



**FIRST QUARTER REPORT**  
**JULY - SEPTEMBER 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	
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

### SHARES REGISTRAR

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

### REGISTERED OFFICE

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

### FACTORIES

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

217, Sundar Industrial Estate,  
Raiwind Road, Lahore

### WEBSITE

[www.colgate.com.pk](http://www.colgate.com.pk)

## DIRECTORS' REVIEW

The directors of your Company are pleased to present un-audited condensed financial statements of the Company for the quarter ended September 30, 2019.

### Financial Position at a Glance

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

Operating Results	July- September 2019	July- September 2018	Increase/ (Decrease)
	Amount in PKR million		
Turnover	13,506	11,225	20.32%
Net Turnover	10,209	8,484	20.33%
Gross Profit	2,970	2,545	16.70%
Gross Profit %	29.09%	30.00%	(91 bps)
Selling & Distribution Costs	1,313	1,269	3.47%
Administrative Expenses	136	124	9.68%
Operating Profit	1,631	1,171	39.28%
Profit After Tax	1,151	801	43.70%
Earnings Per Share - Rupees	20.00	13.91	43.70%

### Financial Performance Highlights

Volume gains and selective selling price increases helped the Company to grow its topline by 20.33%. However, the gross profit margin of the Company dropped by 91 bps as the selling price increases did not fully offset the impact of currency devaluation in previous quarters.

The Company continued to support its brands through media and promotional activities. Selling and distribution costs were up primarily due to increase in freight cost. Administrative expenses increased by 9.68% mainly on account of employee related cost and depreciation.

### Business Performance Highlights

Sales efforts were challenging due to the new requirement imposed on distributors to collect retailer CNICs and also print the CNIC numbers on invoices. The unorganized sector continued to have unfair advantage as it by-passed this new requirement.

The Company continued to lead in Oral Care, further improving market share in toothpastes.

Palmolive bar soap and shampoo also recorded healthy contribution towards business growth. Bar soap saw a consistent growth in market share during the period.

#### **Future Outlook**

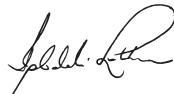
Although Rupee stayed stable against the US\$ during the quarter under review, further depreciation is expected as the year progresses. Rising inflation will also put more pressure on the purchasing power of consumers.

Despite aforesaid challenges, the Company is committed to delivering profitable growth by offering products that provide value for money to consumers in this inflationary period and focusing sharply on cost saving projects.

#### **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



**ZULFIQAR ALI LAKHANI**  
Chief Executive

Karachi : October 29, 2019

## ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2019 کو اختتام پذیر ہونے والی سہ ماہی کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہیں۔

## مالیاتی صورتحال ایک نظر میں

اس سہ ماہی کے لیے کمپنی کا مختصر مالیاتی جائزہ ذیل کے مطابق ہے:

کاروباری نتائج	جولائی - ستمبر 2018	جولائی - ستمبر 2019	اضافہ / (کمی)
	(روپے ملین میں)		
مجموعی آمدنی	11,225	13,506	20.32%
خالص آمدنی	8,484	10,209	20.33%
مجموعی منافع	2,545	2,970	16.70%
مجموعی منافع %	30.00%	29.09%	(91 بنیادی پوائنٹس)
فروخت اور ترسیل کے اخراجات	1,269	1,313	3.47%
انتظامی اخراجات	124	136	9.68%
آپریٹرز سے منافع	1,171	1,631	39.28%
بعد از ٹیکس منافع	801	1,151	43.70%
فی شیئر آمدنی (روپے)	13.91	20.00	43.70%

## مالیاتی کارکردگی کی جھلکیاں

جسم میں اضافے اور قیمت فروخت میں منتخب اضافے سے کمپنی کو خالص آمدنی 20.33 فیصد تک بڑھانے میں مدد ملی۔ تاہم کمپنی کے مجموعی منافع کی شرح میں 91 بنیادی پوائنٹس کمی آئی، کیونکہ قیمت فروخت میں کیے جانے والے اضافے گزشتہ سہ ماہیوں میں ہونے والی روپے کی قدر میں کمی کے اثرات کو پوری طرح زائل نہ کر سکے۔

کمپنی نے اپنے میڈیا اور پروموشن کی سرگرمیوں کے ذریعے اپنے برانڈ کو سپورٹ کرنے کا سلسلہ جاری رکھا۔ فروخت اور ترسیل کے اخراجات میں اضافہ کی بنیادی وجہ بار برداری کی لاگت میں اضافہ تھا۔ انتظامی اخراجات میں 9.68 فیصد اضافے کی بنیادی وجہ ملازمین اور ڈیپریسیشن سے متعلق اخراجات ہیں۔

## کاروباری کارکردگی کی جھلکیاں

ڈسٹری بیوٹرز پر چون فروشوں سے کمپیوٹرائزڈ شناختی کارڈ جمع کرنے اور اس کے نمبر کو انوائسز پر چھاپنے کی نئی پابندی کی وجہ سے فروخت کی کوششوں میں چیلنجز درپیش رہے۔ غیر منظم شعبے کو غیر منصفانہ فائدہ حاصل ہوتا رہا کیوں کہ اس نے اس نئی پابندی سے بچنے کا متبادل راستہ اختیار کیا۔

کمپنی نے اورل کیئر میں مارکیٹ شیئر کو مزید بہتر بناتے ہوئے اپنا قائدانہ مقام برقرار رکھا۔

پامولیو بارسوپ اور شیپو نے بھی کاروباری نمو میں صحت مندانہ حصہ شامل کیا۔ زیر جائزہ مدت میں بارسوپ کے مارکیٹ شیئر میں مستقل اضافہ دیکھنے میں آیا۔

## مستقبل کی توقعات

اگرچہ زیر جائزہ مدت کے دوران روپیہ امریکی ڈالر کے مقابلہ میں مستحکم رہا، لیکن سال کے گزرنے کے ساتھ ساتھ مزید تخفیف متوقع ہے۔ برہنہ ہوئی افراط زر سے صارفین کی قوت خرید پر بھی مزید دباؤ آئے گا۔

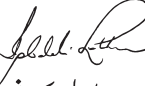
مذکورہ بالا چیلنجز کے باوجود، کمپنی افراط زر کے اس دور میں صارفین کو قیمت کا بہترین بدل مہیا کرنے والی مصنوعات پیش کرنے اور لاگت میں بچت کے منصوبوں پر گہری توجہ مرکوز کر کے منافع بخش نمو کی فراہمی کا عزم رکھتی ہے۔

## اظہار تشکر

ہم اپنے صارفین کے انتہائی مشکور ہیں کہ انہوں نے ہمارے برانڈز پر اپنا اعتماد برقرار رکھا۔ ہم اپنے مینکوز، شیئرز، ہولڈرز اور سپلائرز کی مسلسل معاونت پر انکے شکر گزار ہیں۔ ہم اپنے ملازمین کی انتھک لگن اور قابل قدر کردار کی تعریف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
ڈو القطار علی لاکھانی  
چیف ایگزیکٹو

  
اقبال علی لاکھانی  
چیئر مین

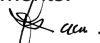
کراچی: 29 اکتوبر، 2019

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION** (Unaudited-Note 2)

As at September 30, 2019

	Note	September 30, 2019 (unaudited) (Rupees in '000)	June 30, 2019 (audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	4,599,786	4,168,568
Intangible assets		11,462	14,435
Long term loans		37,526	41,730
Long term security deposits		19,199	19,045
		4,667,973	4,243,778
<b>CURRENT ASSETS</b>			
Stores and spares		310,213	267,753
Stock in trade	5	4,743,832	4,974,814
Trade debts		775,734	749,550
Loans and advances		396,224	404,795
Trade deposits and short term prepayments		164,662	56,962
Other receivables		211,604	204,730
Accrued profit		7,847	14,167
Taxation		1,088,969	1,317,968
Short term investments	6	5,620,802	5,546,618
Cash and bank balances		1,652,893	1,214,300
		14,972,780	14,751,657
<b>TOTAL ASSETS</b>		<b>19,640,753</b>	<b>18,995,435</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		750,000	750,000
Issued, subscribed and paid-up share capital		575,459	575,459
Reserves		14,444,663	14,444,822
Remeasurement on post retirement benefits obligation		(147,819)	(147,819)
Deficit on revaluation of investments		(205)	(4,217)
		14,872,098	14,868,245
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		144,181	164,709
Long term deposits		88,528	86,304
Deferred liability		-	90,112
Lease liabilities		331,283	-
		563,992	341,125
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	3,760,368	3,763,934
Current portion of lease liabilities		22,378	-
Unclaimed dividend		421,917	22,131
		4,204,663	3,786,065
<b>TOTAL LIABILITIES</b>		<b>4,768,655</b>	<b>4,127,190</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,640,753</b>	<b>18,995,435</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited- Note 2)

For the Quarter ended September 30, 2019

Note **Quarter ended** Quarter ended  
**September 30,** September 30,  
**2019** 2018  
(Rupees in '000)

Turnover	13,506,462	11,224,679
Sales tax	(2,142,542)	(1,781,276)
Trade and other discounts	(1,154,442)	(959,358)
Net turnover	10,209,478	8,484,045
Cost of sales	(7,239,725)	(5,938,952)
Gross profit	2,969,753	2,545,093
Selling and distribution costs	(1,313,054)	(1,269,047)
Administrative expenses	(135,798)	(124,244)
Other expenses	(129,004)	(101,455)
Other income	238,824	120,769
Profit from operations	1,630,721	1,171,116
Finance costs and bank charges	(22,588)	(8,809)
Profit before taxation	1,608,133	1,162,307
Taxation		
- Current - for the period	480,000	387,106
- Deferred	(22,626)	(25,455)
	(457,374)	(361,651)
Profit after taxation	1,150,759	800,656
<b>Other comprehensive income / (loss) for the period-net of tax</b>		
Items that may be reclassified subsequently to profit or loss		
Surplus / (Deficit) on investments categorised as 'fair value through other comprehensive income'	5,349	(6,889)
Impact of deferred tax	(1,337)	1,722
	4,012	(5,167)
Total comprehensive income for the period	1,154,771	795,489
	------(Rupees)-----	
Earnings per share-basic and diluted	9	20.00
		13.91

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 CHANGES IN EQUITY (Unaudited - Note 2)

For the Quarter ended September 30, 2019

	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	(Deficit)/Surplus on revaluation of investments- net of tax	Total Equity
			General reserve	Unappropriated profit				
(Rupees in '000)								
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
Adjustment due to change in accounting policy	-	-	-	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
<b>Transactions with owners</b>								
Final dividend for the year ended June 30, 2018 (Rs. 20 per share)	-	-	-	(959,099)	(959,099)	-	-	(959,099)
Bonus shares issued at the rate of one share for every five shares held	95,910	-	-	(95,910)	(95,910)	-	-	-
<b>Total transactions with owners</b>	95,910	-	-	(1,055,009)	(1,055,009)	-	-	(959,099)
<b>Comprehensive income for the period</b>								
Profit after taxation for the quarter ended September 30, 2018	-	-	-	800,656	800,656	-	-	800,656
Other comprehensive income	-	-	-	-	-	-	(5,167)	(5,167)
<b>Total comprehensive income for the quarter ended September 30, 2018</b>	-	-	-	800,656	800,656	-	(5,167)	795,489
Transfer to general reserve			1,483,000	(1,483,000)	-	-	-	-
Balance as at September 30, 2018	575,459	13,456	11,869,000	801,727	12,684,183	(112,888)	(6,111)	13,140,643
Balance as at June 30, 2019	575,459	13,456	11,869,000	2,562,366	14,444,822	(147,819)	(4,217)	14,868,245
<b>Transactions with owners</b>								
Final dividend for the year ended June 30, 2019 (Rs. 20 per share)	-	-	-	(1,150,918)	(1,150,918)	-	-	(1,150,918)
<b>Total transactions with owners</b>	-	-	-	(1,150,918)	(1,150,918)	-	-	(1,150,918)
<b>Comprehensive income for the period</b>								
Profit after taxation for the quarter ended September 30, 2019	-	-	-	1,150,759	1,150,759	-	-	1,150,759
Other comprehensive income	-	-	-	-	-	-	4,012	4,012
<b>Total comprehensive income for the quarter ended September 30, 2019</b>	-	-	-	1,150,759	1,150,759	-	4,012	1,154,771
Transfer to general reserve	-	-	1,411,000	(1,411,000)	-	-	-	-
Balance as at September 30, 2019	575,459	13,456	13,280,000	1,151,207	14,444,663	(147,819)	(205)	14,872,098

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 Quarter ended September 30, 2019

Note **Quarter ended** Quarter ended  
**September 30,** September 30,  
**2019** 2018  
(Rupees in '000)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash generated from operations	10	1,774,945	982,484
Taxes paid		(251,002)	(706,086)
Long term loans		4,205	(5,646)
Long term security deposits (assets)		(154)	(1,453)
Staff retirement gratuity paid		(90,112)	-
Long term deposits		2,225	(5,604)
Net cash generated from operating activities		1,440,107	263,695

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payments of property, plant and equipment		(283,295)	(321,390)
Purchase of intangible assets		-	(1,129)
Short term investments made during the period		(401,483)	-
Proceeds from sale of property, plant and equipment		21,381	6,750
Profit received on saving accounts		25,759	10,206
Profit received on treasury bills		36,426	42,595
Profit received on Pakistan Investment Bonds		19,763	414
Profit received on term deposit receipt		13,827	16,852
Profit received on Sukuk certificates		956	338
Sale proceeds on disposal of short term investments		949,740	294,230
Net cash generated from investing activities		383,074	48,866

**CASH USED IN FINANCING ACTIVITIES**

Payment of lease liabilities		(14,173)	-
Finance cost paid		(9,480)	(8,809)
Dividend paid		(751,132)	(666,074)
Net cash (used in) financing activities		(774,785)	(674,883)

Net increase / (decrease) in cash and cash equivalents 1,048,396 (362,322)

Cash and cash equivalents at the beginning of the period 2,557,300 4,291,039

Cash and cash equivalents at the end of the period 11 3,605,696 3,928,717

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

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

For the Quarter ended September 30, 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 International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provision 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, 2019.

2.3 These condensed interim financial statements comprise of the condensed interim statement of financial position as at September 30, 2019 and the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the three months period then ended.

2.4 The comparative condensed statement of financial position, presented in these condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019 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 flow together with the notes thereto for the period ended September 30, 2018 have been extracted from the condensed interim financial statements of the Company for the three months period then ended.

## **2.5 New standards, amendments to approved accounting standards and interpretations that are effective**

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 'Leases' - replaces existing leasing guidance, including IAS 17 'Leases' , IFRIC 4 'Determining whether an Arrangement contains a Lease' , SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The Company applied IFRS 16 using simplified approach and recognised right of use assets and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease'. Right of use assets amounting to Rs 354.574 million were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019. Corresponding lease liabilities amounting to Rs 354.726 million were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 01, 2019. The weighted average incremental borrowing rate applied to the lease liabilities was 15.60%. Right of use assets and corresponding liabilities are not recognized in respect of leases having remaining lease term of 12 months or less as of July 01, 2019.

## **2.6 New standards and amendments to approved accounting standards that are not yet effective**

There are certain new standards and amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

## **2.7 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 30,2019 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, 2019.

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, 2019.

	Note	September 30, 2019 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets (at net book value)	4.1 to 4.5	3,459,000	3,389,732
Capital work-in-progress (at cost)	4.6	797,519	778,836
Right of use assets		343,267	-
		<u>4,599,786</u>	<u>4,168,568</u>
		<b>Quarter ended September 30, 2019</b>	<b>Quarter ended September 30, 2018</b>
<b>4.1 Additions - operating fixed assets (at cost)</b>			
Leasehold land		88,709	-
Factory building on leasehold land		85,688	6,443
Plant and machinery		48,452	37,164
Electric fittings and installation		2,318	2,259
Furniture and fixtures		2,027	4,677
Tools and equipment		8,297	2,124
Vehicles		17,769	27,261
Computer and accessories		8,462	2,813
Office equipment		2,890	2,528
		<u>264,612</u>	<u>85,269</u>
4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 185 million (September 30, 2018 : Rs 14.995 million).			
<b>4.2 Disposals - operating fixed assets (at net book value)</b>			
Plant and machinery		12,364	-
Vehicles		4,563	5,073
Office equipment		7	13
		<u>16,934</u>	<u>5,086</u>
4.3 Depreciation charge for the period		<u>177,942</u>	<u>189,344</u>

4.4 Included in operating fixed assets are few items having cost of Rs. 28.949 million (June 30,2019: Rs. 28.949 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 8.977 million (September 30, 2018: Rs 3.922 million) and net book value Rs 8.509 million (September 30, 2018: Rs nil) have been retired from active use and have been written off in these condensed interim financial statements.

Note **Quarter ended September 30, 2019** Quarter ended September 30, 2018  
(Rupees in '000)

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

Factory building on leasehold land	150,643	66,200
Plant and machinery	49,437	148,931
Electric fittings and installation	1,303	25,818
Tools and equipment	1,600	7,814
Furniture & fixtures	646	2,085
Office equipment	54	273
	<u>203,683</u>	<u>251,121</u>

**September 30, 2019** June 30, 2019  
(unaudited) (audited)  
(Rupees in '000)

5. **STOCK IN TRADE**

Raw and packing materials	3,090,689	3,330,768
Work-in-process	545,555	478,627
Finished goods - Manufacturing	920,189	989,617
Finished goods - Trading	187,399	175,802
	<u>1,107,588</u>	<u>1,165,419</u>
	<u>4,743,832</u>	<u>4,974,814</u>

5.1 Stock in trade include raw and packing materials in transit aggregating Rs 927.129 million (June 30,2019 : Rs 1,531.475 million) and finished goods in transit aggregating Rs 8.795 million (June 30,2019 : Rs 13.601 million).

6. **SHORT TERM INVESTMENTS**

Investments - Amortised cost	6.1	1,955,407	1,345,607
Investments - Fair value through OCI	6.2	44,276	383,115
Investments - Fair value through P&L	6.3	3,621,119	3,817,896
		<u>5,620,802</u>	<u>5,546,618</u>

6.1 The rates of profit of these term deposits are 8.85% and 14.45% per annum having maturity in October 2019 and February 2020.

6.2 The rate of profit on Sukuks is 14.91% per annum having maturity in November 2022.

6.3 Name of the investee	As at July 01, 2019	Purchase during the period	Sales/Redemptions during the period	As at September 30, 2019	Average cost as at September 30, 2019	Fair Value as at September 30, 2019	Unrealised Gain as at September 30, 2019
	(Number of units in '000)				(Rupees in '000)		
Lakson Income Fund	3,770	-	-	3,770	380,620	393,789	13,169
Lakson Money Market Fund	24,524	569	(2,975)	22,118	2,218,526	2,225,068	6,542
Atlas Money Market Fund	1,711	40	-	1,751	880,598	884,840	4,242
NAFA Money Market Fund	11,584	302	-	11,886	117,297	117,422	125
	41,589	911	(2,975)	39,525	3,597,041	3,621,119	24,078

Note **September 30, 2019**  
(unaudited)  
(Rupees in '000)

## 7. TRADE AND OTHER PAYABLES

Trade creditors	7.1	1,139,959	802,825
Accrued liabilities	7.2	1,624,751	1,645,911
Bills payable		258,949	342,320
Advances from distributors - unsecured	7.3	93,153	63,864
Sales tax payable		15,972	205,186
Royalty payable to Colgate-Palmolive Co., USA		338,055	271,522
Workers' profit participation fund		86,386	266,082
Workers' welfare fund		127,160	93,960
Retention money payable		7,893	7,514
Others	7.4	68,090	64,750
		3,760,368	3,763,934

7.1 This includes Rs. 107.862 million (June 30, 2019: Rs. 74.845 million) payable to related parties.

7.2 This includes Rs. 42.970 million (June 30, 2019: Rs. 51.665 million) payable to related parties.

7.3 This includes Rs.13.668 million (June 30, 2019: Rs. 2.700 million) in relation to advance from related parties.

7.4 This includes Rs.13.387 million (June 30,2019: Rs. 10.821 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, 2019.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

- 8.1.1 Certain cases have been filed against the Company by some employees claiming Rs 2.330 million (June 30, 2019: Rs 2.380 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 favour.

- 8.1.2 There has been no significant change in the status of contingencies disclosed in note 24.1.2 to 24.1.6 to the Company's financial statements for the year ended June 30, 2019.

### 8.2 Commitments

- 8.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs. 82.761 million and Rs. 617.236 million respectively (June 30, 2019: Rs. 134.545 million and Rs. 431.622 million respectively).

- 8.2.2 Outstanding letters of credit amount to Rs. 1,233.932 million (June 30, 2019: Rs. 1,146.456 million).

- 8.2.3 Outstanding duties leviable on clearing of stocks amount to Rs. 7.662 million (June 30, 2019: Rs. 22.812 million).

**Quarter ended  
September 30,  
2019**      Quarter ended  
September 30,  
2018  
(Rupees in '000)

## 9. EARNINGS PER SHARE (basic and diluted)

Profit after taxation	1,150,759	800,656
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period	57,545,915	57,545,915
	(Rupees)	
Earnings per share	20.00	13.91

- 9.1 There were no dilutive potential ordinary shares outstanding as at September 30, 2019 and 2018.

	Note	Quarter ended September 30, 2019 (Rupees in '000)	Quarter ended September 30, 2018
<b>10. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,608,133	1,162,307
Adjustment for non-cash charges and other items:			
Depreciation expense on operating fixed assets		177,942	189,344
Depreciation expense on right of use assets		11,307	-
Amortisation expense on intangible assets		2,973	3,842
Gain on disposal of items of property, plant and equipment		(4,447)	(1,668)
Staff retirement gratuity		13,214	8,879
Property, plant and equipment written off		468	11
Finance cost		22,588	8,809
Profit on saving accounts		(26,256)	(10,252)
Profit on term deposit receipt		(8,553)	(13,852)
Profit on treasury bills		(36,426)	(42,597)
Profit on PIBs		(17,849)	(6,284)
Profit on Sukuk certificates		(1,793)	(865)
Gain on disposal of short term investments		(19,125)	(28,428)
Working capital changes	10.1	52,769	(286,762)
		<u>1,774,945</u>	<u>982,484</u>
<b>10.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores and spares		(42,460)	(21,279)
Stock in trade		230,982	(217,429)
Trade debts		(26,184)	(35,945)
Loans and advances		8,571	(192,143)
Trade deposits and short term prepayments		(107,700)	(93,106)
Other receivables		(6,874)	572
		<u>56,335</u>	<u>(559,330)</u>
(decrease) / increase in current liabilities:			
Trade and other payables		(3,566)	272,568
		<u>52,769</u>	<u>(286,762)</u>
<b>11. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		1,652,893	1,200,109
Short term investments - Amortised cost		1,952,800	2,728,608
		<u>3,605,693</u>	<u>3,928,717</u>

## 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	Quarter ended September 30, 2019	Quarter ended September 30, 2018
(Rupees in '000)			
Sale of goods, services and reimbursement of expenses	Associates	9,233	16,096
Purchase of goods and services received and reimbursement of expenses	Associates	665,595	815,945
Purchase of short term investments	Associates	200,000	-
Profit on short term investments	Associates	19,711	7,486
Sale proceeds on redemption of short term investments	Associates	500,000	642,514
Purchase of property, plant and equipment	Associates	38	-
Rent, allied and other charges	Associates	9,271	9,580
Royalty charges	Associates	66,533	52,355
Insurance claims received	Associates	14,120	2,068
Insurance commission income	Associates	5,539	10,411
Contribution to staff retirement benefits	Employees fund	25,867	19,432
Compensation paid to Key management personnel	Key management personnel	24,052	17,516
Donation	Associates	4,500	4,500
Dividend paid	Associates	1,012,196	843,496
<b>Nature of balances</b>	<b>Relationship with the Company</b>	<b>September 30, 2019 (unaudited)</b>	<b>June 30, 2019 (audited)</b>
(Rupees in '000)			
Trade debts	Associates	255	41
Loans and advances	Associates	38,300	1,582
Other receivable	Associates	1,155	2,030
Short term investments	Associates	2,618,857	2,843,494
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 :

	Quarter ended September 30, 2019	Quarter ended September 30, 2018
Personal Care	26%	26%
Home Care	68%	69%
Others	6%	5%
	<u>100%</u>	<u>100%</u>

### 13.3 Information about geographical areas

The Company does not hold non-current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are not material.

### 13.4 Information about major customers

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

## 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 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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