

Annual Report 2015



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



CONTENTS

Company Information	2
Core Values	3
Our Equities and Initiatives	4
Notice of Annual General Meeting	9
Financial Summary	14
Directors' Report	15
Statement of Value Added	20
Statement of Compliance with the Code of Corporate Governance	21
Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance	23
Auditors' Report to the Members	24
Balance Sheet	25
Profit and Loss Account	26
Statement of Changes in Equity	27
Cash Flow Statement	28
Notes to and Forming Part of the Financial Statements	29
Pattern of Shareholding	65
Operating and Financial Highlights	67
Form of Proxy	

COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Ali Lakhani Chairman
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
Aliya Saeeda Khan
Lisa Mather (from October 20, 2014)
Jerome Graham Webb (upto October 20, 2014)
Vinod Nambiar (from July 27, 2015)
Mukul Deoras (upto July 27, 2015)
Zulfiqar Ali Lakhani Chief Executive

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Iqbal Ali Lakhani Chairman
Zulfiqar Ali Lakhani
Amin Mohammed Lakhani

COMPANY SECRETARY

Mansoor Ahmed

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

INTERNAL AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

REGISTERED OFFICE

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

SHARES REGISTRAR

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

FACTORIES

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

217, Sundar Industrial Estate,
Raiwind Road, Lahore

WEBSITE

www.colgate.com.pk

Core Values

CARING

The Company cares about people: Colgate people, customers, shareholders and business partners. Colgate is committed to act with compassion, integrity, honesty and high ethics in all situations, to listen with respect to others and to value differences. The Company is also committed to protect the global environment, to enhance the communities where Colgate people live and work, and to be compliant with government laws and regulations.

TEAMWORK

All Colgate people are part of a team, committed to working together. Only by sharing ideas, technologies and talents can the Company achieve and sustain profitable growth.

CONTINUOUS IMPROVEMENT

Colgate is committed to getting better every day in all it does, as individuals and as teams. By better understanding consumers' and customers' expectations and continuously working to innovate and improve products, services and processes, Colgate will "become the best".

ORAL CARE

Colgate ran a nationwide marketing campaign for its flagship toothpaste brand, Colgate GRF. The highlight of this campaign was the unique proposition "Lock-in Calcium." This was effectively used to bring out newness while building on the brand's heritage.

The TVC campaign was supported through outdoor activities, in-store branding and activation, shopper interception and a merchandising drive.



BRIGHT SMILES, BRIGHT FUTURES

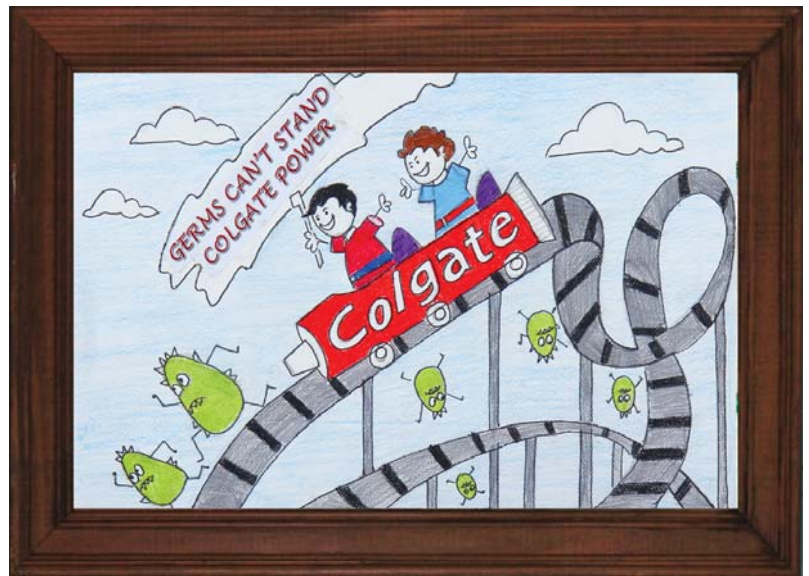
'Bright Smiles, Bright Futures' is a global oral health education program, operating in Pakistan. Certified trainers and educators affiliated with Colgate conduct sessions on the importance of oral health and hygiene. So far, the program has educated over 8 million children across the country.



From urban cities to rural areas, private schools to government schools, various institutions across Pakistan were approached to educate children about the importance of oral hygiene using various tools such as videos, presentations and lectures.

GLOBAL ART CONTEST (GAC)

Colgate Palmolive has been organizing 'My Bright Smile' Global Art Contest every year for the past 15 years. It is a key part of Colgate's Oral Health Education Program, 'Bright Smiles, Bright Futures' campaign. In addition to creating an international contest, this program provides children in Pakistan an opportunity to not only express and display their artistic abilities but also become more informed about good oral health.



This year, Colgate Pakistan received a record-breaking number of 85,000 plus artwork entries from more than 1280 schools from all over the country. The final results were recently announced, where one young Pakistani artist secured a position in the global top 12 winners. The winning artwork will be featured in the 'Colgate My Bright Smile Calendar 2016.'



COLGATE MAXFRESH

Colgate MaxFresh's new TVC launch and supporting integrated marketing campaign was extremely effective in reconnecting with its target market through activations and digital media. MaxFresh's new campaign reinforced the claim of lasting fresh breath by focusing on its unique formula with cooling crystals.

DENTAL HEALTH DRIVE

Colgate's utmost priority is to provide people with the most effective and innovative dental care products, and educate them about the importance of oral hygiene practices. This year on Dental Health Day, staying true to its mission, Colgate Mobile Dental Clinics reached thousands of people in semi-urban and rural areas of Pakistan.



As a part of this Dental health drive, certified dentists offer free consultation and check-up to the people who don't have access to quality dental care. This drive is an effective way to reach out to the segment of the population that has lower levels of oral health awareness and educate them.

SURFACE CARE

In the Surface Care category, we continued to maintain our leadership position with our flagship brand, Max Bar - currently dominating the bar segment. Our focus remained on connecting with the consumers with effective below-the-line activities aimed at conversion from ordinary bars. A new TVC campaign with Max Bar claiming to be the "number 1 dishwash brand in Pakistan" was launched this year.



Colgate Palmolive also entered the surface cleaner segment with the launch of Max-All Purpose Cleaner. Engaging promotions and in-store activities were carried out to gain share from the competition, especially via the top-end retail channel.

Lemon Max Ultra, in the premium dish washing segment, continues to build on Lemon Max Liquid's superiority in the competitively fought top-end retail. Its concentrated formula with superior grease-cutting power leaves the dishes immaculately clean.

FABRIC CARE

Brite Maximum Power, in the premium detergent segment, continued to deliver the best quality by offering consumers the best stain removal solution. The message was communicated across multiple touch points, from integrated media to door-to-door activations.

In the previous year, the Fabric Care Category went a notch above in fulfilling its commitment to the society. Softlan, Pakistan's first fabric conditioner, united with Pink Ribbon to create awareness about breast cancer and donate for building a diagnostic center. The brand's contribution was substantial in running awareness drives to help women all over Pakistan fight this disease.



Softlan
Fabric Conditioner

Let's Beat Breast Cancer

Buy Softlan and Donate to Pink Ribbon's Breast Cancer Diagnostic Center
For more information visit: www.pinkribbon.org.pk

In partnership with:
PINKRIBBON
PAKISTAN

Awards

TOP 25 COMPANIES' AWARD

For the 10th consecutive year, the Karachi Stock Exchange (KSE) ranked the Company amongst the top 25 listed companies in Pakistan.

KSE judges the Companies based on a criteria focusing on service to the shareholders, in compliance with listing regulations and good corporate governance.

MAP'S CORPORATE EXCELLENCE AWARDS

The Company was presented its 4th consecutive 'Corporate Excellence Award' at the 30th Corporate Excellence Awards Ceremony organized by the Management Association of Pakistan. The Company was also awarded Corporate Excellence Certificates on five earlier occasions in recognition of its achievements and overall performance.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of COLGATE-PALMOLIVE (PAKISTAN) LIMITED will be held on Friday, September 18, 2015 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 250% i.e. Rs.25 per share of Rs.10 each held by the members as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider to pass the following ordinary resolutions:
 - a) "RESOLVED that the transactions carried out in normal course of business with associated companies during the year ended June 30, 2015 be and are hereby ratified and approved."
 - b) "RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2016 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under section 160 of the Companies Ordinance, 1984 in the above matter mentioned in item No.4 is annexed.

By Order of the Board



(MANSOOR AHMED)
Company Secretary

KARACHI: August 17, 2015

NOTES:

1. The share transfer books of the Company will remain closed from September 12, 2015 to September 18, 2015 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi upto the close of business on September 11, 2015 will be treated in time for entitlement of the dividend.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number alongwith original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to notify Shares Registrar of the Company promptly of any change in their addresses.
6. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar, M/s. FAMCO Associates (Private) limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi.
7. In compliance with the SECP's Circular No.8(4)SM/CDC 2008 dated April 05, 2013, the Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's Shares Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.
8. Pursuant to Notification vide SRO.787 (1)/2014 of September 08, 2014, the SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.colgate.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.
9. (i) Pursuant to the provisions of the Finance Act 2015 effective July 1, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:
 1. Rate of tax deduction for filer of income tax return 12.5%
 2. Rate of tax deduction for non-filers of income tax return 17.5%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) For any query/problem/information, the investors may contact the Company Secretary at phone: 35698082 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Pvt) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

10. Members can also avail video conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard, please fill the following and submit to registered address of the Company 10 days before holding of the annual general meeting.

“I/We, _____ of _____, being a member of Colgate-Palmolive (Pakistan) Limited, holder of _____ ordinary share(s) as per registered Folio No. _____ hereby opt for video conference facility at _____.”

11. Form of Proxy is enclosed.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No. 4 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1. Agenda Item No. 4(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2015 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval of these transactions which have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2015 with associated companies as under are being placed before the shareholders for their consideration and approval/ratification.

NAME	DISCRIPTION OF TRANSACTION	AMOUNT IN RS ' 000		
		PURCHASE	SALE	OTHERS
Accuray Surgicals Ltd.	Purchase of dental instruments for dental conference	301		
Century Insurance Co. Ltd.	Insurance Services received	151,910		
	Insurance claims received			18,626
	Insurance Commission received			22,634
	Dividend paid			300
Century Paper & Board Mills Ltd.	Purchase of Goods - Packing Material	401,621		
	HR shared services cost	3,466		
	Sale of finished goods		341	
Clover Pakistan Ltd.	Services provided / Reimbursement of expenses		594	
	Purchase of watches	505		
Cyber Internet Services (Pvt) Ltd.	Alcatel services received	2,420		
	Sale of finished goods		72	
	Purchase of video conferencing equipment			1,831
Hasanali and Gulbanoo	Rent & Allied Services			23,729
Lakhani Foundation	Sale of finished goods		38	
	Donation paid			18,000
Lakson Business Solutions Ltd.	Internet/Software development & maintenance services	13,037		

NAME	DISCRIPTION OF TRANSACTION	AMOUNT IN RS ' 000		
		PURCHASE	SALE	OTHERS
Merit Packaging Ltd.	Purchase of packing material	138,265		
	Sale of finished goods		25	
Princeton Travels (Pvt) Ltd	Travelling services received	8,399		
SIZA (Pvt) Ltd.	Guest house services received	1,523		
	Services received / Reimbursement of expenses	17		
	Sale of finished goods		11	
	Dividend paid			141,688
SIZA Foods (Pvt) Ltd	Sale of finished goods		70	
	Purchase of finished goods	212		
Tetley Clover (Pvt) Ltd.	Purchase of finished goods	267		
	Services received / Reimbursement of expenses	25,123		
	Sale of finished goods		3,087	
	Services provided / Reimbursement of expenses		27,555	
	Sale of desktop computer			39
	Purchase of Suzuki Swift Car			1,340
Ice Animations (Pvt) Ltd.	Graphic Animation	350		

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

2. Agenda Item No. 4(b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2016.

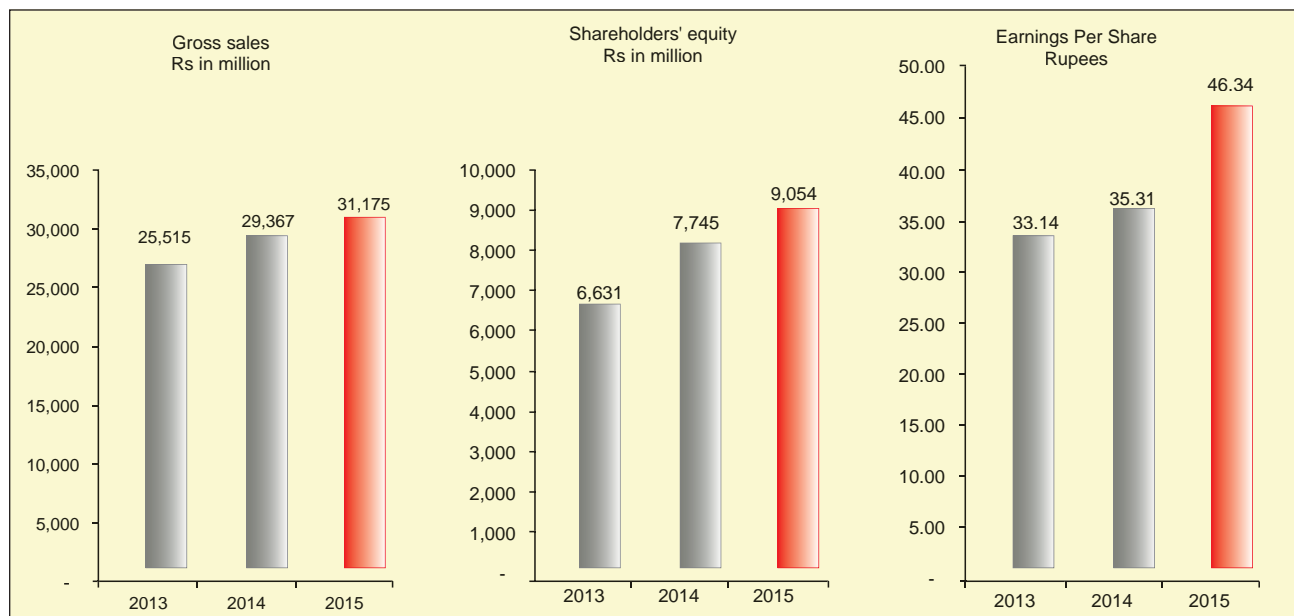
The Company is expected to be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2016.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

FINANCIAL SUMMARY

Year Ended June 30, 2015



	Year ended June 30				
Rupees in million except EPS	2013	2014	% Change	2015	% Change
Gross Sales	25,515	29,367	15.1%	31,175	6.2%
Operating Income	2,278	2,477	8.7%	3,295	33.0%
Net Profit After Tax	1,589	1,693	6.5%	2,222	31.2%
Earnings per share - restated (Rs.)	33.14	35.31	6.5%	46.34	31.2%
Shareholders' Equity	6,631	7,745	16.8%	9,054	16.9%

DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report with the audited financial statements of the Company for the year ended June 30, 2015.

Financial Highlights

For the year 2014 - 2015, the Company achieved sales revenue of PKR 31.2 billion, which was a 6.2% increase as compared to 2013 - 2014. The NPAT was PKR 2.22 billion, a 31.2% increase over the previous year. Reduced oil prices helped lower the costs of raw material and freight. This has also helped boost the Gross Profit margin of the Company to 31.6%, an increase of 16.7% over 2013 - 2014.

Selling & Distribution costs for the year increased by 10.6%, mainly because of increased media and promotion costs. Administrative expenses grew by 20.0% primarily due to higher depreciation and employee related expenses.

Other income this year increased by 157.0% versus 2013 - 2014 due to the realization of profit on short term investments.

Through the Finance Act, 2015 a punitive rate of one time Super Tax has been imposed on the income of individuals, association of persons and companies who have earned Rs 500 million or above in tax year 2015. For banking companies super tax has been imposed irrespective of the quantum of income while super tax is to be charged at a rate of 4% for banking companies and at a rate of 3% for persons other than banking companies. While we have made a provision of PKR 100.3 million for Super Tax in the financial statements of period under review, we have been requesting the Government of Pakistan through the Pakistan Business Council (PBC) which is a Business Policy Advocacy Forum representing large private sector businesses in the Country that such taxation should be reduced to a level of 0.5% in the interest of tax equity.

Earnings per share have increased by 31.2% to PKR 46.34 as compared to last year.

Financial Position at a Glance

A brief financial analysis is presented as under:

Operating Results	2014 - 2015	2013 - 2014	Increase / (Decrease)
	Rs. in million		
Gross Revenue	31,175	29,367	6.2%
Net Revenue	24,310	23,226	4.7%
Gross Profit	7,679	6,580	16.7%
Gross Profit %	31.6%	28.3%	330 bps
Operating Profit	3,295	2,477	33.0%
Profit After Tax	2,222	1,693	31.2%
Profit After Tax (% of Net Revenue)	9.1%	7.3%	180 bps
Earnings per Share	46.34	35.31	31.2%

2014-15
PKR In '000'

Profit and Appropriations

Profit After Tax	2,222,168
Un-appropriated profit brought forward	1,864
Profit available for appropriation	2,224,032

Appropriations:

Proposed Cash Dividend @ 250% i.e. PKR 25 per share (2014: @ 170% i.e. PKR 17 per share)	1,198,873
Transfer to General Reserve	1,025,000
Un-appropriated profit carried forward	159

Business Performance Highlights

Oral Care Category's strong performance continued in 2014-15 both in terms of volume and value growth. The increased marketing spends and a strong focus on our consumers further drove up market share to strengthen our leadership. Colgate GRF rolled out impactful Integrated Marketing Communication. While building on the brand heritage, the campaign brought the exciting new news of "Lock in Calcium" to the consumers. The campaign reached consumers and shoppers through relevant touch points including TV, outdoor, in-store activations and point of sale material drive.

Colgate Sensitive Pro Relief along with sensitivity base variants continued to lead our efforts to gain market share in fast growing Sensitivity segment.

A new toothbrush Colgate Super Flexi with its display-ready hanger mat packaging was launched to address the need for thorough dental cleaning at an affordable price point. With a flexible neck that allows it to access hard-to-reach places, it is an excellent toothbrush for everyday use.

With the start of season, Palmolive bar soap showed healthy volume growth in an otherwise challenging year for the soap business. Price reduction to meet with competitive pricing pressures, promotional packs and initiatives to ensure availability of all variants even in smaller towns helped volume to grow in the second half of the year. However, due to downward price adjustments, value growth is still a challenge for the business. The influx of imported soaps brought into the country and import duty tariffs much lower than the tariff chargeable to raw material for locally manufactured soaps continues to threaten the local soap industry.

Despite having intense competition our Home Care category continued to consolidate its leadership position.

The dish washing products range performed well and delivered healthy growth. In order to expand the consumers' base, our focus remained on converting consumers to Lemon Max Bar through targeted and highly engaging brand activations. As a result of continued investment in displays and in-store shoppers' engagement, Lemon Max range gained share in the competitively fought top end retail.

Fabric Care continued to face stiff competition from both organized and unorganized sectors. The year saw intense price wars in almost all price segments and led us to respond with price cuts in three out of four of our main detergent brands. In addition to price offs, the key players spent heavily on media and at the trade level.

Corporate Social Responsibility

Bright Smiles, Bright Futures is our global oral health education program that is reaching both urban and rural

Pakistan under Colgate's banner. Our trained educators conduct awareness sessions in the schools across Pakistan on the importance of oral health and hygiene. Since its inception, over 8 million children have benefitted from oral health education imparted by this program.

Gaining hugely in popularity, the 'My Bright Smile' Global Art Contest had a record 15th year of schools and children participation. The contest received a record breaking number of over 85,000 artworks entries from more than 1,280 schools from all over the country. This contest is an integral part of Colgate's Oral Health Education Program that not only provides Pakistani children an opportunity to express and display their artistic abilities nationally and at an international level but in the process they also become more aware of good oral health through an interesting and engaging 'My Bright Smile' art contest theme.

With a commitment to improve oral health in Pakistan, the Company continued to organize dental health weeks. Partnering with leading Dental Institutes and practitioners, free dental checkups and oral health education were provided to people in urban cities, smaller towns and rural areas. Using Colgate's mobile dental units, qualified dentists reached people in small towns and rural areas with no access to dental care services and educated them about good oral hygiene practices to prevent from dental ailments.

The Company made donations amounting to PKR 18.7 million for health, education & social welfare projects.

Future Outlook

We foresee intensified competition from existing players and new entrants in fabric detergents and dish washing products. This will require the Company to increase investments to defend and grow market shares.

Company is embracing the benefits of technology to improve its sales and distribution systems through investments in upgrading the current systems. Your Company believes that this will also help serve our trade partners better and build an even stronger relationship to drive increased sales for both the Company and the retailer.

Price adjustments to levels lower for on some of our products and a possible Pak Rupee devaluation, the Company anticipates pressure on margins. Sharply focused on our funding-the-growth programs we aim to minimize impact on our margins through delivering saving projects.

Financial & Corporate Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts on the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summary of key operational and financial data for the last six years annexed in this annual report.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- The valuation of investment made by the staff retirement funds based on their respective accounts are as follows:

	2014-15
	Rs. in Million
CPPL Staff Provident Fund	510.635
CPPL Staff Gratuity Fund	274.044

- The Board held four (4) meetings during the year. Attendance by each Director was as follows:

Directors Name	Attendance
Mr. Iqbal Ali Lakhani	3
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4
Ms. Aliya Saeeda Khan	4
Mr. Jerome Graham Webb - Nominee of CP – USA (upto 20 October 2014)	-
Ms. Lisa Mather - Nominee of CP – USA (from 20 October 2014)	3
Mr. Mukul Deoras - Nominee of CP – USA	1

Leave of absence was granted to directors who could not attend some of the Board meetings

- The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

Members Name	Attendance
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4
Mr. Iqbal Ali Lakhani (from 24 July 2014)	3
Ms. Aliya Saeeda Khan	4

- The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

Members Name	Attendance
Mr. Iqbal Ali Lakhani	1
Mr. Zulfiqar Ali Lakhani	1
Mr. Amin Mohammed Lakhani	1

Auditors

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 37th Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

Pattern of Shareholding

A statement showing pattern of shareholdings of the Company and additional information as at June, 30 2015 is included in the report.

The Board has determined threshold under clause xvi(l) of CCG-2012 in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs.1.5 million or more.

Acknowledgement

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

On behalf of Board of Directors



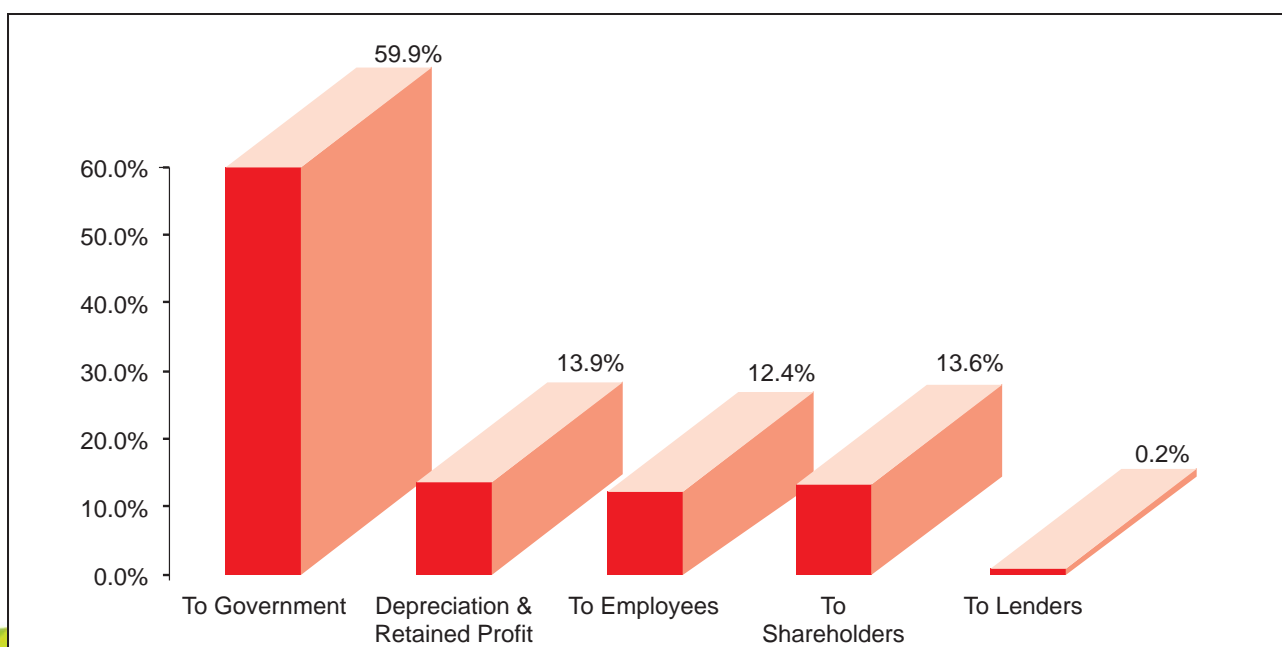
IQBAL ALI LAKHANI

Chairman

Karachi: July 27, 2015

STATEMENT OF VALUE ADDED

	Year ended June 30	
	2015	2014
(Rs in million)		
Wealth Generated		
Total revenue net of discount and allowances	29,635	28,035
Bought-in-material and services	19,620	19,349
	10,015	8,686
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	1,242	1,085
To Government		
Income tax, sales tax	6,016	5,434
To Providers of Capital		
Dividend to shareholders	1,199	815
Mark up/interest expenses on borrowed funds	20	18
Retained for Reinvestment and Growth		
Depreciation and Retained Profits	1,538	1,334
	10,015	8,686



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi & Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Director	Ms. Aliya Saeeda Khan
Executive Directors	M/s. Zulfiqar Ali Lakhani and Tasleemuddin A. Batlay
Non-Executive Directors	M/s. Iqbal Ali Lakhani, Amin Mohammed Lakhani, Lisa Mather and Mukul Deoras

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking company, a DFI or an NBFIs.
4. A casual vacancy occurred on the Board of Directors during the year which was filled in promptly.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive Director have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause (xi) of CCG, majority of Directors of the Company are exempted from the requirement of Directors' training program and rest of the Directors to be trained within specified time.
10. The Board has approved appointment of CFO including their remuneration and terms and conditions of employment. Mr. Mansoor Ahmed was assigned the responsibilities of Company Secretary of Colgate-

Palmolive (Pakistan) Limited in addition to his responsibilities in other Group Companies. Internal Audit function of the Company was outsourced with the approval of the Board. The Board has approved appointment of Head of Internal Audit and terms and conditions of his appointment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG. Annual evaluation of the Board's own performance approved during the year.
15. The Board has formed an Audit Committee comprising of four members three of them are non- Executive Directors, one of whom is an independent Director who is also Chairperson of Audit Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a HR and Remuneration Committee. It comprises of three members, of whom two are non executive Directors and the Chairman of the Committee is a non executive Director.
18. The Board has outsourced internal audit function of the Company to a firm of Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior of the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

Karachi: July 27, 2015



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Colgate-Palmolive (Pakistan) Limited for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we would like to highlight an instance of non-compliance with the requirements of the Code as reflected in paragraph 15 of the Statement of Compliance that the Audit Committee comprises of four members, three of them are non-executive directors.

Karachi, August 7, 2015


A.F. FERGUSON & CO.
Chartered Accountants



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Colgate-Palmolive (Pakistan) Limited as at June 30, 2015 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A.F. FERGUSON & CO.
Chartered Accountants

Karachi, August 7, 2015

Audit Engagement Partner: Khurshid Hasan

BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,935,589	3,147,236
Intangible assets	5	7,552	4,810
Long term loans	6	19,585	14,306
Long term security deposits	7	14,267	14,587
		<u>2,976,993</u>	<u>3,180,939</u>
CURRENT ASSETS			
Stores and spares	8	152,238	125,720
Stock in trade	9	2,607,106	2,473,246
Trade debts	10	666,378	653,003
Loans and advances	11	164,821	122,898
Trade deposits and short term prepayments	12	32,960	39,127
Other receivables	13	18,101	25,749
Profit receivable from banks		1,482	188
Taxation		886,001	588,551
Short term investments	14	3,101,198	2,144,508
Cash and bank balances	15	936,419	853,956
		<u>8,566,704</u>	<u>7,026,946</u>
TOTAL ASSETS		<u>11,543,697</u>	<u>10,207,885</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	16	750,000	750,000
Issued, subscribed and paid-up share capital	16	479,549	479,549
Reserves	17	8,640,488	7,233,554
Remeasurement of post retirement benefits obligation		(67,469)	(43,623)
Surplus on revaluation of investments		1,048	75,754
		<u>9,053,616</u>	<u>7,745,234</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation	18	348,076	439,239
Long term deposits	19	25,493	21,232
Deferred liability	20	37,088	22,189
		<u>410,657</u>	<u>482,660</u>
CURRENT LIABILITIES			
Trade and other payables	21	2,079,424	1,979,991
TOTAL LIABILITIES		<u>2,490,081</u>	<u>2,462,651</u>
TOTAL EQUITY AND LIABILITIES		<u>11,543,697</u>	<u>10,207,885</u>
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 44 form an integral part of these financial statements.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 (Rupees in '000)	2014
Turnover		31,174,591	29,367,346
Sales tax		(4,962,757)	(4,668,503)
Trade discounts		(1,901,672)	(1,472,757)
Net turnover		24,310,162	23,226,086
Cost of sales	24	(16,631,197)	(16,645,655)
Gross profit		7,678,965	6,580,431
Selling and distribution cost	25	(4,214,248)	(3,811,056)
Administrative expenses	26	(268,311)	(223,672)
Other expenses	27	(262,926)	(209,036)
Other income	28	361,719	140,728
Profit from operations		3,295,199	2,477,395
Finance cost and bank charges	29	(20,410)	(17,796)
Profit before taxation		3,274,789	2,459,599
Taxation	30	(1,052,621)	(766,346)
Profit after taxation		2,222,168	1,693,253
Other comprehensive income for the year - net of tax			
Items that may be reclassified subsequently to profit and loss			
Surplus on investments categorised as 'available for sale'		168,929	104,094
Gain realised on disposal of short term investments		(254,307)	(49,484)
Impact of tax		10,672	(6,826)
Total items that may be reclassified subsequently to profit and loss		(74,706)	47,784
Item that will not be reclassified to profit and loss			
Remeasurement of post retirement benefits obligation		(35,591)	(25,583)
Impact of tax		11,745	8,698
Total items that will not be reclassified to profit and loss		(23,846)	(16,885)
		(98,552)	30,899
Total comprehensive income for the year		2,123,616	1,724,152

-----Rupees-----

Earnings per share - basic and dilutive	31	46.34	35.31
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The annexed notes 1 to 44 form an integral part of these financial statements.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up share capital	Reserves			Remeasurement on post retirement benefits obligation - net of tax	Surplus on revaluation of investments - net of tax	Total Equity	
		Capital reserve - share premium	Revenue reserves					Sub total - reserves
			General reserve	Unappropriated 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
Transactions with owners								
Final dividend for the year ended June 30, 2013 at the rate of 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)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2014	-	-	-	1,693,253	1,693,253	-	-	1,693,253
Other comprehensive income	-	-	-	-	-	(16,885)	47,784	30,899
Total comprehensive income for the year ended June 30, 2014	-	-	-	1,693,253	1,693,253	(16,885)	47,784	1,724,152
Transfer to general reserve	-	-	935,000	(935,000)	-	-	-	-
Balance as at June 30, 2014	479,549	13,456	5,525,000	1,695,098	7,233,554	(43,623)	75,754	7,745,234
Transactions with owners								
Final dividend for the year ended June 30, 2014 at the rate of Rs 17 per share	-	-	-	(815,234)	(815,234)	-	-	(815,234)
Total transactions with owners	-	-	-	(815,234)	(815,234)	-	-	(815,234)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2015	-	-	-	2,222,168	2,222,168	-	-	2,222,168
Other comprehensive income	-	-	-	-	-	(23,846)	(74,706)	(98,552)
Total comprehensive income for the year ended June 30, 2015	-	-	-	2,222,168	2,222,168	(23,846)	(74,706)	2,123,616
Transfer to general reserve	-	-	878,000	(878,000)	-	-	-	-
Balance as at June 30, 2015	479,549	13,456	6,403,000	2,224,032	8,640,488	(67,469)	1,048	9,053,616

The annexed notes 1 to 44 form an integral part of these financial statements.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	3,388,708	2,908,687
Finance cost paid		(3)	(27)
Taxes paid		(1,419,704)	(1,009,510)
Long term loans		(5,279)	(741)
Long term security deposits (assets)		320	(1,006)
Staff retirement gratuity paid		(39,129)	(61,723)
Long term deposits (liabilities)		4,261	2,773
Net cash generated from operating activities		1,929,174	1,838,453
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(318,149)	(436,004)
Purchase of intangible assets		(6,247)	(3,133)
Short term investments made during the year		(7,000,000)	(2,300,000)
Proceeds from sale of property, plant and equipment		24,501	23,679
Profit received on savings accounts		53,205	47,454
Profit received on term deposit receipt		1,401	115
Sale proceeds on disposal of short term investments		7,013,126	1,241,127
Net cash used in investing activities		(232,163)	(1,426,762)
CASH USED IN FINANCING ACTIVITIES			
Dividend paid		(814,548)	(609,660)
Net increase / (decrease) in cash and cash equivalents		882,463	(197,969)
Cash and cash equivalents at the beginning of the year		853,956	1,051,925
Cash and cash equivalents at the end of the year	33	1,736,419	853,956

The annexed notes 1 to 44 form an integral part of these financial statements.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

1. THE COMPANY AND ITS OPERATIONS

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

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

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

2.1 Basis of preparation

2.1.1 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

2.1.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance), provision of and directive issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.1.3 New standards, amendments to approved accounting standards and new interpretations

2.1.3.1 Amendments to approved accounting standards and an interpretation which became effective during the year ended June 30, 2015

2.1.3.2 There were certain amendments to the approved accounting standards and a new interpretation issue by International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year 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.

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

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

2.2 Property, plant and equipment

2.2.1 These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land and capital work in progress which are stated at cost.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other assets are charged to income in the year when acquired.

Depreciation is charged to income applying the straight line method by applying rates (as stated in note 4.1.1). Depreciation on additions is charged from the month in which the asset is put to use and on disposal upto the month of disposal.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Residual values and the useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalised.

Profit or loss on disposal of assets is recognised in income currently.

2.2.2 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

2.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortisation is significant.

2.4 Impairment of non financial assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment and intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts, assets are written down to their recoverable amounts and the differences are recognised in income currently.

2.5 Stores and spares

Stores and spares are valued at lower of cost using the moving average method and estimated net realisable value. Items in transit are valued at cost as accumulated upto the balance sheet date. Provision for obsolete items, if any, is based on their condition as at the balance sheet date depending upon the management's judgement.

Loose tools are recognised as expense as and when purchased as their inventory is generally not significant.

2.6 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realisable value. Cost is determined as follows:

Stages of stock in trade

Raw and packing material
Raw and packing material
 inbonded warehouse and in transit
Work in process and finished goods

Trading goods

Basis of valuation

Moving average cost
Cost accumulated upto the balance
sheet date
Cost of direct materials and appropriate
portion of production overheads
Moving average cost

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to be incurred for its sale.

2.7 Trade debts and other receivables

Trade debts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

2.8 Taxation

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on presumptive basis.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

2.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and cheques in hand, deposits held with banks and running finances under mark-up arrangement.

2.10 Borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which these are incurred.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

2.12 Staff retirement benefits

Defined benefit plan

The Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Contributions are made to the fund on the basis of actuarial recommendations. Actuarial valuation is carried out using the projected unit credit method.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

Defined contribution plan

The Company operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 9 percent of the basic salaries of employees.

Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

2.13 Revenue recognition

- Sales are recognised on dispatch of goods to the customers.
- Profit on bank balances are recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Insurance commission income is recognised as and when received.
- Gains / (losses) arising on disposal of investments are included in income currently and are recognised on the date when the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

2.14 Foreign currency transactions

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the balance sheet date. Exchange differences are charged to income currently.

2.15 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

2.16 Financial instruments

2.16.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market, where management has the intention and ability to hold till maturity are carried at amortised cost.

d) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available for sale financial assets are classified as short term investments in the balance sheet.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised as "Other comprehensive Income" are included in the profit and loss account as gains and losses on disposal of short term investments. Interest on available for sale securities calculated using effective interest method is recognised in the profit and loss account. Dividends on available for sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.16.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

2.16.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Transactions with related parties

The Company enters into transactions with related parties for sale or purchase of goods and services on mutually agreed terms.

2.18 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- a) Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment (note 4);
- b) assumptions and estimates used in determining the useful lives and residual values of intangible assets (note 5);
- c) assumptions and estimates used in determining the provision for slow moving stores and spares (note 8);
- d) assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 9);
- e) assumptions and estimates used in calculating the provision for impairment for trade debts (note 10);
- f) assumptions and estimates used in the recognition of current and deferred taxation (note 18);
- g) assumptions and estimates used in accounting for defined benefit plan (note 20); and
- h) assumptions and estimates used in disclosure and assessment of provision for contingencies (note 23).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 (Rupees in '000)	2014
Operating fixed assets	4.1	2,846,001	3,047,545
Capital work in progress	4.2	89,588	99,691
		<u>2,935,589</u>	<u>3,147,236</u>

4.1 Operating fixed assets

4.1.1 The following is a statement of operating fixed assets:

	Leasehold land	Factory building on leasehold land	Plant and machinery	Electric fittings and installation	Gas installation	Furniture and fixtures	Tools and equipment	Vehicles	Computers and accessories	Office equipment	Total
(Rupees in '000)											
At July 1, 2013											
Cost	89,850	632,266	2,725,325	129,110	154	73,533	255,587	304,629	113,915	62,131	4,386,500
Accumulated depreciation	-	(237,409)	(938,852)	(49,009)	(114)	(27,207)	(105,546)	(145,672)	(68,262)	(27,509)	(1,599,580)
Net book value	89,850	394,857	1,786,473	80,101	40	46,326	150,041	158,957	45,653	34,622	2,786,920
Year ended June 30, 2014											
Additions	-	2,290	51,178	4,330	-	4,471	8,622	82,368	13,674	6,069	173,002
Transfers from capital work in progress during the year (note 4.2.1)	-	91,534	352,177	50,936	-	21,130	9,870	29,819	-	5,939	561,405
Disposals (note 4.1.4)											
Cost	-	-	-	(1,418)	-	-	-	(33,304)	(623)	(63)	(35,408)
Depreciation	-	-	-	304	-	-	-	17,861	525	13	18,703
Net book value	-	-	-	(1,114)	-	-	-	(15,443)	(98)	(50)	(16,705)
Write offs (note 4.1.3)											
Cost	-	-	(976)	(866)	-	(18)	(649)	-	(4,839)	(1,873)	(9,221)
Depreciation	-	-	613	580	-	15	453	-	4,816	1,626	8,103
Net book value	-	-	(363)	(286)	-	(3)	(196)	-	(23)	(247)	(1,118)
Depreciation charge for the year (note 4.1.5)	-	(58,187)	(262,865)	(14,641)	(7)	(10,797)	(33,190)	(42,594)	(25,306)	(8,372)	(455,959)
Net book value as at June 30, 2014	89,850	430,494	1,926,600	119,326	33	61,127	135,147	213,107	33,900	37,961	3,047,545
Year ended June 30, 2015											
Additions	-	3,208	72,573	8,661	-	1,856	13,648	83,866	26,820	13,173	223,805
Transfers from capital work in progress during the year (note 4.2.1)	-	4,746	87,246	1,121	-	904	27	9,338	122	943	104,447
Disposals (note 4.1.4)											
Cost	-	-	(7,167)	-	-	-	-	(35,126)	(3,133)	(1,663)	(47,089)
Depreciation	-	-	5,746	-	-	-	-	23,189	2,970	1,210	33,115
Net book value	-	-	(1,421)	-	-	-	-	(11,937)	(163)	(453)	(13,974)
Write offs (note 4.1.3)											
Cost	-	-	(325)	-	-	(45)	(494)	-	(2,206)	(612)	(3,682)
Depreciation	-	-	245	-	-	17	394	-	2,206	507	3,369
Net book value	-	-	(80)	-	-	(28)	(100)	-	-	(105)	(313)
Depreciation charge for the year (note 4.1.5)	-	(67,875)	(297,025)	(19,454)	(7)	(14,123)	(36,949)	(44,750)	(24,668)	(10,658)	(515,509)
Net book value as at June 30, 2015	89,850	370,573	1,787,893	109,654	26	49,736	111,773	249,624	36,011	40,861	2,846,001
At June 30, 2014											
Cost	89,850	726,090	3,127,704	182,092	154	99,116	273,430	383,512	122,127	72,203	5,076,278
Accumulated depreciation	-	(295,596)	(1,201,104)	(62,766)	(121)	(37,989)	(138,283)	(170,405)	(88,227)	(34,242)	(2,028,733)
Net book value	89,850	430,494	1,926,600	119,326	33	61,127	135,147	213,107	33,900	37,961	3,047,545
Annual rates of depreciation (%) 2014	-	10	10	10	10	15	15	20	33	15	
At June 30, 2015											
Cost	89,850	734,044	3,280,031	191,874	154	101,831	286,611	441,590	143,730	84,044	5,353,759
Accumulated depreciation	-	(363,471)	(1,492,138)	(82,220)	(128)	(52,095)	(174,838)	(191,966)	(107,719)	(43,183)	(2,507,758)
Net book value	89,850	370,573	1,787,893	109,654	26	49,736	111,773	249,624	36,011	40,861	2,846,001
Annual rates of depreciation (%) 2015	-	10	10	10	10	15	15	20	33	15	

- 4.1.2 Cost of operating fixed assets held by third parties, for manufacturing certain products of the Company, are as follows:

	2015	2014
	(Rupees in '000)	
Industrial Packages (Private) Limited	7,132	7,132
Rollins Industries (Private) Limited	18,609	21,711
Techno Plast	9,388	7,911
Naveed Company	113	113
Afeef Packages (Private) Limited	1,348	1,348
Transpak Corporation Limited	1,675	1,675
	<u>38,265</u>	<u>39,890</u>

These assets are free of lien and the Company has full right of repossession of these assets.

- 4.1.3 During the year, 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 3.682 million (2014: Rs 9.221 million) and net book value of Rs 0.313 million (2014: Rs 1.118 million) have been retired from active use and have been written off in these financial statements.

4.1.4 The following operating fixed assets with a net book value exceeding Rs 50,000 were disposed of during the year:

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds / receivable from insurance company	Gain / (loss)	Particulars of purchasers
------(Rupees in '000)-----							
Vehicles	Maturity of Company's maintained car scheme	850	487	363	373	10	Zia-Ur-Rehman Employee of the Company
	--do--	504	403	101	252	151	Shahid Mehmood Employee of the Company
	--do--	485	388	97	265	168	Arnaz Fram Famji Employee of the Company
	--do--	631	505	126	420	294	Ali Babar Employee of the Company
	--do--	859	522	337	455	118	Mehmood Ahmed Employee of the Company
	--do--	376	301	75	210	135	Jahangir Khawar Employee of the Company
	--do--	810	648	162	280	118	M.Imran Sadiq Employee of the Company
	--do--	952	762	190	445	255	Adeel Ahmed Employee of the Company
	Maturity of Company's car scheme	572	263	309	309	-	Adnan Ahmed Employee of the Company
	--do--	1,209	813	396	396	-	Junaid Imam Employee of the Company
	--do--	455	323	132	183	51	Muhammad Amin Adam Employee of the Company
	--do--	1,705	917	788	788	-	Ahmed Rehmani Employee of the Company
	--do--	1,462	777	685	685	-	Pervaiz Mallick Employee of the Company
	--do--	524	253	271	271	-	Azam Ali Khan Employee of the Company
	--do--	1,809	882	927	927	-	Kalim Ishrat Employee of the Company
	--do--	855	486	369	369	-	Kashif Rehman Employee of the Company
	--do--	524	263	261	261	-	Eruj Akhund Employee of the Company
	--do--	572	263	309	309	-	Attaullah Khan Employee of the Company
	--do--	1,399	742	657	657	-	Hassan Kazmi Employee of the Company
	--do--	1,869	1,257	612	612	-	Tasleemuddin Batley Employee of the Company
	--do--	1,869	1,257	612	612	-	Syed Sami Hassan Zaidi Employee of the Company
	--do--	1,784	1,227	557	642	85	Syed Anwer Suhail Razvi Employee of the Company
	--do--	630	296	334	340	6	Sadia Zia Employee of the Company

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds / receivable from insurance company	Gain / (loss)	Particulars of purchasers
------(Rupees in '000)-----							
	--do--	1,289	867	422	422	-	Dr. Syed Sadfar Ali Employee of the Company
	--do--	630	296	334	343	9	Salman Nasir Employee of the Company
	Bid	567	212	355	442	87	Ahmed Mansoor Flat F/4, Mehran Apartment, Block 16, Gulshan-e-Iqbal, Karachi
	--do--	1,103	882	221	755	534	Muhammad Azam Siddiqui LCC 30-31, Sector 2D, Pakistan Quarter, Nizami Road, Lines area Karachi
	--do--	504	403	101	350	249	Aly Diamond Pirani Flat # C-21, Noor Apartment, Block E, North Nazimabad, Karachi
	--do--	363	290	73	370	297	Murtaza Ali Virani House # C-507, Mohalla Pioneer Palace, Parsi Colony, Karachi
	--do--	1,110	984	126	1,225	1,099	Murtaza Ali Virani House # C-507, Mohalla Pioneer Palace, Parsi Colony, Karachi
	--do--	477	409	68	875	807	Ghulam Rasool House # D-4, Gul-e-Rana Colony, Soldier Bazar, Karachi
	--do--	300	236	64	300	236	Murtaza Ali Virani House # C-507, Mohalla Pioneer Palace, Parsi Colony, Karachi
	--do--	550	440	110	545	435	Murtaza Ali Virani House # C-507, Mohalla Pioneer Palace, Parsi Colony, Karachi
	--do--	355	279	76	335	259	Murtaza Ali Virani House # C-507, Mohalla Pioneer Palace, Parsi Colony, Karachi
	--do--	396	317	79	327	248	Abdul Hameed House # S-3-640, Sector 11-1/2, Chisti Nagar, Orangil Town, Karachi
	--do--	396	317	79	310	231	Abdul Hameed House # S-3-640, Sector 11-1/2, Chisti Nagar, Orangil Town, Karachi
	--do--	335	264	71	338	267	Abdul Hameed House # S-3-640, Sector 11-1/2, Chisti Nagar, Orangil Town, Karachi
	--do--	404	323	81	200	119	Syed Trader District Hattiyani Bala Azad Kashmir
	--do--	300	240	60	200	140	Muhammad Noman BII-145/B, Haji Chowk, Muslim Town, Rawalpindi

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds / receivable from insurance company	Gain / (loss)	Particulars of purchasers
	--do--	300	240	60	260	200	Laeq Ahmed HOUSE # 340/J Korangi # 5, Karachi
	--do--	405	200	205	340	135	Muhammad Taimur Dyer HOUSE # 282 D'Cruz Road, Garden East, Karachi
	--do--	504	403	101	360	259	Aly Diamond Pirani Flat # C-21, Noor Apartment, Block E, North Nazimabad, Karachi
	Insurance claim	504	403	101	440	339	Century Insurance Co. Ltd, Lakson Square Building No. 3, Sarwar Shaheed Road Karachi
	--do--	663	177	486	625	139	Century Insurance Co. Ltd, Lakson Square Building No. 3, Sarwar Shaheed Road Karachi
Office equipment	Bid	842	672	170	214	44	S.A Engineering Wind Song Plaza, Plot # A-16, Block 7&8, Shahrah-e-Faisal, Karachi
	--do--	575	465	110	28	(82)	Scrap Seller Sukkur
	Negotiation	67	12	55	71	16	Saba Marketing Services Muree
Plant and Equipment	Bid	7,167	5,746	1,421	2,564	1,143	M.M.Munir Mechanics C-7, C-10, ST-13/6, Hansa Project Compound, Block-2, F.B.Area, Karachi
		42,811	29,112	13,699	22,300	8,601	
Others Items having net net book value of less than Rs 50,000 each	Various	4,278	4,003	275	2,201	1,926	Various
2015		47,089	33,115	13,974	24,501	10,527	
2014		35,408	18,703	16,705	23,679	6,974	

4.1.5 Depreciation charge for the year has been allocated as follows:

	Note	2015 (Rupees in '000)	2014
Cost of sales	24.1	448,826	391,128
Selling and distribution costs	25	42,634	42,778
Administrative expenses	26	24,049	22,053
		515,509	455,959

4.2 Capital work in progress

4.2.1 The following is a statement of capital work in progress:

	Factory building on leasehold land	Plant and machinery	Electric fittings and installation	Other assets	Total
	------(Rupees in '000)-----				
Balance as at July 1, 2013	74,729	277,810	26,333	19,222	398,094
Capital expenditure incurred during the year (note 4.2.2)	26,529	158,794	24,957	52,722	263,002
Transfers to operating fixed assets (note 4.1.1)	(91,534)	(352,177)	(50,936)	(66,758)	(561,405)
Balance as at June 30, 2014	9,724	84,427	354	5,186	99,691
Capital expenditure incurred during the year (note 4.2.2)	23,302	53,871	5,101	12,070	94,344
Transfers to operating fixed assets (note 4.1.1)	(4,746)	(87,246)	(1,121)	(11,334)	(104,447)
Balance as at June 30, 2015	28,280	51,052	4,334	5,922	89,588

4.2.2 This includes items in transit aggregating Rs 5.491 million (2014: Rs 6.817 million).

5. INTANGIBLE ASSETS

	Note	Goodwill and trade mark	Computer software	Total
------(Rupees in '000)-----				
At July 1, 2013				
Cost		43,500	64,454	107,954
Accumulated amortisation		(43,500)	(59,467)	(102,967)
Net book value		-	4,987	4,987
Year ended June 30, 2014				
Additions		-	3,133	3,133
		-	8,120	8,120
Amortisation for the year	5.3	-	(3,310)	(3,310)
Net book value as at June 30, 2014		-	4,810	4,810
Year ended June 30, 2015				
Additions		-	6,247	6,247
		-	11,057	11,057
Amortisation for the year	5.3	-	(3,505)	(3,505)
Net book value as at June 30, 2015		-	7,552	7,552
At June 30, 2014				
Cost		43,500	67,587	111,087
Accumulated amortisation		(43,500)	(62,777)	(106,277)
Net book value		-	4,810	4,810
At June 30, 2015				
Cost		43,500	73,834	117,334
Accumulated amortisation		(43,500)	(66,282)	(109,782)
Net book value		-	7,552	7,552

5.1 Goodwill includes amount paid on acquisition of the brand "Sparkle" from Transpak Corporation Limited and a trade mark costing Rs 1.5 million in respect of the brand "Sparkle" purchased on January 4, 2001. The trade mark was fully amortised during the year ended June 30, 2005, however, it is still in active use.

5.2 Computer software is being amortised over a useful life of 3 years.

5.3 Amortisation charge for the year has been allocated as follows:

	Note	2015 (Rupees in '000)	2014
Cost of sales	24.1	530	277
Selling and distribution costs	25	921	658
Administrative expenses	26	2,054	2,375
		<u>3,505</u>	<u>3,310</u>

6. LONG TERM LOANS

Considered good			
- due from executives	6.1 & 6.2	13,116	6,489
- due from other employees	6.2	18,787	18,304
		<u>31,903</u>	<u>24,793</u>
Recoverable within one year	11	(12,318)	(10,487)
		<u>19,585</u>	<u>14,306</u>

	Note	2015 (Rupees in '000)	2014
6.1	Reconciliation of carrying amount of loans to executives:		
	Opening balance as at July 1, 2014 / 2013	6,489	3,929
	Disbursements	12,549	5,000
	Repayments	(5,922)	(2,440)
	Closing balance as at June 30, 2015 / 2014	<u>13,116</u>	<u>6,489</u>

6.2 These loans are interest free and have been given to executives and other employees of the Company for purchase of house, vehicles or for personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement of staff provident fund.

6.3 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

7. LONG TERM SECURITY DEPOSITS

Long term security deposits	7.1 & 7.2	<u>14,267</u>	<u>14,587</u>
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7.1 This includes Rs 5.783 million (2014: Rs 5.783 million) representing amount deposited with Water and Power Development Authority (WAPDA) for enhancement in electricity load for detergent unit at Kotri.

7.2 This includes a Term Deposit Receipt (TDR) amounting to Rs 1.7 million (2014: Rs 1.7 million) issued by a banking company. This TDR has been provided as a security (lien) to a banking company for issuance of guarantee in favour of Sui Southern Gas Company Limited. The TDR carries profit at the rate of 7.07% (2014: 6.79%) per annum and shall mature on September 1, 2015 at which time the management intends to rollover the TDR.

8. STORES AND SPARES

Stores		44,493	41,888
Spares	8.1	107,745	83,832
	24.1.3	<u>152,238</u>	<u>125,720</u>

8.1 This includes spares in transit amounting to Rs 0.637 million (2014: Rs 5.662 million).

9. STOCK IN TRADE

	Note	2015 (Rupees in '000)	2014
Raw materials			
- in hand		936,526	840,594
- in bonded warehouse		143,214	-
- in transit		414,067	384,705
	24.1.1	<u>1,493,807</u>	<u>1,225,299</u>
Packing materials			
- in hand		241,240	229,735
- in transit		27,424	293
- with third parties		1,717	355
	24.1.2	<u>270,381</u>	<u>230,383</u>
Work in process	24.1	196,392	360,531
Finished goods			
- in hand		499,497	528,601
- in transit		938	241
	24	<u>500,435</u>	<u>528,842</u>
Trading goods			
- in hand		143,141	124,051
- in transit		2,950	4,140
	24	<u>146,091</u>	<u>128,191</u>
		<u>2,607,106</u>	<u>2,473,246</u>

10. TRADE DEBTS

Considered good			
- due from related parties	10.1	4,054	2,105
- others		662,324	650,898
		<u>666,378</u>	<u>653,003</u>
Considered doubtful			
- others		30,968	30,968
		<u>697,346</u>	<u>683,971</u>
Less: Provision for impairment	10.2 & 10.4	30,968	30,968
		<u>666,378</u>	<u>653,003</u>

10.1 Trade debts include the following amounts due from related parties:

Merit Packaging Limited	113	89
Century Paper and Board Mills Limited	-	68
Tetley Clover (Private) Limited	3,330	1,529
Hasanali and Gulbanoo Lakhani Foundation	-	11
SIZA (Private) Limited	5	8
Television Media Network (Private) Limited	567	360
Cyber Internet Services (Private) Limited	34	30
SIZA Foods (Private) Limited	3	10
SIZA Services (Private) Limited	2	-
	<u>4,054</u>	<u>2,105</u>

10.2 Provision for impairment

Balance as at July 1, 2014 / 2013		30,968	30,943
Provision made during the year	27	-	4,986
Write offs during the year		-	(4,961)
Balance as at June 30, 2015 / 2014		<u>30,968</u>	<u>30,968</u>

- 10.3 As at June 30, 2015, trade receivables of Rs 138.670 million (2014: Rs 177.403 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 (Rupees in '000)	2014 (Rupees in '000)
Upto 1 month	73,387	110,294
1 to 6 months	9,382	1,118
More than 6 months	55,901	65,991
	<u>138,670</u>	<u>177,403</u>

- 10.3.1 Ageing analysis of the amounts due from related parties is as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2015	As at June 30, 2014
	------(Rupees in '000)-----				
Merit Packaging Limited	-	25	88	113	89
Century Paper and Board Mills Limited	-	-	-	-	69
Television Media Network (Private) Limited	6	154	407	567	360
Tetley Clover (Private) Limited	639	2,181	510	3,330	1,530
Hasanali and Gulbanoo Lakhani Foundation	-	-	-	-	10
SIZA (Private) Limited	-	5	-	5	7
Cyber Internet Services (Private) Limited	8	8	18	34	30
SIZA Foods (Private) Limited	-	-	3	3	10
SIZA Service (Private) Limited	-	-	2	2	-
	<u>653</u>	<u>2,373</u>	<u>1,028</u>	<u>4,054</u>	<u>2,105</u>

- 10.4 As at June 30, 2015, trade receivables of Rs 30.968 million (2014: Rs 30.968 million) were impaired and provided for. The ageing of these receivables is as follows:

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
One year to five years		-	4,986
Five years and over		30,968	25,982
		<u>30,968</u>	<u>30,968</u>

11. LOANS AND ADVANCES

Considered good
Current portion of long term loans
- due from executives
- due from other employees

Advances

- to employees
- to contractors and suppliers

6

11.1

11.2

4,464	3,603
7,854	6,884
<u>12,318</u>	<u>10,487</u>
12,317	10,986
140,186	101,425
<u>164,821</u>	<u>122,898</u>

- 11.1 Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.

- 11.2 Advances include the following amounts due from following related parties:

Century Insurance Company Limited
Princeton Travels (Private) Limited
Television Media Network (Private) Limited

-	232
261	-
25,235	-
<u>25,496</u>	<u>232</u>

Note 2015 2014
(Rupees in '000)

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		11,955	15,875
Prepayments		21,005	23,252
		32,960	39,127

13. OTHER RECEIVABLES

Receivable from related parties	13.1	2,674	10,787
Sales tax claimable		6,187	5,376
Special excise duties claimable		8,720	8,720
Insurance claims receivable from Century Insurance Company Limited		502	866
Others		18	-
		18,101	25,749

13.1 Other receivables include the following amounts due from related parties in addition to insurance claims:

Clover Pakistan Limited		-	39
Tetley Clover (Private) Limited		2,674	10,748
		2,674	10,787

14. SHORT TERM INVESTMENTS

Investments - Loans and receivables (term deposits)	14.1	800,000	-
Investments - Available for sale	14.2	2,301,198	2,144,508
		3,101,198	2,144,508

14.1 The rate on term deposit is 7.30% per annum.

14.2 Name of the investees	As at July 1, 2014	Purchases during the year	Sales / Redemptions during the year	As at June 30, 2015	Average cost as at June 30, 2015	Fair value as at June 30, 2015	Unrealised gain as at June 30, 2015
			Number of units			Rupees in '000	
Lakson Money Market Fund (associated undertaking)	12,687,575	20,304,510	(25,001,722)	7,990,363	800,000	800,727	727
Lakson Income Fund (associated undertaking)	-	15,117,550	(7,182,625)	7,934,925	800,000	800,471	471
UBL Liquidity Plus Fund	5,126,897	2,364,937	(7,491,834)	-	-	-	-
UBL Government Securities Fund	-	3,907,926	(3,907,926)	-	-	-	-
Meezan Sovereign Fund	5,144,548	-	(5,144,548)	-	-	-	-
Atlas Money Market Fund	199,318	2,639,243	(1,448,817)	1,389,744	700,000	700,000	-
Atlas Income Fund	-	710,076	(710,076)	-	-	-	-
ABL Government Securities Fund	-	39,125,103	(39,125,103)	-	-	-	-
ABL Cash Fund	-	39,051,643	(39,051,643)	-	-	-	-
	23,158,338	123,220,988	(129,064,294)	17,315,032	2,300,000	2,301,198	1,198

15. CASH AND BANK BALANCES

	Note	2015 (Rupees in '000)	2014
Cash with banks in:			
- Current accounts		325,833	290,337
- Local currency			
- Savings accounts			
- Local currency	15.1	557,496	498,670
		<u>883,329</u>	<u>789,007</u>
Cheques in hand		52,177	64,475
Cash in hand		913	474
		<u>936,419</u>	<u>853,956</u>

15.1 The range of rates of profit on these savings accounts is between 5% and 7.07% (2014: 6% and 9%) per annum.

16. SHARE CAPITAL

16.1 Authorised share capital

2015	2014		2015	2014
Number of shares			(Rupees in '000)	
75,000,000	75,000,000	Ordinary shares of Rs 10 each	750,000	750,000

16.2 Issued, subscribed and paid-up share capital

2015	2014		2015	2014
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>

17. RESERVES

	2015 (Rupees in '000)	2014
Capital reserve		
- Share premium reserve	13,456	13,456
Revenue reserve		
- General reserve	6,403,000	5,525,000
- Unappropriated profit	2,224,032	1,695,098
	<u>8,640,488</u>	<u>7,233,554</u>

Note **2015** 2014
(Rupees in '000)

18. DEFERRED TAXATION

Credit / (debit) balances arising in respect of timing differences relating to:

Taxable temporary difference

Accelerated tax depreciation allowance
Intangibles
Short term investments

378,165	474,916
624	-
150	-
378,939	474,916
(8,934)	(8,594)
-	(3,392)
(9,121)	(10,645)
(12,808)	(13,046)
(30,863)	(35,677)
348,076	439,239

Deductible temporary difference

Provision for compensated absences
Short term investments
Provision for impairment of trade debts
Deferred liabilities

19. LONG TERM DEPOSITS

Deposits obtained from:

- Distributors
- Transporters
- Others

22,988	18,727
500	500
2,005	2,005
25,493	21,232

19.1 These deposits are interest free and are not refundable during the subsistence of relationship with the Company.

20. DEFERRED LIABILITY

Defined benefit plan (staff retirement gratuity)

- funded

20.4 **37,088** **22,189**

20.1 As stated in note 2.12, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2015. The disclosures made in notes 20.2 to 20.14 are based on the information included in that actuarial report.

20.2 The actuarial valuation of gratuity plan was carried out as at June 30, 2015. The projected unit credit method using the following significant assumptions was used for this valuation:

	2015	2014
	Percentage	
- Discount rate - per annum compound	9.75	13.25
- Expected rate of increase in salaries - per annum		
For next year	14.00	12.25
For subsequent years	8.75	12.25

20.3 Mortality rate

The rates assumed were based on the SLIC (2001-2005) mortality table.

20.4 Balance sheet reconciliation	Note	2015	2014
		(Rupees in '000)	
Present value of defined benefit obligation	20.5	311,132	249,445
Fair value of plan assets	20.6	<u>(274,044)</u>	<u>(227,256)</u>
Net liability in the balance sheet		<u>37,088</u>	<u>22,189</u>
20.5 Movement in defined benefit obligation			
Present value of defined benefit obligation as at July 1, 2014 / 2013		249,445	194,613
Current service cost		18,090	17,063
Interest cost		32,547	21,065
Remeasurement on obligation		18,655	22,933
Benefits paid		<u>(7,605)</u>	<u>(6,229)</u>
Present value as at June 30, 2015 / 2014		<u>311,132</u>	<u>249,445</u>
20.6 Movement in fair value of plan assets			
Fair value as at July 1, 2014 / 2013		227,256	154,378
Expected return on plan assets		32,200	20,034
Remeasurement on fair value of plan assets		(16,936)	(2,650)
Contributions made during the year to the fund		39,129	61,723
Benefits paid		<u>(7,605)</u>	<u>(6,229)</u>
Fair value as at June 30, 2015 / 2014		<u>274,044</u>	<u>227,256</u>
20.7 Movement in net liability in the balance sheet is as follows:			
Opening balance of net liability		22,189	40,235
Charge for the year	20.8	18,437	18,094
Contributions made during the year to the fund		(39,129)	(61,723)
Net remeasurement for the year		<u>35,591</u>	<u>25,583</u>
Closing balance of net liability		<u>37,088</u>	<u>22,189</u>
20.8 Charge for the year has been allocated as under:			
Cost of sales	24.1	9,348	10,155
Selling and distribution costs	25	5,041	3,964
Administrative expenses	26	<u>4,048</u>	<u>3,975</u>
		<u>18,437</u>	<u>18,094</u>
20.9 The following amounts have been recognised in the profit and loss account in respect of the gratuity plan:			
Current service cost		18,090	17,063
Net Interest cost		<u>347</u>	<u>1,031</u>
Expenses		<u>18,437</u>	<u>18,094</u>
20.10 Actual return on plan assets			
Expected return on plan assets		32,200	20,034
Remeasurement on fair value of plan assets		<u>(16,936)</u>	<u>(2,650)</u>
Actual return on plan assets		<u>15,264</u>	<u>17,384</u>

20.11 Plan assets comprise of the following:

	2015		2014	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Shares and units of mutual funds	35,526	12.96	32,846	14.45
Debt instruments	237,808	86.78	173,087	76.16
Cash	710	0.26	21,323	9.39
	<u>274,044</u>	<u>100.00</u>	<u>227,256</u>	<u>100.00</u>

20.12 Expected contribution to post employment benefit plan for the year ending June 30, 2016 is Rs 22.869 million (2015: Rs 16.941 million).

20.13 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
		------(Rupees in '000)-----	
Discount rate	1%	(25,324)	29,483
Salary growth rate	1%	29,362	(25,660)

20.14 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the balance sheet.

21. TRADE AND OTHER PAYABLES

	Note	2015 (Rupees in '000)	2014
Trade creditors	21.1	517,478	470,883
Accrued liabilities	21.2	872,908	748,820
Bills payable		215,479	221,000
Advances from distributors		43,184	35,349
Sales tax payable		27,068	188,114
Royalty payable to an associated undertaking		125,429	106,282
Workers' profits participation fund	21.3	175,827	132,071
Workers' welfare fund		66,814	49,101
Retention money payable		3,173	4,318
Unclaimed dividend		4,650	3,964
Others	21.4	27,414	20,089
		<u>2,079,424</u>	<u>1,979,991</u>

21.1 This includes Rs 35.485 million (2014: Rs 44.802 million) payable to related parties.

21.2 This includes Rs 32.301 million (2014: Rs 6.953 million) payable to related parties.

21.3 Workers' profits participation fund

Balance at the beginning of the year		132,071	120,836
Allocation for the year	27	175,827	132,071
		<u>307,898</u>	<u>252,907</u>
Less: Payments during the year		132,071	120,836
Balance at the end of the year		<u>175,827</u>	<u>132,071</u>

21.4 This includes Rs 1.004 million (2014: Rs 0.842 million) payable to related parties.

22. SHORT TERM RUNNING FINANCES

- 22.1 The Company has arranged short-term borrowing facilities from various banks on mark-up basis to the extent of Rs 1,040 million (2014: Rs 940 million), which can be interchangeably utilised as running finance facilities or import credit facilities. These facilities expired during the year and were renewed subsequently. The renewed facilities are available for various periods expiring between July 31, 2015 to March 31, 2016. The arrangements are secured by a joint hypothecation of stocks, stores and spares, trade debts, other current assets and second charge on immovable assets of the Company.
- 22.2 The mark-up on short term running facilities ranges between 7.83% to 9.74% (2014: 10.92% to 12.33%) per annum.
- 22.3 The facilities for opening letters of credit and guarantees as at June 30, 2015 aggregated Rs 3,800 million and Rs 80 million (2014: Rs 3,900 million and Rs 40 million) respectively of which the amounts remaining unutilised at the year end were Rs 3,388.844 million and Rs 47.069 million (2014: Rs 3,335.334 million and Rs 7.069 million) respectively.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- 23.1.1 Certain cases have been filed against the Company by some employees claiming Rs 0.784 million (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.
- 23.1.2 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 188.456 million (2014: Rs 76.026 million) payable at the time of exbonding of imported goods. In the event the goods are not cleared from custom warehouse within the prescribed time period, cheques issued as security shall be encashable.
- 23.1.3 During the year 2011, the Gas Infrastructure Development Cess (GIDC) was levied at Rs 13 per unit of gas consumption through the Gas Infrastructure Development Cess Act, 2011 (the Act) . The rate was increased to Rs 100 per unit w.e.f. July 2012 whereas subsequently it was reduced to Rs 50 per unit through a notification dated September 7, 2012. The Sindh High Court through its order dated September 19, 2012, however, has restrained Sui Southern Gas Company Limited (SSGCL), being the company required to charge and collect the cess, from charging cess over and above Rs 13 per unit from the Company. In case of a separate petition on June 13, 2013, the said Act was declared unconstitutional by the Peshawar High Court (PHC) and such judgment was also upheld by the Supreme Court on August 22, 2014.

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

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

The amount of cess if determined to be payable by the Company with retrospective effect shall aggregate to Rs 40 million approximately, however the Company, based on the advice of its legal counsel, is confident of a favorable outcome of the aforementioned application to the Sindh High Court and, therefore, has not provided for the amount of Rs 40 million in these financial statements.

23.1.4 Contingent liabilities in respect of indemnities given to financial institutions for guarantees issued by them on behalf of the Company in the normal course of business aggregate Rs 32.931 million (2014: Rs 32.931 million).

23.2 Commitments

23.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs 4.826 million and Rs 359.828 million respectively (2014: Rs 46.134 million and Rs 325.056 million respectively).

23.2.2 Outstanding letters of credit amount to Rs 350.492 million (2014: Rs 726.451 million).

23.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 10.849 million (2014: Rs 10.677 million).

24. COST OF SALES

	Note	2015 (Rupees in '000)	2014
Opening stock of finished goods (including trading goods)		657,033	616,081
Cost of goods manufactured	24.1	13,629,411	13,957,585
Purchases of trading goods		2,991,279	2,729,022
		<u>17,277,723</u>	<u>17,302,688</u>
Less: Closing stock of finished goods (including trading goods)	9	646,526	657,033
		<u>16,631,197</u>	<u>16,645,655</u>
24.1 Cost of goods manufactured			
Opening stock of work in process		360,531	169,306
Raw materials consumed	24.1.1 & 24.1.4	8,821,060	9,610,219
Packing materials consumed	24.1.2 & 24.1.4	2,778,634	2,719,640
Stores and spares consumed	24.1.3	59,552	64,345
Salaries, wages and other benefits		649,907	582,469
Staff retirement gratuity	20.8	9,348	10,155
Provident fund		11,170	9,934
Power and fuel		348,312	399,918
Repairs and maintenance		27,333	33,192
Rent, rates and taxes		11,547	11,184
Insurance		41,724	38,528
Laboratory expenses		5,374	4,019
Cartage		202,939	228,171
Depreciation	4.1.5	448,826	391,128
Amortisation	5.3	530	277
Other manufacturing expenses		49,016	45,631
		<u>13,825,803</u>	<u>14,318,116</u>
Less: Closing stock of work in process	9	196,392	360,531
		<u>13,629,411</u>	<u>13,957,585</u>
24.1.1 Raw materials consumed			
Opening stock		1,225,299	1,789,236
Purchases		9,089,568	9,046,282
		<u>10,314,867</u>	<u>10,835,518</u>
Less: Closing stock	9	1,493,807	1,225,299
		<u>8,821,060</u>	<u>9,610,219</u>

24.1.2 Packing materials consumed

	Note	2015 (Rupees in '000)	2014
Opening stock		230,383	212,699
Purchases		2,818,632	2,737,324
		<u>3,049,015</u>	<u>2,950,023</u>
Less: Closing stock	9	270,381	230,383
		<u>2,778,634</u>	<u>2,719,640</u>

24.1.3 Stores and spares consumed

Opening stock		125,720	83,088
Purchases		86,070	106,977
		<u>211,790</u>	<u>190,065</u>
Less: Closing stock	8	152,238	125,720
		<u>59,552</u>	<u>64,345</u>

24.1.4 Cost of sales includes amounts written off during the year in respect of the following:

Raw materials		24,522	15,247
Packing materials		1,798	15,724
Finished goods		1,014	-
Stores and spares		3,389	-
		<u>30,723</u>	<u>30,971</u>

25. SELLING AND DISTRIBUTION COST

Salaries, wages and other benefits		404,965	355,623
Staff retirement gratuity	20.8	5,041	3,964
Provident fund		12,283	10,624
Travelling and conveyance		48,930	45,961
Repairs and maintenance		7,776	6,464
Vehicle running expenses		127,913	145,007
Advertising and sales promotion		2,543,226	2,194,418
Royalty on sale of licensed products		114,324	105,752
Postage, telephone and internet charges		16,515	15,479
Rent, rates and taxes		80,067	56,183
Printing and stationery		5,507	5,192
Subscription and membership		1,311	5,500
Legal and professional		979	869
Freight		727,292	756,714
Electricity		12,378	11,382
Insurance		36,160	24,281
Security service charges		6,635	6,445
Depreciation	4.1.5	42,634	42,778
Amortisation	5.3	921	658
Other expenses		17,688	17,600
		<u>4,212,545</u>	<u>3,810,894</u>
Charge from related parties		1,703	162
		<u>4,214,248</u>	<u>3,811,056</u>

26. ADMINISTRATIVE EXPENSES

Note **2015** 2014
(Rupees in '000)

Salaries, wages and other benefits		140,397	102,983
Staff retirement gratuity	20.8	4,048	3,975
Provident fund		5,652	4,573
Travelling and conveyance		6,828	6,330
Repairs and maintenance		17,901	13,035
Vehicle running expenses		11,038	12,176
Postage, telephone and internet charges		6,176	5,767
Rent, rates and taxes		6,380	4,321
Printing and stationery		3,568	2,383
Subscription and membership		6,300	8,863
Legal and professional		3,572	6,354
Electricity		5,317	4,141
Insurance		9,155	7,749
Security service charges		4,899	4,494
Depreciation	4.1.5	24,049	22,053
Amortisation	5.3	2,054	2,375
Others		800	2,588
		<u>258,134</u>	<u>214,160</u>
Charge from related parties		<u>10,177</u>	<u>9,512</u>
		<u>268,311</u>	<u>223,672</u>

27. OTHER EXPENSES

Workers' profits participation fund	21.3	175,827	132,071
Workers' welfare fund	27.1	65,922	49,762
Auditors' remuneration	27.2	2,119	2,523
Property, plant and equipment - written off	4.1.1	313	1,118
Donations	27.3	18,745	18,576
Provision for impairment - trade debts	10.2	-	4,986
		<u>262,926</u>	<u>209,036</u>

27.1 Workers' welfare fund			
Charge for the year		66,814	49,101
Prior year		(892)	661
		<u>65,922</u>	<u>49,762</u>

27.2 Auditors' remuneration			
Audit fee		873	776
Fee for half yearly review		380	338
Tax and others		418	937
		<u>1,671</u>	<u>2,051</u>
Out of pocket expenses		448	472
		<u>2,119</u>	<u>2,523</u>

27.3 Donations include the following in which certain directors are interested:

Name of director	Interest in donee	Name and address of donee	Note	2015 (Rupees in '000)	2014
Mr. Iqbal Ali Lakhani	(See note 1 below)	Special Olympics Pakistan, 205, Sunset Tower, Sunset Boulevard, DHA, Phase-II, Karachi		25	500
Note 1: Spouse of Mr. Iqbal Ali Lakhani is the Program Chief Executive of the donee organisation.					
Mr. Zulfiqar Ali Lakhani, Mr. Amin Mohammed Lakhani and Mr. Iqbal Ali Lakhani	(See note 2 below)	Hasanali and Gulbanoo Lakhani Foundation		18,000	18,000
Note 2: The above mentioned directors are trustees of Hasanali and Gulbanoo Lakhani Foundation					

28. OTHER INCOME

Income from financial assets / liabilities					
Profit on savings accounts				54,499	47,633
Profit on treasury bills				-	3,269
Profit on a term deposit receipt				1,401	115
Net exchange gain				2,262	9,786
Gain on disposal of short term investments				254,307	49,484
Liabilities no longer payable written back				52	91
Others				36	-
				<u>312,557</u>	<u>110,378</u>
Income from non-financial assets					
Insurance commission				22,634	9,016
Gain on disposal of items of property, plant and equipment	4.1.4			10,527	6,974
Sale of scrap				16,001	14,309
Interest income on employee loan				-	51
				<u>49,162</u>	<u>30,350</u>
				<u>361,719</u>	<u>140,728</u>

29. FINANCE COST AND BANK CHARGES

Markup on short term borrowings				3	27
Guarantee commission				527	546
Bank commission and other charges				19,880	17,223
				<u>20,410</u>	<u>17,796</u>

30. TAXATION

	2015	2014
	(Rupees in '000)	
Current		
- for the year	1,136,969	776,017
- for prior years	(3,857)	3,352
	1,133,112	779,369
Deferred tax		
	(80,491)	(13,023)
	1,052,621	766,346

30.1 Reconciliation between the average effective tax rate and the applicable tax rate.

	2015	2014
	Percentage	
Applicable tax rate	33.00	34.00
Tax effect of income assessed under final tax regime	(1.08)	0.34
Tax effect of change in statutory tax rate for next years	(1.93)	(1.13)
Tax credits	(0.79)	(2.19)
Tax effect due to impact of super tax	3.06	-
	32.26	31.02
Tax effect of income tax provision relating to prior years	(0.12)	0.14
	32.14	31.16

31. EARNINGS PER SHARE

	2015	2014
	(Rupees in '000)	
Profit after taxation	2,222,168	1,693,253
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	47,954,929	47,954,929
	(Rupees)	
Earnings per share	46.34	35.31

31.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2015 and 2014.

32. CASH GENERATED FROM OPERATIONS

	Note	2015 (Rupees in '000)	2014
Profit before taxation		3,274,789	2,459,599
Adjustment for non-cash charges and other items:			
Depreciation and amortisation expense		519,014	459,269
Gain on disposal of items of property, plant and equipment		(10,527)	(6,974)
Provision for impairment - trade debts		-	4,986
Expenses for gratuity		18,437	18,094
Profit on savings accounts		(54,499)	(47,633)
Profit on a term deposit receipt		(1,401)	(115)
Profit on treasury bills		-	(3,269)
Gain on redemption of short term investments		(254,307)	(49,484)
Finance cost		3	27
Liabilities no longer payable written back		(52)	(91)
Stocks in trade written off		27,334	30,971
Stores & spares written off		3,389	-
Property, plant and equipment written off		313	1,118
Working capital changes	32.1	(133,785)	42,189
		<u>3,388,708</u>	<u>2,908,687</u>

32.1 Working capital changes

(Increase) / Decrease in current assets:

Stores and spares	(29,907)	(42,632)
Stock in trade	(161,194)	283,105
Trade debts	(13,375)	(124,636)
Loans and advances	(41,923)	8,664
Trade deposits and short term prepayments	6,167	(929)
Other receivables	7,648	6,904
	<u>(232,584)</u>	<u>130,476</u>

(Decrease) / Increase in current liabilities:

Trade and other payables	98,799	(88,287)
	<u>(133,785)</u>	<u>42,189</u>

33. CASH AND CASH EQUIVALENTS

Cash and bank balances	15	936,419	853,956
Short term investments	14	800,000	-
		<u>1,736,419</u>	<u>853,956</u>

34. PROPOSED DIVIDEND

The Board of Directors in their meeting held on July 27, 2015 has proposed a cash dividend of Rs 25 per share (2014: Rs 17 per share) for the year ended June 30, 2015, amounting to Rs 1,198.873 million (2014: Rs 815.234 million), bonus issue of Nil shares (2014: Rs Nil shares) and transfer of unappropriated profit to general reserve amounting to Rs 1,025 million (2014: Rs 878 million) subject to the approval of members at the annual general meeting. The effect of such dividend and transfer shall be accounted for in the financial statement for the year ending June 30, 2016.

35. RELATED PARTY DISCLOSURES

35.1 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 transactions	Relationship with the Company	2015 (Rupees in '000)	2014
Sale of goods, services provided and reimbursement of expenses	Associates	32,077	28,642
Purchase of goods, services received and reimbursement of expenses	Associates	1,580,684	1,564,774
Rent, allied and other charges	Associates	26,853	21,422
Purchase of short term investments	Associate	3,700,000	1,200,000
Sale proceeds on redemption of short term investments	Associate	3,250,000	575,000
Profit in short term investments	Associate	159,706	-
Royalty charges	Joint venture company	114,324	105,752
Sale of property, plant and equipment	Associate	39	137
Contribution to staff retirement benefit fund	Employees fund	46,046	46,620
Donations	Associate	18,025	18,500
Compensation paid to key management personnel	Key management personnel	See note 36.1	
Insurance claims received	Associate	18,626	9,471
Insurance commission income	Associate	22,634	9,016
Purchase of property, plant and equipment	Associates	3,171	2,321
Dividend paid	Associates / Joint Venture	716,973	536,771

35.2 The related party status of outstanding balances as at June 30, 2015 are included in trade debts (note 10), loans and advances (note 11), other receivables (note 13) and trade and other payables (note 21). These are to be settled in the ordinary course of business. The receivables and payables are primarily unsecured in nature and bear no interest.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

36.1 The aggregate amount charged in these financial statements for remuneration, including certain benefits to the chief executive, the director and executives of the Company, are as follows:

	Chief Executive		Director		Executives	
	2015	2014	2015	2014	2015	2014
	----- (Rupees in '000) -----					
Managerial remuneration	6,930	-	3,205	2,973	200,972	154,355
Bonus / commission	-	-	518	518	39,873	33,601
Staff retirement gratuity	-	-	811	772	3,651	2,079
Provident fund	-	-	289	268	16,708	12,842
Housing	2,970	-	1,442	1,338	90,506	69,615
Utilities	1,384	1,411	-	-	-	-
Motor vehicles	960	1,453	330	310	31,594	18,791
Others	-	-	270	307	17,998	22,062
	<u>12,244</u>	<u>2,864</u>	<u>6,865</u>	<u>6,486</u>	<u>401,302</u>	<u>313,345</u>
Number of persons	1	1	1	1	175	144

36.2 The Chief Executive, a working director and the executives of the Company are also provided with Company maintained cars.

36.3 The Company considers its Chief Executive and the Director as its key management personnel.

37. FINANCIAL INSTRUMENTS BY CATEGORY

	2015	2014
	(Rupees in '000)	
FINANCIAL ASSETS		
Loans and receivables at amortised cost		
Long term loans	19,585	14,306
Long term security deposits	14,267	14,587
Trade debts	666,378	653,003
Loans	12,318	10,487
Trade deposits	11,955	15,875
Other receivables	3,194	11,653
Profit receivable from banks	1,482	188
Short term investments	800,000	-
Cash and bank balances	936,419	853,956
	<u>2,465,598</u>	<u>1,574,055</u>
Available for sale		
Short term investments	2,301,198	2,144,508
	<u>4,766,796</u>	<u>3,718,563</u>
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Long term deposits	25,493	21,232
Trade and other payables	1,766,531	1,575,356
	<u>1,792,024</u>	<u>1,596,588</u>

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained in notes 38.1.1, 38.1.2 and 38.1.3 below:

38.1.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Out of the total financial assets of Rs 4,766.796 million (2014: Rs 3,718.563 million), the financial assets that are subject to credit risk aggregated to Rs 4,765.883 million (2014: Rs 3,718.089 million).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2015 / 2014.

The bank balances along with credit ratings are tabulated below:

Credit ratings	2015	2014
	(Rupees in '000)	
A-1+	881,005	695,218
Others	55,414	158,264
	<u>936,419</u>	<u>853,482</u>

The analysis of credit rating of investees' in relation to short term investments is as follows:

Credit ratings	2015	2014
A-1+	800,000	-
A+(f)	800,471	-
AA(f)	1,500,727	1,529,774
AA+(f)	-	614,734
	<u>3,101,198</u>	<u>2,144,508</u>

For trade debts, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed by the management based on internal or external ratings. The utilisation of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

The breakup of amount due from customers other than related parties as stated in note 10 is presented below:

Due from customers other than related parties

Institutional customers	480,792	366,617
Distributors	195,736	307,207
Others	16,764	8,042
	<u>693,292</u>	<u>681,866</u>

Out of Rs 693.292 million (2014: Rs 681.866 million), the Company has provided Rs 30.968 million (2014: Rs 30.968 million) as the amounts being doubtful to be recovered from certain customers.

The balances of financial assets held with related parties other than short term investments are as follows:

	2015 (Rupees in '000)	2014
Trade debts	4,054	2,105
Other receivables	3,176	11,653
	7,230	13,758

Due to the Company's long standing business relationships with the other counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by the other counter parties on their obligations to the Company.

38.1.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk.

Financial liabilities in accordance with their contractual maturities are presented below:

	Non-interest / mark-up bearing		
	Maturity within one year	Maturity after one year	Total
	----- (Rupees in '000) -----		
	June 30, 2015		
Financial liabilities			
Long term deposits	-	25,493	25,493
Trade and other payables	1,766,531	-	1,766,531
	1,766,531	25,493	1,792,024
	----- (Rupees in '000) -----		
	June 30, 2014		
Financial liabilities			
Long term deposits	-	21,232	21,232
Trade and other payables	1,575,356	-	1,575,356
	1,575,356	21,232	1,596,588

38.1.3 Market Risk

Currency Risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro.

At June 30, 2015, had Pakistani rupees weakened / strengthened by 5% against the USD and Euro with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs 10.774 million (2014: Rs 11.050 million). This will mainly result due to foreign exchange gains / losses on translation of USD and Euro denominated bills payables.

Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. At June 30, 2015 the Company's financial instruments mainly affected due to changes in the interest rates are balances placed on saving accounts with banks where changes in interest rates may have impact on the future profits / cash flows. The effects of changes in interest rates on the future profits arising on the balances placed on deposit accounts with banks is not considered to be material in the overall context of these financial statements.

Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The effects of changes in fair value of such investments made by Company, on the future profits are not considered to be material in the overall context of these financial statements.

38.1.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values as these financial assets and liabilities are short term in nature.

The Company classifies the financial statements measured in the balance sheet at fair value in accordance with the following fair value measurement hierarchy:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets classified as short term investments - available for sale are classified under level 1 as at June 30, 2015.

39. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders.

As at June 30, 2015 and 2014, the Company had surplus reserves to meet its requirements.

40. ENTITY-WIDE INFORMATION

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

40.2 Information about products

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

	2015	2014
Personal Care	22%	22%
Home Care	74%	74%
Others	4%	4%
	100%	100%

40.3 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 in the overall context of these financial statements.

40.4 Information about major customers

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

41. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015 (Quantities in tons)	2014
Capacity	233,900	233,900
Production	155,346	167,441

Actual production was sufficient to meet the demand.

42. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Fund:

	2015 (Rupees in '000)	2014
Size of the fund - Total assets	510,635	464,214
Cost of investments made	466,491	434,681
Percentage of investments made	100%	100%
Fair value of investments	510,635	464,214

42.1 The break-up of fair value of investments is:

	2015		2014	
	(Rs in '000)	-----%-----	(Rs in '000)	-----%-----
Shares in listed companies	23,179	4.54%	18,256	3.93%
Bank balances	1,859	0.36%	28,183	6.07%
Government securities	145,384	28.47%	302,708	65.21%
Debt securities	257,260	50.38%	36,501	7.86%
Mutual funds	82,953	16.25%	78,566	16.93%
	<u>510,635</u>	<u>100.00%</u>	<u>464,214</u>	<u>100.00%</u>

42.2 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	2015	2014
	No of employees	
Average number of employees during the year	<u>723</u>	<u>734</u>
Number of employees as at June 30, 2015 / 2014	<u>711</u>	<u>736</u>

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 27, 2015 by the board of directors of the Company.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

PATTERN OF SHAREHOLDING

Held by the shareholders as at June 30, 2015

Incorporation Number KAR-5010 OF 1977-78
CUIN Registration NO. 005832

No. of Shareholders	Shareholdings			Total Shares Held
	From	To		
437	1	100	Shares	10,634
158	101	500	Shares	42,764
69	501	1,000	Shares	52,718
92	1,001	5,000	Shares	190,313
13	5,001	10,000	Shares	80,807
1	10,001	15,000	Shares	11,360
5	15,001	20,000	Shares	87,390
2	20,001	25,000	Shares	44,702
1	25,001	30,000	Shares	25,907
1	40,001	45,000	Shares	42,782
1	65,001	70,000	Shares	65,546
2	160,001	165,000	Shares	325,689
1	1,470,001	1,475,000	Shares	1,471,562
1	2,320,001	2,325,000	Shares	2,322,291
1	2,490,001	2,495,000	Shares	2,494,816
1	5,840,001	5,845,000	Shares	5,841,299
1	8,330,001	8,335,000	Shares	8,334,616
1	12,120,001	12,125,000	Shares	12,123,267
1	14,385,001	14,390,000	Shares	14,386,466
789	Total			47,954,929

<u>Categories of Shareholders</u>	<u>Shares Held</u>	<u>Percentage</u>
Directors, Chief Executive Officer, and their spouses and minor children	2,338,893	4.88
Associated Companies, undertakings and related parties	27,795,811	57.96
NIT and ICP	201	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies	2,393	0.01
Modarabas and Mutual Funds	1,016	-
Shareholders holding 10%	40,685,648	84.84
General Public		
a. Local	870,469	1.85
b. Foreign	-	-
Others	16,946,146	35.34

NOTE: Some of the shareholders are reflected in more than one category.



Zulfiqar Ali Lakhani
Chief Executive

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

i)	<u>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</u>	<u>SHARES HELD</u>
	1. M/s. SIZA (Pvt) Limited	8,334,616
	2. M/s. SIZA Services (Pvt) Limited	12,123,267
	3. M/s. SIZA Commodities (Pvt) Limited	1,471,562
	4. M/s. Premier Fashions (Pvt) Limited	5,841,299
	5. M/s. Century Insurance Company Limited	17,639
	6. Mr. Sultan Ali Lakhani	337
	7. Mrs. Shaista Sultan Ali Lakhani	536
	8. Mr. Babar Ali Lakhani	2,880
	9. Mr. Bilal Ali Lakhani	944
	10. Mr. Danish Ali Lakhani	1,662
	11. Ms. Anushka Zulfiqar Lakhani	436
	12. Ms. Anika Amin Lakhani	633
ii)	<u>MUTUAL FUND</u>	
	CDC – Trustee AKD Index Tracker Fund	1,016
iii)	<u>DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</u>	
	1. Mr. Iqbal Ali Lakhani Chairman/Director	2,327,687
	2. Mr. Zulfiqar Ali Lakhani Director/Chief Executive	1,565
	3. Mr. Amin Mohammed Lakhani Director	5,260
	4. Mr. Tasleemuddin Ahmed Batlay Director	1,956
	5. Ms. Aliya Saeeda Khan Director	1,000
	6. Mr. Mukul Deoras Nominee of Colgate-Palmolive Company, USA	-
	7. Ms. Lisa Mather Nominee of Colgate-Palmolive Company, USA	-
	8. Mrs. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani	498
	9. Mrs. Fatima Lakhani W/o. Zulfiqar Ali Lakhani	310
	10. Mrs. Saira Amin Lakhani W/o. Amin Mohammed Lakhani	617
iv)	<u>EXECUTIVES</u>	2,828
v)	<u>PUBLIC SECTOR COMPANIES AND CORPORATIONS</u>	NIL
vi)	<u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS AND: [Other than those reported at i (5)]</u>	2,594
vii)	<u>SHAREHOLDERS HOLDING 5% OR MORE</u>	
	M/s. Colgate-Palmolive Co., USA.	14,386,466
	M/s. Arisaig India Fund Limited, Hongkong	2,494,816
	<u>[Other than those reported at i(1), i(2) & i(4)]</u>	
viii)	<u>INDIVIDUALS AND OTHER THAN THOSE MENTIONED ABOVE</u>	932,505
		47,954,929

OPERATING AND FINANCIAL HIGHLIGHTS

BALANCE SHEET	2014- 2015	2013- 2014	2012- 2013	2011- 2012	2010-2011	2009-2010
	----- (Rupees in '000) -----					
Property, plant and equipment	2,935,589	3,147,236	3,185,014	2,863,125	2,680,784	1,873,118
Intangible assets	7,552	4,810	4,987	6,341	18,775	32,155
Long term loans and security deposits	33,852	28,893	27,146	20,164	22,709	23,597
	2,976,993	3,180,939	3,217,147	2,889,630	2,722,268	1,928,870
Current assets	8,566,704	7,026,946	5,986,094	5,006,017	3,687,865	2,877,700
Current liabilities	2,079,424	1,979,991	2,067,693	1,867,801	1,668,040	1,011,144
	6,487,280	5,046,955	3,918,401	3,138,216	2,019,825	1,866,556
TOTAL ASSETS EMPLOYED	9,464,273	8,227,894	7,135,548	6,027,846	4,742,093	3,795,426
REPRESENTED BY						
Equity						
Paid-up capital	479,549	479,549	435,954	363,295	315,909	274,704
Reserves	8,640,488	7,233,554	6,194,232	5,186,354	4,054,720	3,302,442
Remeasurement on post retirement benefits obligation	(67,469)	(43,623)	(26,738)	(16,596)	(15,322)	
Surplus on revaluation of investments	1,048	75,754	27,970	3,189		
	9,053,616	7,745,234	6,631,418	5,536,242	4,355,307	3,577,146
Non-Current liabilities						
Long term loans, deposits deferred tax and deferred liability	410,657	482,660	504,130	491,604	386,786	218,280
	410,657	482,660	504,130	491,604	386,786	218,280
	9,464,273	8,227,894	7,135,548	6,027,846	4,742,093	3,795,426
PROFIT AND LOSS ACCOUNT						
Turnover	31,174,591	29,367,346	25,515,265	23,327,820	18,132,057	14,583,936
Less : Sales tax & sed	4,962,757	4,668,503	3,869,346	3,464,671	2,994,755	2,260,329
: Trade discounts	1,901,672	1,472,757	1,378,479	1,154,438	986,882	794,297
	6,864,429	6,141,260	5,247,825	4,619,109	3,981,637	3,054,626
Net turnover	24,310,162	23,226,086	20,267,440	18,708,711	14,150,420	11,529,310
Cost of sales	16,631,197	16,645,655	14,594,894	13,297,138	9,990,872	7,699,401
Gross profit	7,678,965	6,580,431	5,672,546	5,411,573	4,159,548	3,829,909
Administrative, selling and distribution cost	(4,482,559)	(4,034,728)	(3,302,174)	(3,006,685)	(2,274,972)	(1,988,119)
Other expenses	(262,926)	(209,036)	(181,301)	(206,472)	(164,081)	(156,206)
Other income	361,719	140,728	89,154	62,192	72,573	89,644
	(4,383,766)	(4,103,036)	(3,394,321)	(3,150,965)	(2,366,480)	(2,054,681)
Profit from operations	3,295,199	2,477,395	2,278,225	2,260,608	1,793,068	1,775,228
Finance costs	20,410	17,796	15,376	17,587	11,933	11,036
Profit before taxation	3,274,789	2,459,599	2,262,849	2,243,021	1,781,135	1,764,192
Taxation	1,052,621	766,346	673,699	621,728	616,801	612,553
Profit after taxation	2,222,168	1,693,253	1,589,150	1,621,293	1,164,334	1,151,639

OPERATING AND FINANCIAL HIGHLIGHTS - CONTINUED

		2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
FINANCIAL RATIOS							
RATE OF RETURN							
Pre tax return on equity	%	36	32	34	41	41	49
Post tax return on equity	%	25	22	24	29	27	32
Return on average capital employed	%	25	22	24	30	27	35
Interest cover	times	161	139	148	129	150	161
PROFITABILITY							
Gross profit margin	%	32	28	28	29	29	33
Operating profit to sales	%	14	11	11	12	13	15
Pre tax profit to sales	%	13	11	11	12	13	15
Post tax profit to sales	%	9	7	8	9	8	10
LIQUIDITY							
Current Ratio	ratio	4.1:1	3.5:1	2.9:1	2.7:1	2.2:1	2.8:1
Quick ratio	ratio	2.8:1	2.2:1	1.5:1	1.1:1	0.8:1	1.5:1
FINANCIAL GEARING							
Debt equity ratio	ratio	0:100	0:100	0:100	0:100	0:100	0:100
Gearing ratio	times	0.28	0.32	0.39	0.43	0.47	0.34
CAPITAL EFFICIENCY							
Debtors turnover	days	10	10	10	10	8	10
Inventory turnover	days	56	58	71	72	67	58
Total assets turnover	times	2	2	2	2	2	2
Property, plant and equipment turnover	times	8	7	6	7	5	6
INVESTMENT MEASURES PER ORDINARY SHARE							
Earnings per share - restated	Rs	46.34	35.31	33.14	33.81	24.28	24.01
Dividend cash (including proposed)	Rs	25	17	14	14	14	13.50
Dividend payout (including bonus)	%	54	48	41	36	42	36
Dividend yield	%	2	1	1	2	2	3
Price earning ratio - restated	times	32.74	50.72	55.37	28.98	31.68	24.42
Break-up value - restated	Rs	188.79	161.51	138.28	115.45	90.82	74.59
Market value - low	Rs	1,355	1,310.00	970.00	534.83	556.01	277.26
Market value - high	Rs	2,290	1,969.00	2,100.00	979.99	1,008.18	658.99
Market value - year end	Rs	1,517	1,791.00	1,835.00	979.99	769.25	586.40
Market capitalization -restated	Rs in Mn	72,748	85,887	87,997	46,995	36,889	28,121
Dividend - Cash	%	250	170	140	140	140	135
Dividend - Bonus shares	%	0	0	10	20	15	15

FORM OF PROXY

I/We _____

of _____

a member of COLGATE-PALMOLIVE (PAKISTAN) LIMITED

hereby appoint _____

of _____

or failing him _____

of _____

who is/are also member/s of Colgate-Palmolive (Pakistan) Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 18th day of September 2015 and at any adjournment thereof.

Signed this _____ day of _____ 2015.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held	Signature over Revenue Stamp

Witness 1

Witness 2

Signature _____

Signature _____

Name _____

Name _____

CNIC No. _____

CNIC No. _____

Address _____

Address _____

- Notes:
1. The proxy must be a member of the Company.
 2. The signature must tally with the specimen signature/s registered with the Company.
 3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number along with attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
 4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

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AFFIX
CORRECT
POSTAGE

Company Secretary
COLGATE-PALMOLIVE (PAKISTAN) LIMITED
Lakson Square, Building No. 2,
Sarwar Shaheed Road,
Karachi.74200.
Phone: 35698000

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COLGATE-PALMOLIVE (PAKISTAN) LTD.

Lakson Square Building No. 2,
Sarwar Shaheed Road, Karachi.