growing in a fast-changing world »

annual report **2013**

COLGATE-PALMOLIVE (PAKISTAN) LTD.

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Jerome Graham Webb	
Mukul Deoras	
A. Aziz H. Ebrahim	
Zulfiqar Ali Lakhani	Chief Executive

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	
A. Aziz H. Ebrahim	

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
State Life Building No. 1-A, 1st Floor,
I.I. Chundrigar Road, 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."

Colgate: Driving Consumer Awareness

Colgate has consistently played its role in driving the awareness about maintaining good oral health and hygiene across the breadth of society through various initiatives.

To help consumers understand the importance of oral health, the recent campaign called "Brush at Night" is one such important initiative. Launched nationally in March 2013, "Brush at Night" aims to develop the habit of brushing twice a day, particularly at night, amongst consumers.

"Bright Smiles, Bright Futures"™

Since its inception, the "Bright Smiles, Bright Futures"™ Oral Health Education Program has reached over 6 million children in Pakistan. This provides primary school children a platform to be aware of good oral health habits. This oral health education program has reached the next generations of both rural and urban communities.

"My Bright Smile"™ Global Art Contest

"My Bright Smile"™ Global Art Contest has been held under Colgate's "Bright Smiles, Bright Futures"™ umbrella. Reaching out to children across Pakistan between the ages of 6 and 9, it involves children to submit paintings on the theme "My Bright Smile". This initiative has proved to be a strong and effective forum to bring out the artistic talent in children along with the opportunity for them to learn about oral hygiene in a fun-filled manner.

The winning artworks are featured in a global calendar besides being rewarded through a Colgate cash grant, recognition shields and certificates for winning artists as well as their schools.

The contest got an overwhelming nationwide response this year with the highest-ever number of artworks received. More than 70,000 artworks were submitted by children from 1,051 schools from across Pakistan.

Dental Health Month

For over a decade, Colgate has been pursuing an important and impactful initiative in Pakistan known as the Dental Health Month. A nation-wide activity, that aims to put dental help within an arm's reach of the common man. For this, Colgate closely partners with the dental fraternity and dental institutions across the country.

Colgate Max Fresh

Year 2013 brought about new news on Max-Fresh with a new pack design and communication change to take the lead against the competition. The new creative platform 'Mind Blowing' highlighted MaxFresh having Cooling Crystals,

which give you intense freshening that blows your mind and unleashes your energy!

Colgate Sensitive

'Some like it hot, some like it cold' – but for Pakistani consumers who suffer from dentin hypersensitivity, both hot and cold food can be a source of pain. Today, led by the increased activity of key players, the sensitive segment is the fastest growing in the toothpaste industry. An innovative line extention, Colgate Sensitive Multiprotection was launched in August 2012 to strengthen Colgate's position in the 'sensitivity' segment. With a superior bundle and Integrated Marketing Communication, this initiative is expanding the portfolio in terms of equity, share of shelf and 'new news' value in the top end.

Colgate SlimSoft

Colgate SlimSoft was launched in May 2013 with the distinction of being the first brush in Pakistan with tapered bristles. Colgate Slim Soft comes equipped with 0.01 mm tipped superslim bristles that reach between teeth and provide consumers with a deeper, gentle clean.

Its unique tapered and super slim bristles enable better plaque removal from the gumline and the interdental area, while being gentle on gums.

The result of Colgate's outstanding and continued innovation in oral hygiene, Colgate Slimsoft is an ideal toothbrush for everyday use.

Personal Care

The Personal Care category launched a new variant, Palmolive Naturals Black Orchid in October 2012 with an integrated marketing and distribution plan that led to a positive response from traders and consumers. This variant is infused with natural black orchid extracts and exotic floral fragrances that pamper the skin, making it feel luxuriously soft. Various consumer engagement activities encouraged trial of this new variant through several touch-points. Palmolive Naturals Black Orchid launch fortified shelf space and improved visibility.

Surface Care

2013 has been an important year for the Surface Care category with the Lemon Max range continuing the growth momentum built from its re-launch in 2012.

Lemon Max Bar's successful "1000 Leemoo'on Ki Toofani Tezi" (the power of thousand lemons) campaign built upon the brand's incomparable efficacy in terms of grease cutting and dish cleaning.The campaign featured multiple touch points designed to communicate to the consumer the efficacy of the bar as a quick, easy and economical solution for dishwashing. Lemon Max Liquid has been actively reinforcing its brand essence of a superior dishwashing experience to consumers via its 'One Drop Is All It Takes' campaign, focusing on its superior cleaning and degreasing power along with being economical.

The category has been further supported by the continuous growth of the Paste and the stability of the Scourer. With new projects in the pipe-line, it continues to be an exciting time for Lemon Max and the dishwashing soap category.

Fabric Care

In a highly challenging environment, Fabric Care category managed to maintain its market share in 2012-13. In November 2012, Bonus Tristar's winning claim of "Do Guna Sasti Dhulai" (twice the amount of wash vs. laundry soaps - proven through consumers cost-per-wash-tests) campaign was launched using ATL, Outdoor, In-Store and BTL.

Brite Maximum Power expanded its strategic horizon of women's empowerment with its new 2013 campaign. By identifying key consumer touch points and providing a relatable brand message, the campaign was planned and executed via a series of ATL and on-ground activations giving consumers In-Home, In-Store and Door-to-Door brand experiences.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of **COLGATE-PALMOLIVE (PAKISTAN) LIMITED** will be held on Tuesday, September 17, 2013 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 for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.

2. To declare final dividend in cash @ 140% i.e. Rs.14 per share of Rs.10 each and by way of issue of fully paid bonus shares @ 10% i.e. in the proportion of one share for every ten shares held by the members as recommended by the Board of Directors.

3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider, subject to declaration of the final dividend as above, capitalization of a sum of Rs. 43,595,390 by way of issue of 4,359,539 fully paid bonus shares of Rs.10 each and if thought fit to pass an ordinary resolution in the matter.

Statement under section 160 of the Companies Ordinance, 1984 in the above matter containing draft of the resolution to be passed pertaining to item No. 4 is annexed.

By Order of the Board

MANSOOR AHMED
Company Secretary

KARACHI: August 19, 2013

NOTES:

1. The share transfer books of the Company will remain closed from September 11, 2013 to September 17, 2013, both days inclusive. Transfers received in order by the Shares Registrar of the Company M/s. FAMCO Associates (Private) Limited, State Life Building No.1-A, 1st Floor, I.I.Chundrigar Road, Karachi upto September 10, 2013 will be considered in time for entitlement of the dividend and bonus shares.

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 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 general meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy to be valid must be properly filled-in/executed and received at the Company's Registered Office 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 the Shares Registrar of the Company promptly of any change in their addresses.

6. Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Shares Registrar at the earliest.

7. Form of Proxy is enclosed herewith.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

PERTAINING TO ITEM NO.4

The Board of Directors has recommended to the members of the Company to declare final dividend in cash @ 140% and by way of issue of fully paid bonus shares @ 10% for the year ended June 30, 2013. Subject to approval of the Board of Directors' recommendation as above, the resolution as under will be considered to be passed by the members as an ordinary resolution:

"RESOLVED THAT:

i) a sum of Rs.43,595,390 out of the profit for the year ended June 30, 2013 be capitalized and applied in making payment in full of 4,359,539 ordinary shares of Rs.10 each and that the said shares be allotted as fully paid up bonus shares to those members of the Company whose names appear in the register of members on September 18, 2013 @ 10% i.e. in the proportion of one share for every ten existing shares held by the members and that such new shares shall rank pari passu in all respects with the existing ordinary shares of the Company, however, they will not qualify for the final cash dividend declared for the year ended June 30, 2013;

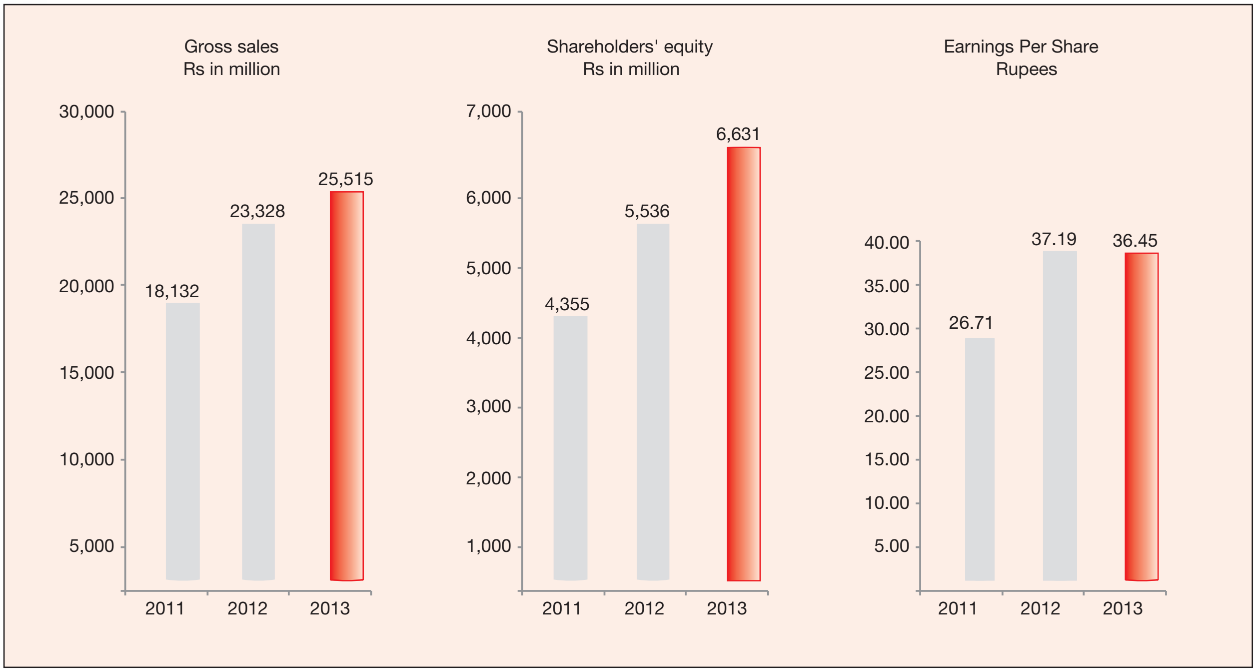
ii) in the event of any member holding less than ten shares or a number of shares which is not an exact multiple of ten, the fractional entitlements of shares of such members shall be consolidated into whole new shares and the Directors of the Company be and are hereby authorized to arrange sale of the shares constituted thereby in such manner as they may think fit and to pay the proceeds of the sale to such of the members according to their entitlement;

iii) for the purpose of giving effect to the above, the Directors be and are hereby authorized to take all necessary steps in the matter and to settle any question or difficulties that may arise in regard to the distribution of the said new shares as they think fit."

The Directors are interested in this business only to the extent of their entitlement of dividend and bonus shares as ordinary shareholders.

FINANCIAL SUMMARY

Year Ended June 30, 2013



Year ended June 30

Rupees in million except EPS	2011	2012	% Change	2013	% Change
Gross Sales	18,132	23,328	28.7%	25,515	9.4%
Operating Income	1,793	2,261	26.1%	2,278	0.8%
Net Profit After Tax	1,164	1,621	39.3%	1,589	-2.0%
Earnings per share - restated (Rs.)	26.71	37.19	39.2%	36.45	-2.0%
Shareholders' Equity	4,355	5,536	27.1%	6,631	19.8%

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, 2013.

Financial Performance at a Glance

The Company achieved a revenue growth of 9.38% for the year ended June 30, 2013. Continuing competitive pressure and unstable political and economic situation of the country were the main factors that resulted in such low increase in top line when compared to the 28.66% increase last year.

Gross profit margin decreased to 27.98% as compared to 28.92% last year. The decline in Gross Profit margin was mainly caused by an adverse exchange rate movement resulting in higher raw material costs coupled with increased depreciation expense due to major investments in plant & machinery. Energy crisis in the country also adversely affects your Company's Gross Profit margin as we had to rely heavily on expensive in house power generation.

Selling and Distribution costs for the year ended June 30, 2013 increased by 10.5% due to an increase in advertisement & sales promotion spend, employee related expenses and transportation costs. Despite inflation, we were able to restrict our administrative expenses which merely grew by 0.01% as compared to last year. This was possible as a result of strict cost controls by management.

The net profit after tax for the year, however, decreased by 1.98%. Earnings per Share also decreased by 1.99% to PKR 36.45 as compared to PKR 37.19 last year.

Financial Position at a Glance

Due to better working capital management by the Company, Cash and Cash Equivalents increased by 25.55% closing at PKR 1.05 billion as compared to PKR 0.84 billion last year. Total short term investments at year end stood at a level of PKR 978 million as compared to PKR 255 million last year. The increase of 283.14% resulted in an increase in other income by 43.35% as compared to last year.

A brief financial analysis is presented as under:

Operating Results	2012-13 Rs. in million	2011-12 Rs. in million	Increased/ (Decreased) By
Gross Revenue	25,515	23,328	9.38 %
Net Revenue	20,267	18,709	8.33 %
Gross Profit	5,673	5,412	4.82 %
Gross Profit %	27.9%	28.9%	- 100 bps
Operating Profit	2,278	2,261	0.75 %
Profit After Tax	1,589	1,621	- 1.98 %
Profit After Tax (% of Sales)	7.8%	8.7%	- 90 bps
Earnings per Share	36.45	37.19	- 1.99 %

	2012-13 Rs. In '000'
Profit and Appropriations	
Profit After Tax	1,589,150
Un-appropriated profit brought forward - restated	1,626
Profit available for appropriation	1,590,776
Appropriations:	
Proposed Cash Dividend @ 140% i.e. Rs. 14 per share (2012: @ 140% i.e. Rs. 14 per share)	610,336
Reserve for proposed issue of bonus shares @ 10% i.e. 1 share for every 10 shares (2012: @ 20% i.e. 1 share for every 5 shares)	43,595
Transfer to General Reserve	935,000
Un-appropriated profit carried forward	1,845

Keynote on Business Performance

As competitors grew efforts to gain both market share and shelf share through increased investment across all key categories, driving profitable growth became extremely challenging. However, through innovative customer and shopper programs we have been able to improve our share of shelf and grow our business to maintain our market share.

Innovative new products have always been the backbone of our business growth. The launch of Colgate SlimSoft toothbrush with 0.01 mm thin bristles for deeper gentle clean is an example of one such innovation. It is the first tapered toothbrush in Pakistan that deeply cleans between the teeth and in sub-gingival areas with its ten times thinner bristles as compared to a normal toothbrush.

In the fastest growing tooth sensitivity segment, we launched Colgate Sensitive Multi Protection that not only takes care of the sensitive teeth but provides gum care to our consumers as well. In addition, Colgate Sensitive 30g SKU was launched to further bolster our efforts in improving brand's distribution and penetration in smaller neighborhood stores thus making sensitivity solution to our consumers more affordable.

We remained focused in building toothpaste consumption through our school program 'Bright Smiles, Bright Futures' that further expanded its reach in smaller towns to engage and educate school-going children about good oral health practices and proper brushing technique.

In the Personal Care category, Palmolive Black Orchid was launched in which the unique ingredient based variant promises luxuriously soft skin benefit to our consumers. The launch received good response from both trade and consumers and delivered growth. In response to bar soaps bundle packs as launched by competition, Palmolive introduced 'Saver Pack' to further increase our consumer base.

In Home Care, we continued to invest in advertising and promotion to fortify our leadership in detergents and dish washing categories. We continued our efforts in the detergent segment to convert our low end prospective consumers from soap to detergents hence increasing our customer base. Brite Maximum Power was re-launched with a new communication campaign and on-ground conversion activities to effectively compete with existing premium brands in the market.

Your Company also continued its investment behind increasing its distribution network to make our products available to consumers in both urban and rural markets. We remained focused in providing our retail partners and shoppers the best service and value to deliver incremental growth.

Corporate Social Responsibility

For our global health education program (Bright Smiles, Bright Futures) which reaches over 6.3 million children in both urban and rural Pakistan, we introduced a fresher, more engaging oral health education program to help children learn quicker about oral hygiene in a more fun filled manner.

To increase our penetration in small towns and villages, we introduced mini Dental Health Month that takes place throughout the year to build awareness about oral hygiene. Our mobile dental units allow us to reach consumer in small towns and villages with no access to dental care services. Operated by qualified dental surgeons, these mobile units examine consumers' oral health and educate them about good oral hygiene practices to prevent from dental ailments. These measures continued to strengthen our partnership with the Dental Profession community.

Additionally, for over a decade we have been partnering with hundreds of schools across Pakistan to engage thousands of children to participate in our global art contest based on the theme 'My Bright Smile'. The contest not only provides the children an opportunity to showcase their talent on an international level but also to learn about good oral hygiene practices. A record breaking 70,405 artworks from these highly talented children were received this year which is a 55% increase over artworks received last year.

To demonstrate our company's beliefs in contributing back to our community and in reducing our impact on environment, Earth Day Celebrations at Colgate was observed in which various activities were under taken by the employees which included tree plantation, community work, walk and seminars.

The Company also made donations amounting to PKR 16.20 million for health, education & social welfare projects.

Future Outlook

The new Government was sworn in and presented its first national budget for the year 2013-14. Given the stagnant issues such as weakening Pak Rupee, high inflation, worsening energy crises and poor law & order situation the Government will need to take immediate steps to resolve these persistent issues otherwise they will continue to hurt the business environment in Pakistan.

Competition in Pakistan has been very aggressive and is expected to intensify its' spending in our three main categories namely; toothpaste, dish washing and detergents.

We are however confident about the future prospects of your Company as the demand for consumer products has been resilient and is expected to increase further in the years to come as we see a growing middle class emerging in Pakistan with an ever increasing awareness of consumer products amongst the masses. We are working internally to become more efficient by becoming more cost effective and are looking to consolidate our position in existing markets and explore new avenues.

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 significant 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:

	2012-13 **Rs. in million**
CPPL Staff Provident Fund	410.549
CPPL Staff Gratuity Fund	154.378

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

Director's Name	**Attendance**
Mr. Iqbal Ali Lakhani	4
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammad Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4
Mr. A. Aziz H. Ebrahim	3
Mr. Jerome Graham Webb - Nominee of CP - USA	4
Mr. Mukul Deoras - Nominee of CP - USA	4

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

Member's Name	**Attendance**
Mr. Iqbal Ali Lakhani	4
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4

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

Member's Name	Attendance
Mr. Iqbal Ali Lakhani	1
Mr. Zulfiqar Ali Lakhani	1
Mr. A. Aziz H. Ebrahim	1

Auditors

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 35th 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 2013 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.

One of the Directors has inherited 2,111,174 shares of the Company from his late mother. Spouse of a Director has sold 276,500 shares of the Company.

Acknowledgement

We take pleasure in thanking members of the management, other employees and staff for their continued commitment to the success of the Company. We also value the support and cooperation of our customers, suppliers, bankers and all stakeholders and wish to record our thanks and gratitude.

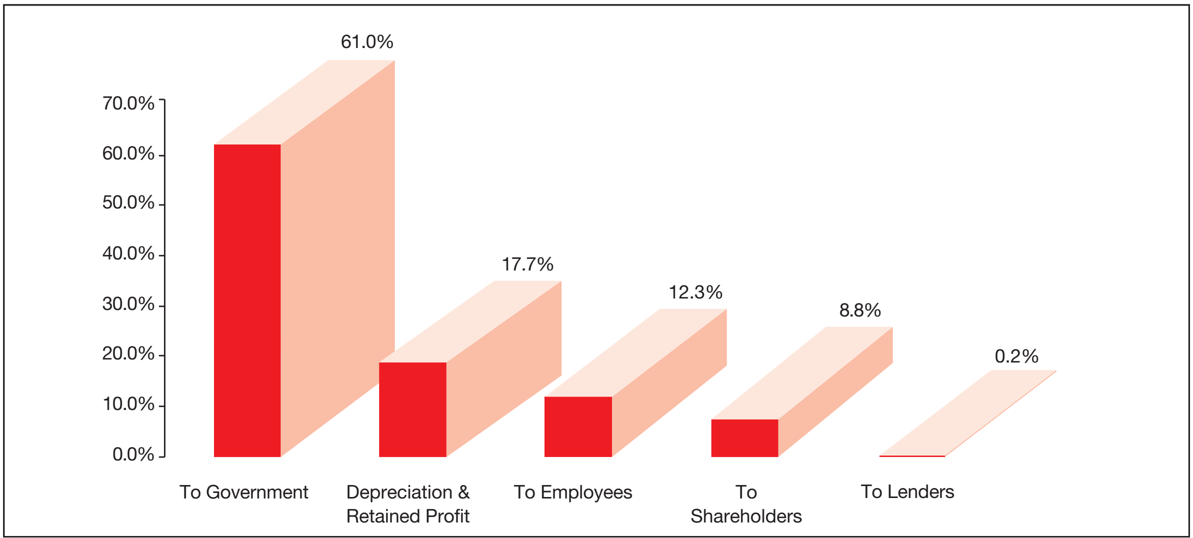
On behalf of Board of Directors

IQBAL ALI LAKHANI
Chairman

Karachi: July 29, 2013

STATEMENT OF VALUE ADDED

	Year Ended June 30 2013	2012
	(Rs. in million)	
Wealth Generated		
Total revenue net of discount and allowances	24,225	22,236
Bought-in-material and services	16,773	15,397
	7,452	6,839
Wealth Distributed		
To Employees		
Salaries, benefits and other costs	920	789
To Government		
Income tax, sales tax	4,543	4,086
To Providers of Capital		
Dividend to shareholders	654	581
Mark up/interest expenses on borrowed funds	15	17
Retained for Reinvestment and Growth		
Depreciation and Retained Profits	1,320	1,366
	7,452	6,839



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2013

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 Directors	---
Executive Directors	M/s. Zulfiqar Ali Lakhani and Tasleemuddin A. Batlay
Non-Executive Directors	M/s. Iqbal Ali Lakhani, Amin Mohammed Lakhani, A. Aziz H. Ebrahim, Jerome Graham Webb and Mukul Deoras

   The condition of clause 1(b) of the CCG in relation to independent director will be applicable after election of next Board of Directors of the Company in March 2014.

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 NBFI.

4. No casual vacancy occurred on the Board during the current year.

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 along with 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, along with 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.

15. The Board has formed an Audit Committee. It comprises three members at present two of whom are non-executive Directors including the Chairman of the Committee. The condition of clause 1(b) of the CCG in relation to independent director will be applicable on election of next Board of Directors of the Company.

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 an HR and Remuneration Committee. It comprises 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 busines decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(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.

Karachi: July 29, 2013

Zulfiqar Ali Lakhani
Chief Executive

Tasleemuddin Ahmed Batlay
Director

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of Colgate-Palmolive (Pakistan) Limited (the company) to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 part of our audit of 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's statement on internal control covers all the risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of the related party transactions by the Board of Directors and placement of such transactions before 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 status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

A.F. Ferguson & Co.

A.F. FERGUSON & CO.
Chartered Accountants

Karachi, July 29, 2013

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660, Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Colgate-Palmolive (Pakistan) Limited** as at June 30, 2013 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 except for the changes as stated in note 4 with which we concur;

  (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, 2013 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 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A.F.Ferguson & Co.

A.F. FERGUSON & CO.
Chartered Accountants
Audit Engagement Partner: Saad Kaliya

Karachi, July 29, 2013

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660, Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

BALANCE SHEET

AS AT JUNE 30, 2013

	Note	2013	2012 (Restated)	2011 (Restated)
		(Rupees in '000)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	3,185,014	2,863,125	2,680,784
Intangible assets	6	4,987	6,341	18,775
Long term loans	7	13,565	9,452	13,528
Long term security deposits	8	13,581	10,712	9,181
		3,217,147	2,889,630	2,722,268
CURRENT ASSETS				
Stores and spares	9	83,088	64,952	36,353
Stock in trade	10	2,787,322	2,852,671	2,370,938
Trade debts	11	533,353	492,437	321,073
Loans and advances	12	131,562	92,344	92,674
Trade deposits and short term prepayments	13	38,198	20,198	22,925
Other receivables	14	32,653	20,936	50,473
Profit receivable from banks	15	9	29	13
Taxation		349,712	369,239	174,573
Short term investments	16	978,272	255,329	-
Cash and bank balances	17	1,051,925	837,882	618,843
		5,986,094	5,006,017	3,687,865
TOTAL ASSETS		9,203,241	7,895,647	6,410,133
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised share capital	18	750,000	400,000	400,000
Issued, subscribed and paid-up share capital	18	435,954	363,295	315,909
Reserves	19	6,194,232	5,186,354	4,054,720
Remeasurement on post retirement benefits obligation		(26,738)	(16,596)	(15,322)
Surplus on revaluation of investments		27,970	3,189	-
		6,631,418	5,536,242	4,355,307
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred taxation	20	445,436	449,466	344,865
Long term deposits	21	18,459	14,748	13,945
Deferred liability	22	40,235	27,390	27,976
		504,130	491,604	386,786
CURRENT LIABILITIES				
Trade and other payables	23	2,067,693	1,867,778	1,667,916
Accrued mark-up		-	23	124
		2,067,693	1,867,801	1,668,040
TOTAL LIABILITIES		2,571,823	2,359,405	2,054,826
TOTAL EQUITY AND LIABILITIES		9,203,241	7,895,647	6,410,133
CONTINGENCIES AND COMMITMENTS	25			

The annexed notes 1 to 45 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, 2013

	Note	2013	2012
		(Rupees in '000)	(Restated)
Turnover		25,515,265	23,327,820
Sales tax		(3,869,346)	(3,464,671)
Trade discounts		(1,378,479)	(1,154,438)
Net turnover		20,267,440	18,708,711
Cost of sales	26	(14,594,894)	(13,297,138)
Gross profit		5,672,546	5,411,573
Selling and distribution costs	27	(3,120,036)	(2,824,571)
Administrative expenses	28	(182,138)	(182,114)
Other expenses	29	(181,301)	(206,472)
Other income	30	89,154	62,192
Profit from operations		2,278,225	2,260,608
Finance cost	31	(15,376)	(17,587)
Profit before taxation		2,262,849	2,243,021
Taxation	32	(673,699)	(621,728)
Profit after taxation		1,589,150	1,621,293
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'	16	31,078	3,536
Gain realised on disposal of short term investments		(3,536)	-
Impact of deferred tax		(2,761)	(347)
Total items that may be reclassified subsequently to profit and loss		24,781	3,189
Item that will not be reclassified to profit or loss			
Remeasurement of post retirement benefits obligation		(15,229)	(1,940)
Impact of deferred tax		5,087	666
Total items that will not be reclassified to profit and loss		(10,142)	(1,274)
		14,639	1,915
Total comprehensive income for the year		1,603,789	1,623,208
		-------------Rupees-----------	
Earnings per share - restated	33	36.45	37.19

The annexed notes 1 to 45 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, 2013

	Issued, subscribed and paid-up share Capital	Capital reserve - share premium	Revenue reserves - General reserve	Revenue reserves - Unappropriated profit	Sub Total	Remeasurement on post retirement benefits obligation - net of tax	Surplus on revaluation of investments - net of tax	Total Equity
	(Rupees in '000)							
Balance as at July 1, 2011 - previously reported	315,909	13,456	2,870,000	1,174,310	4,057,766	-	-	4,373,675
Effect of retrospective application of change in an accounting policy referred in note 4	-	-	-	(3,046)	(3,046)	(15,322)	-	(18,368)
Balance as at July 1, 2011 - restated	315,909	13,456	2,870,000	1,171,264	4,054,720	(15,322)	-	4,355,307
Transactions with owners								
Final dividend for the year ended June 30, 2011 (Rs 14 per share)	-	-	-	(442,273)	(442,273)	-	-	(442,273)
Bonus shares issued at the rate of three shares for every twenty shares held	47,386	-	-	(47,386)	(47,386)	-	-	-
Total transactions with owners	47,386	-	-	(489,659)	(489,659)	-	-	(442,273)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2012	-	-	-	1,621,293	1,621,293	-	-	1,621,293
Other comprehensive income	-	-	-	-	-	(1,274)	3,189	1,915
Total comprehensive income for the year ended June 30, 2012	-	-	-	1,621,293	1,621,293	(1,274)	3,189	1,623,208
Transfer to general reserve	-	-	680,000	(680,000)	-	-	-	-
Balance as at June 30, 2012 - restated	363,295	13,456	3,550,000	1,622,898	5,186,354	(16,596)	3,189	5,536,242
Transactions with owners								
Final dividend for the year ended June 30, 2012 (Rs 14 per share)	-	-	-	(508,613)	(508,613)	-	-	(508,613)
Bonus shares issued at the rate of one share for every five shares held	72,659	-	-	(72,659)	(72,659)	-	-	-
Total transactions with owners	72,659	-	-	(581,272)	(581,272)	-	-	(508,613)
Comprehensive income for the year								
Profit after taxation for the year ended June 30, 2013	-	-	-	1,589,150	1,589,150	-	-	1,589,150
Other comprehensive income	-	-	-	-	-	(10,142)	24,781	14,639
Total comprehensive income for the year ended June 30, 2013	-	-	-	1,589,150	1,589,150	(10,142)	24,781	1,603,789
Transfer to general reserve	-	-	1,040,000	(1,040,000)	-	-	-	-
Balance as at June 30, 2013	435,954	13,456	4,590,000	1,590,776	6,194,232	(26,738)	27,970	6,631,418

The annexed notes 1 to 45 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, 2013

	Note	2013	2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	2,743,211	2,114,397
Finance costs paid		(88)	(3,797)
Taxes paid		(655,876)	(711,474)
Long term loans		(4,113)	4,076
Long term security deposits		(2,869)	(1,531)
Staff retirement gratuity paid		(20,467)	(19,282)
Long term deposits		3,711	803
Net cash inflow from operating activities		2,063,509	1,383,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(721,138)	(516,482)
Purchase of intangible assets		(3,499)	(2,955)
Purchase of short term investments		(1,595,841)	(600,000)
Sale proceeds on disposal of items of property, plant and equipment		20,654	14,709
Profit received on savings accounts		33,264	31,934
Profit received on a term deposit receipt		117	325
Sale proceeds on disposal of short term investments		925,000	350,496
Net cash outflow from investing activities		(1,341,443)	(721,973)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(508,023)	(442,180)
Net cash outflow from financing activities		(508,023)	(442,180)
Net increase in cash and cash equivalents		214,043	219,039
Cash and cash equivalents at the beginning of the year		837,882	618,843
Cash and cash equivalents at the end of the year	17	1,051,925	837,882

The annexed notes 1 to 45 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, 2013

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 Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated.

2.2 Statement of compliance

These financial statements have been prepared in accordance with 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), provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.3 **New standards, amendments to approved accounting standards and new interpretations**

2.3.1 **New Standards, amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2013**

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) interpretations 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 except for the amendment to IAS 1 'Presentation of financial statements' regarding 'other comprehensive income' as more fully explained in note 4.1.

2.3.2 **New standards, amendments to approved accounting standards and new interpretations, that are not yet effective**

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2013, 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. The Company has opted to early adopt a new standard and an amendment to the approved accounting standards as more fully explained in note 2.3.3 below.

2.3.3 **A new standard and an amendment to the approved accounting standard early adopted by the Company during the year**

The Company has elected to adopt the following in advance of their effective date of annual periods beginning on or after January 1, 2013:

i) International accounting standards (IAS) 19, (revised) 'Employee Benefits'; and

ii) Amendment to IAS 1 'Presentation of financial statements' regarding disclosure requirements for comparative information.

The impacts and effects of the adoption of the aforementioned new standard and amendment are stated in note 4 below.

2.4 Property, plant and equipment

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 5.1.1). Depreciation on additions is charged from the month in which the asset is put to use and on disposal upto the month of disposal at the rates stated in note 5.1.1.

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.

2.4.1 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.

2.5 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.

2.6 Impairment

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.

2.7 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 charged to income as and when purchased as their inventory is generally not significant.

2.8 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	**Basis of valuation**
Raw and packing material	Moving average cost
Raw and packing material in bonded warehouse and in transit	Cost accumulated upto the balance sheet date
Work in process and finished goods	Cost of direct materials and appropriate portion of production overheads"
Trading goods	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.

2.9 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.

2.10 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.

2.11 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 in hand, deposits held with banks and running finances under mark-up arrangement.

2.12 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.

2.13 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.

2.14 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.

As more fully explained in note 4.2, effective from July 1, 2012 all actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year, were amortised over the average future service of the employees.

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.

2.15 Revenue recognition

- Sales are recognised on despatch 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.

2.16 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.

2.17 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.

2.18 Financial instruments

2.18.1 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) 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 directly in equity are included in the profit and loss account as gains and losses from investment securities. 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.

d) Held to maturity

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

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 and loss. Financial assets carried at fair value through profit and 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 and 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.

2.18.2 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.

2.18.3 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.

2.19 Transactions with related parties

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

2.20 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.

2.21 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 5);

b) assumptions and estimates used in determining the useful lives and residual values of intangible assets (note 6);

c) assumptions and estimates used in determining the provision for slow moving stores and spares (note 9);

d) assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 10);

e) assumptions and estimates used in calculating the provision for impairment for trade debts (note 11);

f) assumptions and estimates used in the recognition of deferred taxation (note 20);

g) assumptions and estimates used in accounting for defined benefit plan (note 22); and

h) assumptions and estimates used in disclosure and assessment of provision for contingencies (note 25).

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. CHANGES IN ACCOUNTING POLICIES

4.1 Amendment to IAS 1 'Presentation of Financial statements' regarding 'other comprehensive income'

The primary change resulting from this amendment is that the Company has grouped items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
Had there been no change in the aforementioned accounting, there would not have been any bifurcation of items appearing in the 'other comprehensive income'.

4.2 Adoption of amendments in IAS 19, (Revised) 'Employee Benefits'

IAS 19 (Revised) 'Employee benefits' amends the accounting for the Company's defined benefit plan. The revised standard has been applied retrospectively in accordance with the transition provisions of the standard. The impact of the adoption of IAS 19 (revised) has been in the following areas:

- The standard requires all actuarial gains and losses to be recognised immediately in 'other comprehensive income'. This has resulted in unrecognised net actuarial losses aggregating Rs 23.716 million as at July 1, 2012 being recognised in 'other comprehensive income'. The expense recognised in the profit and loss account for the year ended June 30, 2013 has reduced by Rs 0.547 million as the charge to profit or loss for recognition of previously unrecognised net actuarial losses is no longer required.

- The standard requires past service cost to be recognised immediately in profit or loss. This has resulted in unrecognised past service cost aggregating Rs 3.674 million as at July 1, 2012 being expensed in profit or loss of the year in which that arose. The expense recognised in the profit and loss account for the year ended June 30, 2013 has reduced by Rs 1.837 million as the charge to profit or loss in respect of amortisation of the past service cost is no longer required.

- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This treatment, however, has no impact on these financial statements as the discount rate now applied to assets is equal to the expected return on assets.
- There is a new term 'remeasurements'. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

- `'Retirement benefits obligation' as previously reported has been restated at the balance sheet dates to reflect the effect of the above. The amount has been restated as Rs 27.390 million (previously Nil) as at June 30, 2012.

- The effect of this change in accounting policy on the cash flow statement and on 'earnings per share' is not material in the overall context of these financial statements.

4.3 Amendment to IAS 1 'Presentation of financial statements regarding disclosure requirements for comparative information:

The amendment classifies the disclosure requirements for comparative information when an entity provides a third balance sheet as required by IAS 8 "Accounting policies, changes in accounting estimates and errors', the balance sheet should be as at the beginning of the preceding period i.e. the opening position. No notes are required to support this balance sheet.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	**2013**	2012
		(Rupees in '000)	
Operating fixed assets	5.1	2,786,920	2,711,483
Capital work in progress	5.2	398,094	151,642
		3,185,014	2,863,125

5.1 Operating fixed assets

5.1.1 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
	---(Rupee'000)---										
At July 1, 2011											
Cost	71,636	577,065	1,744,467	98,676	154	55,389	129,823	233,143	62,954	43,195	3,016,502
Accumulated depreciation	-	(134,345)	(540,189)	(29,803)	(100)	(8,679)	(51,778)	(109,197)	(38,232)	(16,035)	(928,358)
Net book value	71,636	442,720	1,204,278	68,873	54	46,710	78,045	123,946	24,722	27,160	2,088,144
Year ended June 30, 2012											
Additions	-	15,798	167,521	7,275	-	6,053	24,613	44,205	18,713	4,093	288,271
Transfers from capital work in progress during the year (note 5.2.1)	18,214	25,946	516,606	17,963	-	9,084	79,355	-	-	1,999	669,167
Transfers with in fixed assets											
Cost	-	-	(2,254)	-	-	-	2,254	-	-	-	-
Depreciation	-	-	1,525	-	-	-	(1,525)	-	-	-	-
Net book value	-	-	(729)	-	-	-	729	-	-	-	-
Disposals (note 5.1.5)											
Cost	-	-	-	-	-	-	-	(14,890)	(640)	-	(15,530)
Depreciation	-	-	-	-	-	-	-	8,234	456	-	8,690
Net book value	-	-	-	-	-	-	-	(6,656)	(184)	-	(6,840)
Write offs (note 5.1.3)											
Cost	-	-	(7,986)	(137)	-	-	(867)	-	(3,068)	(400)	(12,458)
Depreciation	-	-	6,211	118	-	-	750	-	2,894	235	10,208
Net book value	-	-	(1,775)	(19)	-	-	(117)	-	(174)	(165)	(2,250)
Depreciation charge for the year (note 5.1.6)	-	(49,662)	(183,098)	(9,283)	(7)	(8,590)	(24,235)	(25,022)	(19,828)	(5,284)	(325,009)
Net book value as at June 30, 2012	89,850	434,802	1,702,803	84,809	47	53,257	158,390	136,473	23,249	27,803	2,711,483
Year ended June 30, 2013											
Additions	-	9,409	82,518	4,006	-	3,007	9,482	65,978	41,087	5,044	220,531
Transfers from capital work in progress during the year (note 5.2.1)	-	4,048	226,682	1,327	-	-	13,485	-	-	8,613	254,155
Disposals (note 5.1.5)											
Cost	-	-	-	-	-	-	-	(23,807)	(1,776)	(138)	(25,721)
Depreciation	-	-	-	-	-	-	-	11,721	1,707	38	13,466
Net book value	-	-	-	-	-	-	-	(12,086)	(69)	(100)	(12,255)
Write offs (note 5.1.3)											
Cost	-	-	(2,229)		-		(2,558)	-	(3,355)	(275)	(8,417)
Depreciation	-	-	1,427	-	-		1,952	-	3,353	184	6,916
Net book value	-	-	(802)	-	-	-	(606)	-	(2)	(91)	(1,501)
Depreciation charge for the year (note 5.1.6)	-	(53,402)	(224,728)	(10,041)	(7)	(9,938)	(30,710)	(31,408)	(18,612)	(6,647)	(385,493)
Net book value as at June 30, 2013	89,850	394,857	1,786,473	80,101	40	46,326	150,041	158,957	45,653	34,622	2,786,920

	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
	(Rupee'000)										
At June 30, 2012											
Cost	89,850	618,809	2,418,354	123,777	154	70,526	235,178	262,458	77,959	48,887	3,945,952
Accumulated depreciation	-	(184,007)	(715,551)	(38,968)	(107)	(17,269)	(76,788)	(125,985)	(54,710)	(21,084)	(1,234,469)
Net book value	89,850	434,802	1,702,803	84,809	47	53,257	158,390	136,473	23,249	27,803	2,711,483
Annual rates of depreciation (%) 2012		10	10	10	10	15	15	20	33	15	
At June 30, 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
Annual rates of depreciation (%) 2013		10	10	10	10	15	15	20	33	15	

5.1.2 Included in the operating fixed assets are certain items having cost aggregating Rs 22.332 million (2012: Rs 22.332 million) held by related parties and cost aggregating Rs 26.896 million (2012: Rs 43.614 million) held by third parties for manufacturing certain products of the Company. These operating fixed assets are free of lien and the Company has full rights of repossession of these assets.

5.1.3 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 8.417 million (2012: Rs 12.458 million) and net book value of Rs 1.501 million (2012: Rs 2.250 million) have been retired from active use and have been written off in these financial statements.

5.1.4 No impairment relating to operating fixed assets has been recognised in the current year.

5.1.5 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 the Company's car scheme	632	508	124	378	254	Abid Ali Employee of the Company
	--do--	589	144	445	452	7	Abid Mehmood Employee of the Company
	Maturity of Company's maintained car scheme	395	274	121	217	96	Mohammad Naseem Ayaz Employee of the Company
	--do--	825	503	322	546	224	Wasiuddin Ahmed Ex-employee of the Company
	--do--	395	295	100	210	110	Abdullah Qureshi Employee of the Company
	--do--	499	360	139	301	162	Muhammad Shahid Employee of the Company
	--do--	905	616	289	532	243	Aamir Sohrab Abbasi Employee of the Company
	--do--	632	412	220	430	210	Syed Wasif Ali Employee of the Company
	--do--	1,330	355	975	1,125	150	Altaf Hussain Ex-employee of the Company
	--do--	395	297	98	210	112	Wasif Iqbal Khan Employee of the Company
	--do--	774	602	172	322	150	Mahmood Ahmed Ali Employee of the Company
	--do--	1,145	756	389	700	311	Aziz Shamsi Employee of the Company
	--do--	1,005	697	308	750	442	Muhammad Essa Alvi Employee of the Company
	--do--	504	367	137	350	213	Abrar Ahmed Employee of the Company
	--do--	362	252	110	242	132	M. Shafiq Tabassum Employee of the Company
	--do--	315	55	260	302	42	Wajhat Ali Usmani Employee of the Company
	--do--	630	84	546	568	22	Shahzad Noor, Employee of the Company
	Bid	310	226	84	352	268	Abdul Hameed House # S.3.604,Chisti Nagar,Sector 11-1/2, Karachi
	--do--	504	367	137	425	288	Abdul Hameed House # S.3.604,Chisti Nagar,Sector 11-1/2, Karachi
	--do--	240	153	87	255	168	Abdul Hameed House # S.3.604,Chisti Nagar, Sector 11-1/2, Karachi
	--do--	840	658	182	670	488	Mohammad Taimur, Dyer 282-Noor Manzil, Garden West, Karachi
	--do--	604	24	580	610	30	Hussani Akber Ali M-12, Gulshan - e - Karim, Nazimabad, Karachi
	--do--	355	147	208	317	109	Muhammad Ali House # D-712, Usman Ghani Colony, North Nazimabad Block - R, Karachi
	--do--	1,058	367	691	1,010	319	Abdul Hameed House # S.3.604,Chisti Nagar, Sector 11-1/2, Karachi
	--do--	524	126	398	520	122	Shad Ali Khan House # D-8/1, Block-9, Gulshan-e-Iqbal, Karachi
	--do--	999	506	493	760	267	Shad Ali Khan House # D-8/1, Block-9, Gulshan-e-Iqbal, Karachi
	--do--	676	189	487	715	228	Shad Ali Khan House # D-8/1, Block-9, Gulshan-e-Iqbal, Karachi"
	--do--	553	118	435	545	110	Shad Ali Khan House # D-8/1, Block-9, Gulshan-e-Iqbal, Karachi
	--do--	396	315	81	300	219	Shafiq Ahmed House # D-18, Block - 5, Clifton, Karachi
	--do--	774	615	159	500	341	Ali Diamond Pirani Flat # C-21, Noor Apartment, North Nazimabad, Karachi
	Insurance claim	610	79	531	600	69	Century Insurance Co. Ltd, Lakson Square Building No. 3, Sarwar Shaheed Road Karachi
	--do--	1,554 1,578	272 276	1,282 1,302	1,544 1,568	262 266	--do-- --do--
Computers & Accessories	Insurance claim	110 63	49 3	61 60	80 59	19 (1)	--do-- --do--
	--do--			-		-	
		23,080	11,067	12,013	18,465	6,452	
Others Items having net net book value of less than Rs 50,000 each	Various	2,641	2,399	242	2,189	1,947	Various
2013		25,721	13,466	12,255	20,654	8,399	
2012		15,530	8,690	6,840	14,709	7,869	

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

	Note	2013	2012
		(Rupees in '000)	
Cost of sales	26.1	337,472	281,172
Selling and distribution costs	27	33,170	27,722
Administrative expenses	28	14,851	16,115
		385,493	325,009

5.2 Capital work in progress

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

	Leasehold Land	Factory building on leasehold land	Plant and machinery	Electric fittings and installation	Other assets	Total
	(Rupees in '000)					
Balance as at July 1, 2011	10,000	15,733	538,118	15,924	12,865	592,640
Capital expenditure incurred during the year (note 5.2.2)	8,214	29,706	165,187	6,006	19,098	228,211
Capital expenditure charged off during the year	-	-	-	-	(42)	(42)
Transfers with capital work in progress	-	(1,158)	(57,983)	-	59,141	-
Transfers to operating fixed assets (note 5.1.1)	(18,214)	(25,946)	(516,606)	(17,963)	(90,438)	(669,167)
Balance as at June 30, 2012	-	18,335	128,716	3,967	624	151,642
Capital expenditure incurred during the year (note 5.2.2)	-	60,442	375,776	23,693	40,696	500,607
Transfers to operating fixed assets (note 5.1.1)	-	(4,048)	(226,682)	(1,327)	(22,098)	(254,155)
Balance as at June 30, 2013	-	74,729	277,810	26,333	19,222	398,094

5.2.2 This includes capital work in progress in transit aggregating Rs 50.920 million (2012: Rs 76.697 million).

6. INTANGIBLE ASSETS

	Note	Goodwill and trade mark	Computer software	Total
		(Rupees in '000)		
At July 1, 2011				
Cost		43,500	58,000	101,500
Accumulated amortisation		(43,500)	(39,225)	(82,725)
Net book value		-	18,775	18,775
Year ended June 30, 2012				
Additions		-	2,955	2,955
		-	21,730	21,730
Amortisation for the year	6.3	-	(15,389)	(15,389)
Net book value as at June 30, 2012		-	6,341	6,341
Year ended June 30, 2013				
Additions		-	3,499	3,499
		-	9,840	9,840
Amortisation for the year	6.3	-	(4,853)	(4,853)
Net book value as at June 30, 2013		-	4,987	4,987
At June 30, 2012				
Cost		43,500	60,955	104,455
Accumulated amortisation		(43,500)	(54,614)	(98,114)
Net book value		-	6,341	6,341
At June 30, 2013				
Cost		43,500	64,454	107,954
Accumulated amortisation		(43,500)	(59,467)	(102,967)
Net book value		-	4,987	4,987

6.1 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.

6.2 Computer softwares are being amortised over a useful life of 3 years.

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

	Note	**2013**	2012
		(Rupees in '000)	
Cost of sales	26.1	8	-
Selling and distribution costs	27	269	440
Administrative expenses	28	4,576	14,949
		4,853	15,389

7. LONG TERM LOANS

	Note	2013	2012
Considered good			
- due from executives	7.1, 7.2 & 7.3	3,929	3,600
- due from other employees	7.2 & 7.3	18,308	15,110
		22,237	18,710
Recoverable within one year	12	(8,672)	(9,258)
		13,565	9,452

7.1 Reconciliation of carrying amount of loans to executives:

		2013	2012
Opening balance as at July 1, 2012 / 2011		3,600	6,282
Disbursements		3,050	185
Repayments		(2,721)	(2,867)
Closing balance as at June 30, 2013 / 2012		3,929	3,600

7.2 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.

7.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 4.046 million (2012: Rs 5.946 million).

7.4 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.

8. LONG TERM SECURITY DEPOSITS

	Note	**2013**	2012
		(Rupees in '000)	
Long term security deposits	8.1 & 8.2	13,581	10,712

8.1 This includes amount of Rs 5.742 million (2012: Rs 4.410 million) representing amount deposited with Water and Power Development Authority (WAPDA) for enhancement in electricity load for detergent unit at Kotri.

8.2 This includes a Term Deposit Receipt (TDR) amounting to Rs 1.7 million (2012: 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 against a lien on the TDR. The TDR carries profit at the rate of 6.7890% (2012: 7.226%) per annum and shall mature on September 3, 2014 at which time the management intends to rollover the TDR.

9. STORES AND SPARES

	Note	**2013**	2012
		(Rupees in '000)	
Stores		37,851	33,905
Spares	9.1	45,237	31,047
	26.1.3	83,088	64,952

9.1 This includes spares in transit amounting to Rs 10.224 million (2012: Rs 6.131 million).

10. STOCK IN TRADE

	Note	2013	2012
Raw materials			
- in hand		728,917	1,070,231
- in bonded warehouse		448,897	83,551
- in transit		611,422	665,041
	26.1.1	1,789,236	1,818,823
Packing materials			
- in hand		199,341	203,022
- in transit		12,708	1,323
- with third parties		650	246
	26.1.2	212,699	204,591
Work in process	26.1	169,306	185,395
Finished goods			
- in hand		487,828	553,583
- in transit		411	11
		488,239	553,594
Trading goods			
- in hand		122,058	82,767
- in transit		5,784	7,501
		127,842	90,268
		2,787,322	2,852,671

	Note	2013	2012
		(Rupees in '000)	

11. TRADE DEBTS

	Note	2013	2012
Considered good			
- due from related parties	11.1 & 11.2	52,079	50,747
- others		481,274	441,690
		533,353	492,437
Considered doubtful			
- others		30,943	30,943
		564,296	523,380
Less: Provision for impairment	11.3 & 11.5	30,943	30,943
		533,353	492,437

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

	2013	2012
Merit Packaging Limited	37	41
Rollins Industries (Private) Limited	50,713	49,288
Century Paper and Board Mills Limited	43	109
Tetley Clover (Private) Limited	1,041	1,124
Hasanali and Gulbanoo Lakhani Foundation	5	4
SIZA (Private) Limited	2	-
Television Media Network (Private) Limited	217	169
Cyber Internet Services (Private) Limited	10	1
SIZA Foods (Private) Limited	11	11
	52,079	50,747

11.2 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 110.880 million (2012: Rs 93.180 million).

11.3 Provision for impairment

	Note	2013	2012
		(Rupees in '000)	
Balance as at July 1, 2012 / 2011		30,943	30,594
Provision made during the year	29	-	349
Balance as at June 30, 2013 / 2012		30,943	30,943

11.4 As at June 30, 2013, trade receivables of Rs 175.198 million (2012: Rs 76.080 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:

	2013	2012
Upto 1 month	72,293	25,080
1 to 6 months	48,568	34,161
More than 6 months	54,337	16,839
	175,198	76,080

11.4.1 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, 2013	As at June 30, 2012
	(Rupees in '000)				
Merit Packaging Limited	29	-	8	37	41
Rollins Industries (Private) Limited	50,713	-	-	50,713	49,288
Century Paper and Board Mills Limited	10	33	-	43	109
Tetley Clover (Private) Limited	257	-	784	1,041	1,124
Hasanali and Gulbanoo Lakhani Foundation	5	-	-	5	4
SIZA (Private) Limited	2	-	-	2	-
Television Media Network (Private) Limited	31	69	117	217	169
Cyber Internet Services (Private) Limited	-	-	10	10	1
SIZA Foods (Private) Limited	4	2	5	11	11
	51,051	104	924	52,079	50,747

11.5 As at June 30, 2013, trade receivables of Rs 30.943 million (2012: Rs 30.943 million) were impaired and provided for. The ageing of these receivables is as follows:

	Note	**2013**	2012
		(Rupees in '000)	
One year to five years		23,731	23,731
Five years and over		7,212	7,212
		30,943	30,943

12. LOANS AND ADVANCES

	Note	**2013**	2012
Considered good			
Current portion of long term loans			
- due from executives		1,321	2,309
- due from other employees		7,351	6,949
	7	8,672	9,258
Advances			
- to employees	12.1	7,970	9,411
- to contractors and suppliers	12.2	114,920	73,675
		131,562	92,344

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

	Note	**2013**	2012
12.2 Advances include the following amounts due from related parties:		(Rupees in '000)	
Century Insurance Company Limited		936	917
Century Publication (Private) Limited		-	1,039
Lakson Business Solutions Limited		357	-
		1,293	1,956

13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

		2013	2012
Security deposits		14,272	4,885
Prepayments		23,926	15,313
		38,198	20,198

14. OTHER RECEIVABLES

	Note	**2013**	2012
Receivable from related parties	14.1 & 14.2	18,241	6,426
Value Added Tax claimable		5,342	5,421
Special excise duties claimable		8,720	8,720
Claims receivable from an insurance company		350	369
		32,653	20,936

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

	2013	2012
Clover Pakistan Limited	39	639
Tetley Clover (Private) Limited	18,202	5,778
Rollins Industries (Private) Limited	-	9
	18,241	6,426

14.2 The maximum aggregate amount receivable from related parties at the end of any month during the year was Rs 25.250 million (2012: Rs 21.891 million).

15. PROFIT RECEIVABLE FROM BANKS

	Note	2013	2012
		(Rupees in '000)	
Profit on a term deposit receipt		9	29
		9	29

16. SHORT TERM INVESTMENTS

	Note	2013	2012
Investments - Held to maturity	16.1	196,731	-
Investments - Available for sale	16.2	781,541	255,329
		978,272	255,329

16.1

Name of the Issuer	Maturity	Effective interest rate	As at July 1, 2012	Purchase during the year	Sales / Redemptions during the year	As at June 30, 2013	Amortised cost as at June 30, 2013
			---------- Number of units-----------				------------Rupees in '000 ---------------
Treasury bills							
Government of Pakistan	September 5, 2013	9.2301%	-	2,000	-	2,000	196,731

Treasury bills have a nominal value of Rs 100,000 each

16.2

Name of the Investee Company	As at July 1, 2012	Purchase during the year	Bonus units	Sales / Redemptions during the year	As at June 30, 2013	Average cost as at June 30, 2013	Fair value as at June 30, 2013	Unrealised Gain
	---------- Number of units----------				-----------------Rupees in '000 -------------------			
Lakson Money Market Fund	2,531,959	11,956,350	446,036	(9,198,445)	5,735,900	550,463	577,307	26,844
UBL Liquidity Plus Fund	-	1,988,595	52,187	-	2,040,782	200,000	204,234	4,234
	2,531,959	13,944,945	498,223	(9,198,445)	7,776,682	750,463	781,541	31,078

17. CASH AND BANK BALANCES

	Note	2013	2012
		(Rupees in '000)	
Cash with banks in:			
- Current accounts			
- Local currency		321,834	268,638
- Foreign currency		473	451
		322,307	269,089
- Savings accounts			
- Local currency	17.1	634,057	545,452
		956,364	814,541
Cheques in hand		95,106	22,715
Cash in hand		455	626
		1,051,925	837,882

17.1 The range of rates of profit on these savings accounts is between 6% and 9% per annum (2012: 6% to 11.75% per annum).

18. SHARE CAPITAL

18.1 Authorised Capital

2013	2012		2013	2012
Number of shares			(Rupees in '000)	
75,000,000	40,000,000	Ordinary shares of Rs 10 each (note 18.1.1)	750,000	400,000

18.1.1 Pursuant to a special resolution passed at the annual general meeting held on September 24, 2012, the authorised share capital of the Company has increased from Rs 400 million to Rs 750 million and relevant clauses in Memorandum and Articles of Association have been amended accordingly.

18.2 Issued, subscribed and paid-up capital

2013	2012		2013	2012
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
37,713,040	30,447,142	Ordinary shares of Rs 10 each issued as fully paid bonus shares (note 18.2.1)	377,130	304,471
43,595,393	36,329,495		435,954	363,295

18.2.1 These shares include 7,265,898 bonus shares of Rs 10 each (2012: 4,738,630 bonus shares of Rs 10 each) issued by the Company during the current year.

19. RESERVES

	2013	2012
	(Rupees in '000)	(Restated)
Capital reserve		
- Share premium reserve	13,456	13,456
Revenue reserve		
- General reserve	4,590,000	3,550,000
- Unappropriated profit	1,590,776	1,622,898
	6,194,232	5,186,354

20. DEFERRED TAXATION

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

	2013	2012
Accelerated tax depreciation allowance	471,942	474,746
Provision for compensated absences	(6,682)	(5,789)
Short term investments	3,954	541
Provision for impairment of trade debts	(10,337)	(10,626)
Deferred liabilities	(13,441)	(9,406)
	445,436	449,466

21. LONG TERM DEPOSITS

	2013	2012
	(Rupees in '000)	
Deposits obtained from:		
- Distributors	15,954	14,243
- Transporters	500	500
- Others	2,005	5
	18,459	14,748

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

22. DEFERRED LIABILITY

	Note	2013	2012
		(Rupees in '000)	(Restated)
Defined benefit plan (staff retirement gratuity) - funded	22.4	40,235	27,390

22.1 As stated in note 2.14, 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, 2013. The disclosures made in notes 22.2 to 22.16 are based on the information included in that actuarial report.

22.2 The actuarial valuation of gratuity plan was carried out as at June 30, 2013. The projected unit credit method using the following significant assumptions was used for this valuation:

	2013	2012
	Percentage	
- Discount rate - per annum compound	11	13
- Expected rate of increase in salaries - per annum	10	12
- Expected rate of return on plan assets - per annum	13	13

22.3 Mortality rate

The rates assumed were based on the EFU 61-66 mortality table.

22.4 Balance sheet reconciliation

	Note	2013	2012
		(Rupees in '000)	(Restated)
Present value of defined benefit obligation	22.5	194,613	166,037
Fair value of plan assets	22.6	(154,378)	(138,647)
Net liability in the balance sheet		40,235	27,390

22.5 Movement in defined benefit obligation

	2013	2012
Present value of defined benefit obligation as at July 1, 2012 / 2011	166,037	135,044
Current service cost	14,522	12,840
Interest cost	21,585	18,906
Remeasurements on obligation	12,948	804
Benefits paid	(20,479)	(1,557)
Present value as at June 30, 2013 / 2012	194,613	166,037

		Note	2013	2012
			(Rupees in '000)	
22.6	Movement in fair value of plan assets			(Restated)
	Fair value as at July 1, 2012 / 2011		138,647	107,068
	Expected return on plan assets		18,024	14,990
	Remeasurements on fair value of plan assets		(2,281)	(1,136)
	Company contributions		20,467	19,282
	Benefits paid		(20,479)	(1,557)
	Fair value as at June 30, 2013 / 2012		154,378	138,647
22.7	Movement in net liability in the balance sheet is as follows:			
	Opening balance of net liability		27,390	27,976
	Charge for the year	22.8	18,083	16,756
	Contributions made during the year to the fund		(20,467)	(19,282)
	Net remeasurement for the year		15,229	1,940
	Closing balance of net liability		40,235	27,390
22.8	Charge for the year has been allocated as under:			
	Cost of sales	26.1	10,744	9,886
	Selling and distribution costs	27	3,593	3,351
	Administrative expenses	28	3,746	3,519
			18,083	16,756

22.9 The following amounts have been recognised in the profit and loss account in respect of the gratuity plan:

	2013	2012
Current service cost	14,522	12,840
Net Interest cost	3,561	3,916
Expenses	18,083	16,756

22.10 Actual return on plan assets

	2013	2012
Expected return on plan assets	18,024	14,990
Remeasurement on fair value of plan assets	(2,281)	(1,136)
Actual return on plan assets	15,743	13,854

22.11 Amounts for the current period and previous four annual periods of the fair value of plan assets and present value of the defined benefit obligation are as follows:

	2013	2012	2011	2010	2009
			(Rupees in '000)		
As at June 30					
Present value of defined benefit obligation	194,613	166,037	135,044	112,924	90,954
Fair value of plan assets	(154,378)	(138,647)	(107,068)	(82,962)	(57,899)
Net Liability in the balance sheet	40,235	27,390	27,976	29,962	33,055
Experience adjustment:					
Gain / (loss) on plan assets (as percentage of plan assets)	1.48	(0.82)	3.05	3.98	(8.32)
Loss on obligations (as a percentage of obligation)	6.65	0.48	2.95	2.82	5.83

22.12 Plan assets comprise of the following:

	2013		2012	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Shares and units of mutual funds	34,982	22.66	40,998	29.57
Debt instruments	82,499	53.44	95,210	68.67
Cash	36,897	23.90	2,439	1.76
	154,378	100.00	138,647	100.00

22.13 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Fund, at the beginning of the period, for returns over the entire life of related obligation.

22.14 Expected contribution to post employment benefit plan for the year ending June 30, 2014 is Rs 21.488 million (2013: Rs. 20.467 million).

22.15 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%	(16,534)	19,277
Salary growth rate	1%	19,277	(16,815)

22.16 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 pension liability recognised within the statement of financial position.

23. TRADE AND OTHER PAYABLES

	Note	**2013**	2012
		(Rupees in '000)	
Trade creditors	23.1	477,818	554,043
Accrued liabilities	23.2	702,373	342,285
Bills payable		513,412	554,124
Amounts due to distributors		28,584	31,159
Sales tax payable		69,394	85,940
Royalty payable to an associated undertaking		86,762	78,500
Workers' profits participation fund	23.3	120,836	120,327
Workers' welfare fund		45,257	82,136
Retention money payable		4,509	5,447
Unclaimed dividend		3,288	2,698
Others	23.4	15,460	11,119
		2,067,693	1,867,778

	Note	2013	2012
		(Rupees in '000)	
23.1 These balances include the following amounts due to related parties:			
Reliance Chemicals (Private) Limited		-	49
Century Publication (Private) Limited		1,311	-
Rollins Industries (Private) Limited		12,895	10,524
Princeton Travels (Private) Limited		166	145
Merit Packaging Limited		4,778	3,880
Century Paper & Board Mills Limited		26,134	33,903
Hasanali and Gulbano Lakhani Foundation (formerly Hasanali Karabahi Foundation)		57	-
Television Media Network (Private) Limited		5,697	8,443
Clover Pakistan Limited		-	354
Tetley Clover (Private) Limited		10,375	1,206
		61,413	58,504
23.2 These balances include the following amounts due to related parties:			
Century Paper & Board Mills Limited		5,755	62
Rollins Industries (Private) Limited		1,299	1,176
Clover Pakistan Limited		45	-
Merit Packaging Limited		602	42
		7,701	1,280
23.3 Workers' profits participation fund			
Balance at the beginning of the year		120,327	95,821
Allocation for the year	29	120,836	120,327
		241,163	216,148
Less: Payments during the year		120,327	95,821
Balance at the end of the year		120,836	120,327
23.4 These balances include the following amounts due to related parties:			
Colgate-Palmolive (Hong Kong) Limited		1,250	327
Colgate-Palmolive (Thailand) Limited		307	-
Century Insurance Company Limited		39	-
		1,596	327

24. SHORT TERM RUNNING FINANCES

24.1 The Company has arranged short-term borrowing facilities from various banks on mark-up basis to the extent of Rs 1,040 million (2012: Rs 1,040 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 August 30, 2013 to March 31, 2014. 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.

24.2 The mark-up on short-term running finance facilities ranges between 10.27% to 11.88% (2012: 12.67% to 14.04%) per annum.

24.3 The facilities for opening letters of credit and guarantee as at June 30, 2013 aggregated Rs 4,276 million and Rs 40 million (2012: Rs 4,110 million and Rs 40 million) respectively of which the amounts remaining unutilised at the year end were Rs 3,762.588 million and Rs 10.454 million (2012: Rs 3,347.827 million and Rs 10.454 million) respectively.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 As a result of a recovery suit of Rs 31.455 million along with interest at the rate of thirteen percent (13%) per annum filed by the Octroi Contractor against the Government of Sindh, Union Council Bulari and Kotri Association of Trade and Industries (KATI) in the Civil Court, the Honorable Senior Judge issued a decree of Rs 7.336 million in favour of Octroi Contractor. KATI had filed an appeal in the High Court of Sindh, whereas, the Octroi Contractor had also filed an appeal requesting to enhance the amount of decree. Subsequently, the case was transferred to the Additional District Judge Kotri by the High Court of Sindh. The District Judge allowed the appeal in favour of KATI and remanded the case to Senior Civil Judge Kotri for adjudication. The relevant case has been dismissed by the Senior Civil Judge in favour of KATI. Subsequently the Octroi contractor has filed an appeal in the District Court Jamshoro against the dismissal. If the contractor's appeal is decided in its favour, then the company, being a member of KATI, would be required to pay its share as determined by the Court out of the total decree amount. The management of the company, based on the advice of its legal counsel handling the subject matter, is confident that the appeal will be decided in favour of KATI. Accordingly, no provision has been made in the financial statements on this account.

25.1.2 Cases have been filed against the company by some employees claiming approximately Rs 2.587 million (2012: Rs 0.804 million) in aggregate. Provision has not been made in these financial statements for the aforementioned amounts 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.

25.1.3 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 291.276 million (2012: Rs 360.031 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.

25.1.4 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 29.547 million (2012: Rs 29.547 million).

25.2 Commitments

25.2.1 Commitments in respect of capital expenditure amount to Rs 48.726 million (2012: Rs 222.852 million).

25.2.2 Outstanding letters of credit and acceptances amount to Rs 520.214 million (2012: Rs 500.560 million).

25.2.3 Outstanding duties leviable on clearing of stocks amount to Rs 11.144 million (2012: Rs 12.612 million).

26. COST OF SALES

	Note	**2013** (Rupees in '000)	2012 (Restated)
Opening stock of finished goods (including trading goods)		643,862	545,337
Cost of goods manufactured	26.1	12,220,139	11,369,243
Purchases of trading goods		2,346,974	2,026,420
		15,210,975	13,941,000
Less: Closing stock of finished goods (including trading goods)		616,081	643,862
		14,594,894	13,297,138

	Note	2013	2012
		(Rupees in '000)	
26.1 Cost of goods manufactured			(Restated)
Opening stock of work in process		185,395	68,132
Raw materials consumed	26.1.1 & 26.1.4	8,431,321	7,964,119
Packing materials consumed	26.1.2	2,244,033	2,208,011
Stores and spares consumed	26.1.3	45,311	39,869
Salaries, wages and other benefits		488,888	424,195
Staff retirement gratuity	22.8	10,744	9,886
Provident fund		8,889	7,690
Power and fuel		323,819	278,210
Repairs and maintenance		30,515	23,656
Rent, rates and taxes		11,143	8,884
Insurance		33,387	24,839
Laboratory expenses		4,838	4,753
Cartage		192,777	168,769
Depreciation	5.1.6	337,472	281,172
Amortisation	6.3	8	-
Other manufacturing expenses		40,905	42,453
		12,389,445	11,554,638
Less: Closing stock of work in process	10	169,306	185,395
		12,220,139	11,369,243
26.1.1 Raw materials consumed			
Opening stock		1,818,823	1,565,480
Purchases		8,401,734	8,217,462
		10,220,557	9,782,942
Less: Closing stock	10	1,789,236	1,818,823
		8,431,321	7,964,119
26.1.2 Packing materials consumed			
Opening stock		204,591	191,989
Purchases		2,252,141	2,220,613
		2,456,732	2,412,602
Less: Closing stock	10	212,699	204,591
		2,244,033	2,208,011
26.1.3 Stores and spares consumed			
Opening stock		64,952	36,352
Purchases		63,447	68,469
		128,399	104,821
Less: Closing stock	9	83,088	64,952
		45,311	39,869

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

	2013	2012
	(Rupees in '000)	
- Raw materials	2,225	15,263

	Note	2013	2012
		(Rupees in '000)	(Restated)

27. SELLING AND DISTRIBUTION COSTS

	Note	2013	2012
Salaries, wages and other benefits		299,103	239,091
Staff retirement gratuity	22.8	3,593	3,351
Provident fund		9,364	7,394
Travelling and conveyance		41,328	41,777
Repairs and maintenance		5,870	3,350
Vehicle running expenses		120,592	109,771
Advertising and sales promotion		1,753,255	1,602,710
Royalty on sale of licensed products		86,762	78,500
Postage, telephone and internet charges		14,179	12,147
Rent, rates and taxes		37,992	20,112
Printing and stationery		3,992	4,044
Subscription and membership		1,992	3,682
Legal and professional		829	929
Freight		656,898	624,728
Electricity		9,510	8,672
Insurance		17,621	15,302
Security service charges		6,082	6,079
Depreciation	5.1.6	33,170	27,722
Amortisation	6.3	269	440
Other expenses		18,604	25,873
		3,121,005	2,835,674
Less: Recovery from related parties		969	11,103
		3,120,036	2,824,571

28. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries, wages and other benefits		91,284	90,279
Staff retirement gratuity	22.8	3,746	3,519
Provident fund		3,871	3,492
Travelling and conveyance		4,899	5,422
Repairs and maintenance		11,672	8,852
Vehicle running expenses		10,566	9,338
Postage, telephone and internet charges		6,396	3,276
Rent, rates and taxes		4,705	4,664
Printing and stationery		2,376	1,867
Subscription and membership		6,102	4,526
Legal and professional		2,223	1,689
Electricity		3,408	2,734
Insurance		7,376	7,523
Security service charges		4,080	4,117
Depreciation	5.1.6	14,851	16,115
Amortisation	6.3	4,576	14,949
Others		739	484
		182,870	182,846
Less: Recovery from related parties		732	732
		182,138	182,114

	Note	2013	2012
		(Rupees in '000)	
29. OTHER EXPENSES			
Workers' profits participation fund	23.3	120,836	120,327
Workers' welfare fund	29.1	33,034	45,724
Auditors' remuneration	29.2	1,864	1,567
Property, plant and equipment - written off	5.1.1	1,501	2,250
Donations	29.3	16,200	16,995
Provision for impairment - trade debts	11.3	-	349
Net exchange loss		7,866	19,260
		181,301	206,472

29.1 Workers' welfare fund

	2013	2012
Charge for the year	45,257	45,724
Prior year	(12,223)	-
	33,034	45,724

29.2 Auditors' remuneration

	2013	2012
Audit fee	690	600
Fee for half yearly review and other certifications	860	650
Out of pocket expenses	314	317
	1,864	1,567

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

Name of director	Interest in donee	Name and address of donee	2013	2012
Mr. Iqbal Ali Lakhani	(See note below)	Special Olympics Pakistan, 205, Sunset Tower, Sunset Boulevard, DHA, Phase-II, Karachi.	-	300

Note: Spouse of Mr. Iqbal Ali Lakhani is the Program Chief Executive of the donee organisation.

Name of director	Interest in donee	Name and address of donee	2013	2012
Mr. Zulfiqar Ali Lakhani	(See note below)	Zulfiqar & Fatima Foundation, 9 - Khayaban-e-Ghazi, DHA, Phase-V, Karachi.	7,200	14,400

Note: Mr. Zulfiqar Ali Lakhani, his spouse and children are trustees of the donee organisation.

Name of director	Interest in donee	Name and address of donee	2013	2012
Mr. Zulfiqar Ali Lakhani, Mr. Amin Mohammed Lakhani and Mr. Iqbal Ali Lakhani	(See note below)	Hasanali and Gulbanoo Lakhani Foundation (formerly Hasanali Karabahi Foundation).	9,000	1,750

Note: The above mentioned directors are trustees of Hasanali and Gulbanoo Lakhani Foundation (formerly Hasanali Karabahi Foundation).

Name of director	Interest in donee	Name and address of donee	2013	2012
Mr. Iqbal Ali Lakhani	(See note below)	Pakistan Business Council, M-02, Mezzanine Floor, Beaumont Plaza, 10 Beaumont Road, Karachi.	-	525

Note: Mr. Iqbal Ali Lakhani is a board member of Pakistan Business Council.

	Note	2013	2012
		(Rupees in '000)	

30. OTHER INCOME

	Note	2013	2012
Income from financial assets / liabilities			
Profit on savings accounts		33,244	31,931
Profit on treasury bills		891	-
Profit on a term deposit receipt		117	344
Profit on short term investments		163	63
Gain on disposal of short term investments		23,669	2,289
Liabilities no longer payable written back		431	16
		58,515	34,643
Income from non-financial assets			
Insurance commission		7,867	9,608
Gain on disposal of items of property, plant and equipment	5.1.5	8,399	7,869
Sale of scrap		14,334	9,787
Interest income of employee loan		39	-
Sales tax refund		-	285
		30,639	27,549
		89,154	62,192

31. FINANCE COST

		2013	2012
Markup on short term borrowings		65	3,696
Guarantee commission		524	309
Bank commission and other charges		14,787	13,582
		15,376	17,587

32. TAXATION

	Note	2013	2012
		(Rupees in '000)	(Restated)
Current			
- for the year		706,640	577,052
- for prior years'		(31,237)	(60,244)
		675,403	516,808
Deferred tax		(1,704)	104,920
		673,699	621,728

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

	2013	2012
	Percentage	
Applicable tax rate	35.00	35.00
Tax effect of income that is not taxable in determining tax liability	-	(0.04)
Tax effect of income assessed under final tax regime	(1.30)	(0.91)
Tax effect of expenses that are not allowable in determining taxable income	-	(0.02)
Tax effect of change in statutory tax rate for next year	(0.57)	-
Tax credits	(1.49)	(3.63)
Others	(0.48)	-
	31.16	30.40
Tax effect of income tax provision relating to prior years	(1.38)	(2.69)
	29.78	27.71

33. EARNINGS PER SHARE

	2013	2012
	(Rupees in '000)	
		(Restated)
Profit after taxation	1,589,150	1,621,293
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year - restated	43,595,393	43,595,393
	(Rupees)	
Earnings per share - restated	36.45	37.19

33.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2013 and 2012.

34. CASH GENERATED FROM OPERATIONS

	Note	2013	2012
		(Rupees in '000)	
			(Restated)
Profit before taxation		2,262,849	2,243,021
Adjustment for non-cash charges and other items:			
Depreciation and amortisation expense		390,346	340,398
Gain on sale of items of property, plant and equipment		(8,399)	(7,869)
Provision for impairment - trade debts		-	349
Expenses for gratuity		18,083	16,756
Profit on savings accounts		(33,244)	(31,931)
Profit on a term deposit receipt		(117)	(344)
Profit on treasury bills		(891)	-
Gain on disposal of short term investments		(23,669)	(2,289)
Finance costs		65	3,696
Liabilities no longer payable written back		(431)	(16)
Net exchange loss		7,866	19,260
Stocks written off		2,225	15,263
Property, plant and equipment written off		1,501	2,250
Capital work-in-progress charged off		-	42
Working capital changes	34.1	127,027	(484,189)
		2,743,211	2,114,397

34.1 Working capital changes

	2013	2012
(Increase) in current assets:		
Stores and spares	(18,136)	(28,599)
Stock in trade	63,124	(496,996)
Trade debts	(40,916)	(171,713)
Loans and advances	(39,218)	330
Trade deposits and short term prepayments	(18,000)	2,727
Other receivables	(11,717)	29,537
	(64,863)	(664,714)
Increase in current liabilities:		
Trade and other payables	191,890	180,525
	127,027	(484,189)

35. PROPOSED DIVIDEND

The Board of Directors in their meeting held on July 29, 2013 has proposed a cash dividend of Rs 14 per share (2012: Rs 14 per share) for the year ended June 30, 2013, amounting to Rs 610.336 million (2012: Rs 508.613 million), bonus issue of 4,359,539 shares (2012: Rs 7,265,898 shares) at the rate of one share for every ten shares held (2012: one share for every five shares held) and transfer of unappropriated profit to general reserve amounting to Rs 935 million (2012: Rs 1.040 million) subject to the approval of members at the annual general meeting to be held on September 17, 2013.

36. RELATED PARTY DISCLOSURES

36.1 Disclosure of transactions between the Company and related parties

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

Nature of transaction	Note	Relationship with the Company	2013	2012
			(Rupees in '000)	
Sale of goods, services provided and reimbursement of expenses				
Century Paper & Board Mills Limited		Associate	339	307
Clover Pakistan Limited		Associate	3,417	13,452
Merit Packaging Limited		Associate	157	40
Rollins Industries (Private) Limited	36.3	Related party	1,015,090	861,136
Tetley Clover (Private) Limited		Associate	17,259	25,699
Cyber Internet Services (Private) Limited		Associate	41	31
Hasanali and Gulbanoo Lakhani Foundation (formerly Hasanali Karabahi Foundation)		Associate	37	20
SIZA Services (Private) Limited		Associate	18	8
SIZA (Private) Limited		Associate	19	-
Television Media Network (Private) Limited		Associate	251	127
SIZA Foods (Private) Limited		Associate	62	29
			1,036,690	900,849
Purchase of goods, services received and reimbursement of expenses				
Century Insurance Company Limited		Associate	120,923	103,030
Century Paper & Board Mills Limited		Associate	388,710	374,591
Century Publication (Private) Limited		Associate	9,236	16,399
Clover Pakistan Limited		Associate	1,418	3,287
Colgate-Palmolive China		Subsidiary of CP-USA	119,686	63,234
Colgate-Palmolive (Vietnam) Limited		Subsidiary of CP-USA	127,497	97,046
Colgate-Palmolive Company USA		Joint venture company	199,286	167,593
Colgate-Palmolive (Hong Kong) Limited		Subsidiary of CP-USA	1,260	311
Colgate-Palmolive (Thailand) Limited		Subsidiary of CP-USA	20,466	16,506
Cyber Internet Services (Private) Limited		Associate	9,273	8,578
Lakson Business Solutions Limited		Associate	3,650	1,947
Merit Packaging Limited		Associate	83,041	91,291
Princeton Travels (Private) Limited		Associate	9,220	18,053
Pakistan Business Council		Associate	1,250	1,000
Rollins Industries (Private) Limited	36.3	Related party	2,806,579	2,433,347
SIZA (Private) Limited		Associate	189	88
SIZA Foods (Private) Limited		Associate	703	303
SIZA Services (Private) Limited		Associate	2,495	35
Sybird (Private) Limited		Associate	2,398	3,111
Tetley Clover (Private) Limited		Associate	9,685	1,162
Ice Animations (Private) Limited		Associate	1,265	-
Colgate-Palmolive (Malaysia) Limited		Associate	445	-
Television Media Network (Private) Limited		Associate	64,388	56,609
			3,983,063	3,457,521

Nature of transaction	Note	Relationship with the Company	2013	2012
			(Rupees in '000)	
Rent, allied and other charges				
Hasanali and Gulbanoo Lakhani Foundation (formerly Hasanali Karabahi Foundation)		Associate	17,397	15,712
Rollins Industries (Private) Limited	36.3	Related party	7,200	5,400
SIZA Services (Private) Limited		Associate	746	734
Reliance Chemicals (Private) Limited		Associate	1,894	2,296
			27,237	24,142
Purchase of short term investments				
Lakson Investments Limited		Associate	1,200,000	600,000
Sale proceeds on redemption of short term investments				
Lakson Investments Limited		Associate	925,000	350,496
Profit on short term investments				
Lakson Investments Limited		Associate	163	63
Royalty charges				
Colgate-Palmolive Company USA		Joint venture company	86,762	78,500
Sale of property, plant and equipment				
Lakson Investments Limited		Associate	-	1,200
Contribution to staff retirement benefits				
Colgate-Palmolive (Pakistan) Limited Employees Contributory Provident Fund		Employees fund	22,124	18,576
Colgate-Palmolive (Pakistan) Limited Employees Gratuity Fund		Employees fund	20,467	19,282
			42,591	37,858
Donations				
Special Olympics Pakistan	29.3	Related party	-	300
Hasanali and Gulbanoo Lakhani Foundation (formerly Hasanali Karabahi Foundation)	29.3	Associate	9,000	1,750
Zulfiqar & Fatima Foundation	29.3	Associate	7,200	14,400
Pakistan Business Council	29.3	Associate	-	525
			16,200	16,975
Compensation paid to key management personnel				
Short-term employee benefits including compensated absences		Key management personnel	34,532	30,116
Post employment benefits		--do--	3,581	3,577
			38,113	33,693
Insurance claims received				
Century Insurance Company Limited		Associate	5,192	7,424
Insurance commission income				
Century Insurance Company Limited		Associate	7,867	9,608
Purchase of property, plant and equipment				
Tetley Clover (Private) Limited		Associate	-	1,070
Cyber Internet Services (Private) Limited		Associate	146	725
Lakson Business Solutions Limited		Associate	155	616
Clover Pakistan Limited		Associate	5,877	2,876
			6,178	5,287
Dividend paid				
Colgate-Palmolive Company USA		Joint venture company	152,584	132,682
Century Insurance Company Limited		Associate	187	163
Premier Fashions (Private) Limited		Associate	61,953	71,562
Rollins Industries (Private) Limited	36.3	Related party	21	18
SIZA (Private) Limited		Associate	88,397	34,697
SIZA Services (Private) Limited		Associate	128,580	124,902
SIZA Commodities (Private) Limited		Associate	15,608	40,863
			447,330	404,887

36.2 The related party status of outstanding balances as at June 30, 2013 are included in trade debts (note 11), loans and advances (note 12), other receivables (note 14) and trade and other payables (note 23). These are to be settled in the ordinary course of business. The receivables and payables are primarily unsecured in nature and bear no interest.

36.3 Rollins Industries (Private) Limited is a third party whose manufacturing process is dependent on the Company.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

37.1 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	
	2013	2012	**2013**	2012	**2013**	2012
	---------------------------------------(Rupees in '000)---					
Managerial remuneration	2,691	5,382	2,740	2,508	125,924	100,245
Bonus / commission	-	-	460	402	24,464	21,120
Staff retirement gratuity	-	-	733	694	1,745	1,950
Provident fund	-	-	247	226	10,816	8,439
Housing	807	1,614	1,233	1,129	56,752	44,354
Utilities	1,383	1,025	-	-	-	-
Motor vehicles	1,417	1,016	294	263	15,095	12,096
Others	-	-	283	260	18,522	14,727
	6,298	9,037	5,990	5,482	253,318	202,931
Number of persons	1	1	1	1	118	97

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

38. FINANCIAL INSTRUMENTS BY CATEGORY

	2013	2012
	(Rupees in '000)	
FINANCIAL ASSETS		
Loans and receivables at amortised cost		
Long term loans	13,565	9,452
Long term security deposits	13,581	10,712
Trade debts	533,353	492,437
Loans and advances	8,672	9,258
Trade deposits	14,272	4,885
Other receivables	18,591	6,795
Profit receivable from banks	9	29
Short term investments - Held to maturity	196,731	-
Cash and bank balances	1,051,925	837,882
	1,850,699	1,371,450
Available for sale		
Short term investments	781,541	255,329
	2,632,240	1,626,779
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Long term deposits	18,459	14,748
Trade and other payables	1,803,622	1,548,216
Accrued mark-up	-	23
	1,822,081	1,562,987

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 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 39.1.1, 39.1.2 and 39.1.3 below:

39.1.1 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 2,632.240 million (2012: Rs 1,626.779 million), the financial assets that are subject to credit risk amounted to Rs 2,435.054 million (2012: Rs 1,626.153 million).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2013 / 2012.

The bank balances along with credit ratings are tabulated below:

	2013	2012
	(Rupees in '000)	
Credit ratings		
A-1+	805,630	807,949
Others	150,734	6,592
	956,364	814,541

The analysis of credit rating of investors income of short term investments is as follows:

	2013	2012
Credit ratings	(Rupees in '000)	
AA(f)	577,307	255,329
AA+(f)	204,234	-
	781,541	255,329

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 11 is presented below:

	2013	2012
	(Rupees in '000)	
Due from customers other than related parties		
Institutional customers	362,689	256,380
Distributors	149,528	216,253
	512,217	472,633

Out of Rs 512.217 million (2012: Rs 472.633 million), the Company has provided Rs 30.943 million (2012: Rs 30.943 million) as the amounts being doubtful to be recovered from certain customers.

The balances of financial assets held with related parties are as follows:

	2013	2012
	(Rupees in '000)	
Trade debts	52,079	50,747
Other receivables	18,241	6,426
	70,320	57,173

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.

39.1.2 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, 2013	
Financial liabilities			
Long term deposits	-	18,459	18,459
Trade and other payables	1,803,622	-	1,803,622
	1,803,622	18,459	1,822,081
		June 30, 2012	
Financial liabilities			
Long term deposits	-	14,748	14,748
Trade and other payables	1,548,216	-	1,548,216
Accrued mark-up	23	-	23
	1,548,239	14,748	1,562,987

39.1.3 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, 2013, if the Pakistani rupees had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 25.671 million (2012: Rs 27 million). This will mainly result due to foreign exchange gains / losses on translation of USD and Euro denominated bank balances and 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, 2013 the Company's financial instruments mainly affected due to changes in the interest rates are balances placed on deposit accounts with banks and government treasury bills 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 and government treasury bills 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.

39.1.4 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, 2013 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradeable 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, 2013.

40. 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, 2013 and 2012, the Company had surplus reserves to meet its requirements.

41. ENTITY-WIDE INFORMATION

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

41.2 Information about products

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

	2013	2012
Personal Care	21%	21%
Home Care	75%	75%
Others	4%	4%
	100%	100%

41.3 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.

41.4 Information about major customers

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

42. PLANT CAPACITY AND ACTUAL PRODUCTION

	2013	2012
	(Quantities in tons)	
Capacity	232,700	232,460
Production	157,048	158,164

Actual production was sufficent to meet the demand.

43. PROVIDENT FUND RELATED DISCLOSURES

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

	2013	2012
	(Rupees in '000)	
Size of the fund - Total assets	410,549	372,954
Cost of investments made	386,353	354,334
Percentage of investments made	100%	100%
Fair value of investments	410,549	372,954

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

	2013		2012	
	(Rs in '000)	-----%------	(Rs in '000)	------%------
Shares in listed companies	18,028	4.39%	12,375	3.32%
Bank balances	346	0.08%	6,524	1.75%
Government securities	316,571	77.11%	265,171	71.10%
Debt securities	2,003	0.49%	2,000	0.53%
Mutual funds	73,601	17.93%	86,884	23.30%
	410,549	100%	372,954	100%

43.2 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.

44. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2013 and 2012 respectively are as follows:

	No of employees	
Average number of employees during the year	720	661
Number of employees as at June 30, 2013 / 2012	728	702

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 29, 2013 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, 2013

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

No. of shareholders	Shareholdings From	To		Total shares held
362	1	100	Shares	7,933
149	101	500	Shares	38,232
85	501	1,000	Shares	64,385
86	1,001	5,000	Shares	188,274
9	5,001	10,000	Shares	61,903
3	10,001	15,000	Shares	40,019
3	15,001	20,000	Shares	49,928
2	20,001	25,000	Shares	45,772
1	35,001	40,000	Shares	38,893
1	55,001	60,000	Shares	59,588
1	110,001	115,000	Shares	114,225
2	145,001	150,000	Shares	296,536
1	1,335,001	1,340,000	Shares	1,337,784
1	2,110,001	2,115,000	Shares	2,111,174
1	2,150,001	2,155,000	Shares	2,153,790
1	5,310,001	5,315,000	Shares	5,310,272
1	7,575,001	7,580,000	Shares	7,576,924
1	11,020,001	11,025,000	Shares	11,021,152
1	13,075,001	13,080,000	Shares	13,078,606
711	**Total**			**43,595,390**

Categories of shareholders	shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children	160,910	0.37
Associated Companies, undertakings and related parties	27,380,099	62.81
NIT and ICP	183	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies	10,252	0.02
Modarabas and Mutual Funds	1,042	-
Shareholders holding 10%	36,986,954	84.84
General Public		
a. Local	672,128	1.54
b. Foreign	15,370,776	35.26

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)	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		**SHARES HELD**
1.	M/s. SIZA (Pvt) Limited		7,576,924
2.	M/s. SIZA Services (Pvt) Limited		11,021,152
3.	M/s. SIZA Commodities (Pvt) Limited		1,337,784
4.	M/s. Premier Fashions (Pvt) Limited		5,310,272
5.	M/s. Century Insurance Company Limited		16,036
6.	Mrs. Gulbanoo Lakhani		2,111,174
7.	Mr. Sultan Ali Lakhani		307
8.	Mrs. Shaista Sultan Ali Lakhani		488
9.	Mr. Babar Ali Lakhani		2,619
10.	Mr. Bilal Ali Lakhani		859
11.	Mr. Danish Ali Lakhani		1,339
12.	Mrs. Natasha Lakhani		172
13.	Mrs. Anushka Zulfiqar Lakhani		397
14.	Miss Anika Amin Lakhani		576
ii)	**MUTUAL FUND**		
	CDC - Trustee AKD Index Tracker Fund		1,042
iii)	**DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN**		
1.	Mr. Iqbal Ali Lakhani	Chairman/Director	4,906
2.	Mr. Zulfiqar Ali Lakhani	Director/Chief Executive	1,423
3.	Mr. Amin Mohammed Lakhani	Director	4,782
4.	Mr. Tasleemuddin Ahmed Batlay	Director	1,779
5.	Mr. A. Aziz H. Ebrahim	Director	146,724
6.	Mr. Jerome Graham Webb	Nominee of Colgate-Palmolive Company, USA	-
7.	Mr. Mukul Deoras	Nominee of Colgate-Palmolive Company, USA	-
8.	Mrs. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani		453
9.	Mrs. Fatima Lakhani W/o. Zulfiqar Ali Lakhani		282
10.	Mrs. Saira Amin Lakhani W/o. Amin Mohammed Lakhani		561
iv)	**EXECUTIVES**		35
v)	**PUBLIC SECTOR COMPANIES AND CORPORATIONS**		NIL
vi)	**BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS AND: [Other than those reported at i (5)**		10,435
vii)	**SHAREHOLDERS HOLDING 5% OR MORE**		
	M/s. Colgate-Palmolive Company, USA. **[Other than those reported at i(1), i(2) & i(4)]**		13,078,606
viii)	**INDIVIDUALS AND OTHER THAN THOSE MENTIONED ABOVE**		2,964,263
			43,595,390

OPERATING AND FINANCIAL HIGHLIGHTS

BALANCE SHEET		2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
		(Rupees in '000)					
Property,plant and equipment		3,185,014	2,863,125	2,680,784	1,873,118	1,168,256	963,240
Intangible assets		4,987	6,341	18,775	32,155	42,074	14,715
Long term loans and security deposits		27,146	20,164	22,709	23,597	24,935	21,513
		3,217,147	2,889,630	2,722,268	1,928,870	1,235,265	999,468
Current assets		5,986,094	5,006,017	3,687,865	2,877,700	2,705,155	2,138,856
Current liabilities		2,067,693	1,867,801	1,668,040	1,011,144	1,072,926	834,290
		3,918,401	3,138,216	2,019,825	1,866,556	1,632,229	1,304,566
TOTAL ASSETS EMPLOYED		7,135,548	6,027,846	4,742,093	3,795,426	2,867,494	2,304,034
REPRESENTED BY							
Equity							
Paid-up capital		435,954	363,295	315,909	274,704	238,873	191,098
Reserves	*	6,194,232	5,186,354	4,054,720	3,302,442	2,461,338	1,950,245
Remeasurement on post retirement benefits obligation		(26,738)	(16,596)	(15,322)			
Surplus on revaluation of investments		27,970	3,189				201
		6,631,418	5,536,242	4,355,307	3,577,146	2,700,211	2,141,544
Non-Current liabilities							
Long term loans,deposits deferred tax and deferred liability		504,130	491,604	386,786	218,280	167,283	162,490
		504,130	491,604	386,786	218,280	167,283	162,490
		7,135,548	6,027,846	4,742,093	3,795,426	2,867,494	2,304,034
PROFIT AND LOSS ACCOUNT							
Turnover		25,515,265	23,327,820	18,132,057	14,583,936	13,994,706	8,976,538
Less : Sales tax & sed		3,869,346	3,464,671	2,994,755	2,260,329	2,148,237	1,323,402
: Trade discounts	*	1,378,479	1,154,438	986,882	794,297	581,792	461,773
		5,247,825	4,619,109	3,981,637	3,054,626	2,730,029	1,785,175
Net turnover		20,267,440	18,708,711	14,150,420	11,529,310	11,264,677	7,191,363
Cost of sales		14,594,894	13,297,138	9,990,872	7,699,401	8,482,756	5,035,128
Gross profit		5,672,546	5,411,573	4,159,548	3,829,909	2,781,921	2,156,235
Administrative,selling and distribution cost	*	(3,302,174)	(3,006,685)	(2,274,972)	(1,988,119)	(1,527,738)	(1,114,421)
Other expenses		(181,301)	(206,472)	(164,081)	(156,206)	(112,508)	(119,189)
Other income		89,154	62,192	72,573	89,644	53,297	118,259
		(3,394,321)	(3,150,965)	(2,366,480)	(2,054,681)	(1,586,949)	(1,115,351)
Profit from operations		2,278,225	2,260,608	1,793,068	1,775,228	1,194,972	1,040,884
Finance costs		15,376	17,587	11,933	11,036	48,867	19,875
Profit before taxation		2,262,849	2,243,021	1,781,135	1,764,192	1,146,105	1,021,009
Taxation		673,699	621,728	616,801	612,553	396,139	341,716
Profit after taxation		1,589,150	1,621,293	1,164,334	1,151,639	749,966	679,293

OPERATING AND FINANCIAL HIGHLIGHTS-CONTINUED

		2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
FINANCIAL RATIOS							
RATE OF RETURN							
Pre tax return on equity - restated	%	34	41	41	49	42	48
Post tax return on equity - restated	%	24	29	27	32	28	32
Return on average capital employed - restated	%	24	30	27	35	29	33
Interest cover - restated	times	148	129	150	161	24	52
PROFITABILITY							
Gross profit margin - restated	%	28	29	29	33	25	30
Operating profit to sales - restated	%	11	12	13	15	11	14
Pre tax profit to sales - restated	%	11	12	13	15	10	14
Post tax profit to sales - restated	%	8	9	8	10	7	9
LIQUIDITY							
Current Ratio	ratio	2.9:1	2.7:1	2.2:1	2.8:1	2.5:1	2.6:1
Quick ratio	ratio	1.5:1	1.1:1	0.8:1	1.5:1	1.5:1	1.3:1
FINANCIAL GEARING							
Debt equity ratio	ratio	0:100	0:100	0:100	0:100	0:100	0:100
Gearing ratio	times	0.39	0.43	0.47	0.34	0.46	0.47
CAPITAL EFFICIENCY							
Debtors turnover	days	10	10	8	10	11	9
Inventory turnover - restated	days	71	72	67	58	46	65
Total assets turnover	times	2	2	2	2	3	2
Property, plant and equipment turnover	times	6	7	5	6	9	7
INVESTMENT MEASURES PER ORDINARY SHARE							
Earnings per share - restated	Rs	36.45	37.19	26.71	26.41	17.20	15.58
Dividend cash (including proposed)	Rs	14	14	14	13.50	11.50	10.00
Dividend payout (including bonus)	%	41	36	42	36	41	35
Dividend yield	%	1	2	2	3	5	2
Price earning ratio - restated	times	50.34	26.35	28.80	22.20	16.28	40.10
Break-up value - restated	Rs	152.11	126.99	99.9	82.05	61.94	49.12
Market value - low	Rs	970.00	534.83	556.01	277.26	261.74	430.00
Market value - high	Rs	2,100.00	979.99	1,008.18	658.99	689.90	825.00
Market value - year end	Rs	1,835.00	979.99	769.25	586.40	280.00	624.79
Market capitalization -restated	Rs in Mn	79,998	42,723	33,536	25,564	12,207	27,238
Dividend - Cash	%	140	140	140	135	115	100
Dividend - Bonus shares	%	10	20	15	15	15	25

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 17th day of September 2013 and at any adjournment thereof.

Signed this____________ day of____________________ 2013.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held

Signature over Revenue Stamp

Witness 1

Signature ____________________________

Name ____________________________

CNIC No. ____________________________

Address ____________________________

____

Witness 2

Signature ____________________________

Name ____________________________

CNIC No. ____________________________

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 alongwith 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 that 48 hours before the time of the meeting.

Fold Here

AFFIX
CORRECT
POSTAGE

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

Fold Here

Fold Here Fold Here

Fold Here Fold Here

COLGATE-PALMOLIVE *(PAKISTAN) LTD.*

Lakson Square, Building No.2,
Sarwar Shaheed Road, Karachi-74200.
Tel: +9221-35698000

spectrumyr.com Printed by YAQEEN UAN: 111-927-336