	54,285	(30,153)
	(414,720)	(347,188)	(1,095,626)	(951,511)
Profit after taxation	895,240	816,209	2,599,161	2,483,944
Other comprehensive income / (loss) for the period - net of tax				
Items that may be reclassified subsequently to profit or loss				
Surplus / (deficit) on investments categorised as 'fair value through other comprehensive income' - net	1,923	10,349	(7,327)	45,159
Impact of tax	(478)	(1,552)	1,818	(6,774)
	1,445	8,797	(5,509)	38,385
Total comprehensive income for the period	896,685	825,006	2,593,652	2,522,329
	(Rupees)			
Earnings per share - basic and diluted (Rupees)	9 15.56	(Restated) 14.18	45.17	(Restated) 43.16

The annexed notes 1 to 14 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 Nine months period ended March 31, 2019

	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, 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 nine months period ended March 31, 2018	-	-	-	2,483,944	2,483,944	-	-	2,483,944
Other comprehensive income	-	-	-	-	-	-	38,385	38,385
Total comprehensive income for the period ended March 31, 2018	-	-	-	2,483,944	2,483,944	-	38,385	2,522,329
Transfer to general reserve	-	-	1,578,000	(1,578,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2017 (Rs. 20.00 per share)	-	-	-	(959,099)	(959,099)	-	-	(959,099)
Interim dividend for the year ended June 30, 2018 (Rs. 15.00 per share)	-	-	-	(719,324)	(719,324)	-	-	(719,324)
Total transactions with owners	-	-	-	(1,678,423)	(1,678,423)	-	-	(1,678,423)
Balance as at March 31, 2018	479,549	13,456	10,386,000	1,765,020	12,164,476	(88,621)	42,428	12,597,832
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 nine months period ended March 31, 2019	-	-	-	2,599,161	2,599,161	-	-	2,599,161
Other comprehensive income	-	-	-	-	-	-	(5,509)	(5,509)
Total comprehensive income for the period ended March 31, 2019	-	-	-	2,599,161	2,599,161	-	(5,509)	2,593,652
Transfer to general reserve	-	-	1,483,000	(1,483,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2018 (Rs. 20.00 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)	-	-	-
Interim dividend for the year ending June 30, 2019 (Rs. 16.50 per share)	-	-	-	(949,508)	(949,508)	-	-	(949,508)
Total transactions with owners	95,910	-	-	(2,004,517)	(2,004,517)	-	-	(1,908,607)
Balance as at March 31, 2019	575,459	13,456	11,869,000	1,650,724	13,533,180	(112,888)	(6,453)	13,989,298

The annexed notes 1 to 14 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 Nine months period ended March 31, 2019

	Note	Nine months period ended March 31, 2019	Nine months period ended March 31, 2018
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	3,363,621	3,670,669
Staff retirement gratuity paid		-	(15,000)
Finance cost and bank charges paid		(27,578)	(20,405)
Taxes paid		(1,642,345)	(1,333,993)
Long term loans		(872)	(187)
Long term security deposits (assets)		(1,683)	(189)
Long term deposits (liabilities)		(2,429)	12,325
Net cash generated from operating activities		1,688,714	2,313,220
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(976,807)	(749,122)
Purchase of Intangible assets		(2,567)	(7,117)
Proceeds from disposal of property, plant and equipment		52,226	22,234
Profit received on saving accounts and Term Deposit Receipts		88,755	97,939
Profit received on treasury bills		92,448	84,751
Profit received on Pakistan Investment Bonds		12,062	5,058
Profit received on Musharakah Certificates		-	3,896
Profit received on Sukuk Bonds		3,746	-
Short term investments made during the period		(2,650,000)	(8,342,183)
Disposal / Redemption of short term investments		1,250,589	9,003,405
Net cash (used in) / generated from investing activities		(2,129,548)	118,861
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,898,375)	(1,672,305)
Net (decrease) / increase in cash and cash equivalents		(2,339,209)	759,776
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	1,951,830	5,174,916

The annexed notes 1 to 14 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 Nine months period ended March 31, 2019

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 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 the International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 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 the condensed interim statement of financial position as at March 31, 2019, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes thereto for the nine months period then ended. These condensed interim financial statements also include the condensed interim statement of profit or loss and other comprehensive income for the quarter ended March 31, 2018 .

2.4 The comparative condensed 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 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 nine months period ended March 31, 2018 have been extracted from the condensed interim financial statements of the Company for the nine months period then ended. The comparative condensed interim statement of profit or loss and other comprehensive income for the quarter ended March 31, 2018 also included in these condensed interim financial statements.

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 877.917 million (March 31, 2018: Rs 775.155 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 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	March 31, 2019 (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	3,255,926	2,757,033
Capital work-in-progress (at cost)	4.6	739,695	887,261
		<u>3,995,621</u>	<u>3,644,294</u>

**Nine months
period ended
March 31,
2019** **Nine months
period ended
March 31,
2018**
(Rupees in '000)

4.1 Additions - operating fixed assets (at cost)

Factory building on leasehold land	102,485	25,358
Plant and machinery	720,496	274,451
Electric fittings and installation	78,139	24,203
Furniture and fixtures	8,428	41,515
Tools and equipment	92,779	48,545
Vehicles	71,101	75,642
Computers and accessories	16,577	60,303
Office equipment	34,368	20,774
	<u>1,124,373</u>	<u>570,791</u>

4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 847.258 million (March 31, 2018 : Rs 348.555 million).

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

Factory building on leasehold land	9,532	-
Plant and machinery	8,423	2,459
Vehicles	14,476	9,115
Electric fittings and installation	4,197	-
Furniture and fixtures	234	-
Computers and accessories	63	250
Office equipment	1,367	67
Tools and equipment	1,040	60
	<u>39,332</u>	<u>11,951</u>

4.3 Depreciation charge for the period

	<u>585,920</u>	<u>495,621</u>
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4.4 Included in operating fixed assets are few items having 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 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 5.919 million (March 31, 2018: Rs 9.013 million) and net book value Rs 0.228 million (March 31, 2018: Rs 1.073 million) have been retired from active use and have been written off in these condensed interim financial statements.

Note **Nine months period ended March 31, 2019** **Nine months period ended March 31, 2018**
(Rupees in '000)

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

Factory building on leasehold land	187,949	63,466
Plant and machinery	363,210	373,592
Vehicles	23,392	33,434
Electric fittings and installation	70,282	18,506
Tools and equipment	9,340	19,991
Furniture & fixtures	3,085	8,510
Computers and accessories	462	126
Office equipment	41,972	9,261
	<u>699,692</u>	<u>526,886</u>
	March 31, 2019 (unaudited) (Rupees in '000)	June 30, 2018 (audited)

5. STOCK IN TRADE

Raw and packing materials	3,075,313	2,846,080
Work-in-process	505,177	311,269
Finished goods - Manufactured	1,070,724	703,191
Finished goods - Trading	172,254	250,438
	<u>1,242,978</u>	<u>953,629</u>
	<u>4,823,468</u>	<u>4,110,978</u>

5.1 Stock in trade include raw and packing materials in transit aggregating Rs 1,043.125 million (June 30, 2018 : Rs 1,088.557 million) and finished goods in transit aggregating Rs 7.382 million (June 30, 2018 : Rs 36.694 million).

6. SHORT TERM INVESTMENTS

Investments - Amortised cost	6.1	499,707	2,765,607
Investments - Fair value through other comprehensive income	6.2	381,774	388,171
Investments - Fair value through profit or loss	6.3	3,753,785	2,200,676
		<u>4,635,266</u>	<u>5,354,454</u>

6.1 These include term deposits having profits rates of 8.36% and 11.10% (June 30, 2018: 5.00% and 7.30%) per annum and maturity on April 2019 and February 2020.

6.2 These include PIB's and Sukuk having profits rates of 6.85% and 7.16% (June 30, 2018: 6.85% and 7.16%) per annum respectively and maturity in May 2028 and November 2022 respectively.

6.3	Name of the investee	As at July 01, 2018	Purchase during the period	Sales / Redemptions during the period	As at March 31, 2019	Average cost as at March 31, 2019	Fair Value as at March 31, 2019	Unrealised Gain as at March 31, 2019
		(Number of units in '000)			(Rupees in '000)			
	Lakson Income Fund (associated undertaking)	9,442	468	(6,367)	3,543	350,000	377,312	27,312
	Lakson Money Market Fund (associated undertaking)	-	25,640	(2,880)	22,760	2,350,000	2,422,151	72,151
	Atlas Money Market Fund	1,513	157	-	1,670	800,000	842,582	42,582
	NAFA Money Market Fund	38,464	2,709	(29,840)	11,333	100,000	111,740	11,740
		<u>49,419</u>	<u>28,974</u>	<u>(39,087)</u>	<u>39,306</u>	<u>3,600,000</u>	<u>3,753,785</u>	<u>153,785</u>
		Note			March 31, 2019 (unaudited)	June 30, 2018 (audited)		
		(Rupees in '000)						

7. TRADE AND OTHER PAYABLES

Trade creditors	7.1	1,074,359	790,063
Accrued liabilities	7.2	1,326,436	1,402,467
Bills payable		198,813	317,929
Advances from distributors - unsecured	7.3	93,578	47,636
Sales tax payable		224,358	2,053
Royalty payable to Colgate-Palmolive Co., USA		214,139	222,814
Workers' profit participation fund		198,040	250,446
Workers' welfare fund		70,600	93,540
Retention money payable		8,390	4,945
Others	7.4	81,580	51,763
		<u>3,490,293</u>	<u>3,183,656</u>

7.1 This includes Rs. 86.491 million (June 30, 2018: Rs. 90.932 million) payable to related parties.

7.2 This includes Rs. 61.576 million (June 30, 2018: Rs. 73.399 million) payable to related parties.

7.3 This includes Rs. 1.469 million (June 30, 2018: Rs. 6.205 million) in relation to advance from a related party.

7.4 This includes Rs. 11.431 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 1.648 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, penalty imposed has been reduced to Rs 3 million as full and final settlement.
- 8.1.4 There has been no 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.
- 8.1.5 The Company has received an order dated March 01, 2019 from Deputy Commissioner Inland Revenue contending that the Company has not withheld income tax on certain payments made during tax year 2017. The Company is of the view that the demand of Rs 221.521 million has been raised on the basis of misinterpretation of facts, consequently, has filed an appeal before Commissioner Inland Revenue (Appeals).

The management, based on advice of its legal counsel, is confident of a favourable outcome. Accordingly, no provision has been made in these condensed interim financial statements.

8.2 Commitments

- 8.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs. 97.351 million and Rs. 754.116 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. 978.729 million (June 30,2018: Rs. 534.505 million).
- 8.2.3 Outstanding duties leviable on clearing of stocks amount to Rs. 20.158 million (June 30,2018: Rs. 6.261 million).

9. EARNINGS PER SHARE - basic and diluted

	Quarter ended March 31, 2019	Quarter ended March 31, 2018	Nine months period ended March 31, 2019	Nine months period ended March 31, 2018
	(Rupees in '000)			
Profit after taxation	895,240	816,209	2,599,161	2,483,944
	(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	15.56	14.18	45.17	43.16

9.1 There were no dilutive potential ordinary shares outstanding as at March 31, 2019 and 2018.

Note **Nine months
period ended
March 31,
2019**
(Rupees in '000)

10. CASH GENERATED FROM OPERATIONS

Profit before taxation	3,694,787	3,435,455
Adjustment for non-cash charges and other items:		
Depreciation expense	585,920	495,621
Amortisation expense	9,976	7,970
Gain on disposal of items of property, plant and equipment	(12,895)	(10,282)
Property, plant and equipment written off	229	1,073
Finance cost and bank charges	27,578	20,405
Stocks in trade written off	-	502
Profit on saving accounts	(42,803)	(35,825)
Profit on term deposit receipt	(40,370)	(63,126)
Profit on treasury bills	(92,448)	(84,751)
Profit on PIBs	(29,546)	(1,956)
Profit on Sukuk certificates	(3,746)	(1,321)
Profit on Musharakah certificates	-	(3,896)
Gain on disposal of short term investments	(155,161)	(72,067)
Working capital changes	10.1 (577,900)	(17,133)
	3,363,621	3,670,669

Note	Nine months period ended March 31, 2019 (Rupees in '000)	Nine months period ended March 31, 2018
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10.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares	(41,718)	(27,278)
Stock in trade	(712,490)	(167,760)
Trade debts	47,897	(77,160)
Loans and advances	(143,976)	(19,537)
Trade deposits and short term prepayments	(34,984)	(152,122)
Other receivables	734	(1,262)
	(884,537)	(445,119)
Increase in current liabilities:		
Trade and other payables	306,637	427,986
	(577,900)	(17,133)

11. CASH AND CASH EQUIVALENTS

Cash and bank balances	1,452,123	1,419,916
Short term investments - Amortised cost	499,707	3,755,000
	1,951,830	5,174,916

12. RELATED PARTIES DISCLOSURES

12.1 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	Nine months period ended March 31, 2019 (Rupees in '000)	Nine months period ended March 31, 2018
Sale of goods, services and reimbursement of expenses	Associates	35,027	52,442
Purchase of goods, services received and reimbursement of expenses	Associates	2,176,710	1,767,314
Purchase of short term investments	Associates	2,350,000	1,200,000
Profit on short term investments	Associates	10,109	50,671
Sale proceeds on redemption of short term investments	Associates	939,891	1,700,000
Purchase of property, plant and equipment	Associates	713	1,197
Rent, allied and other charges	Associates	27,270	25,668
Royalty charges	Associates	153,092	108,544
Insurance claims received	Associates	43,457	6,502
Insurance commission income	Associates	24,821	5,890
Contribution to staff retirement benefits	Employee fund	58,588	52,054
Compensation paid to Key management personnel	Key management personnel	47,668	47,265
Donation	Associates	7,500	15,150
Dividend paid	Associates	1,678,559	1,476,120

Nature of balances	Relationship with the Company	March 31, 2019 (unaudited) (Rupees in '000)	June 30, 2018 (audited)
Trade debts	Associates	1,492	750
Loans and advances	Associates	17,021	4,536
Other receivable	Associates	1,541	1,769
Short term investments	Associates	2,799,463	1,000,159
Trade and other payables	Associates	Refer note 7	

13. ENTITY-WIDE INFORMATION

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

	Nine months period ended March 31, 2019	Nine months period ended March 31, 2018
	%	%
Personal Care	24%	24%
Home Care	69%	72%
Others	7%	4%
	100%	100%

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 entity's revenues.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 29, 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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