



COLGATE-PALMOLIVE (PAKISTAN) LTD.

Colgate



Palmolive
Naturals



Colgate
Maxfresh



Colgate
Sensitive



Colgate
Sparkle

First Quarter Report

July - September 2011



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COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Jerome Graham Webb	
Derrick Samuel	
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	

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

DIRECTORS' REVIEW

The Directors are pleased to present the financial statements of the Company for the quarter ended September 30, 2011.

Financial results of the Company are as under:

	July- September 2011	July- September 2010	Increase/ Decrease
	Rupees in million	Rupees in million	%
Turnover	5,356	3,899	+37.4
Gross Profit	1,248	863	+44.5
- as %age to net sale	29.1%	28.3%	+80 bps
Selling and distribution costs	591	490	+20.8
- as %age to net sale	13.8%	16.0%	-220 bps
Administrative expenses	43	36	+20.0
- as %age to net sale	1.0%	1.2%	-20 bps
Profit from Operations	579	324	+78.7
NPAT	375	210	+78.1
Earning per share (restated) Rs.	10.31	5.79	+78.1

During the quarter ended September 30, 2011, the company has continued with its growing trend and has registered growth in its turnover of 37.4% compared to the corresponding period of last year. However, in the corresponding period last year, floods severely affected the overall revenues of the company and therefore the growth is exaggerated for this quarter.

During the period under report, Company's absolute gross profit increased by 44.5% and 80 bps in terms of percentage to net sale, even though cost pressures on company's key raw materials remained high. The company managed to mitigate the effect of this increase through selective price increases.

Selling and distribution expenses have increased by 20.8%, mainly attributable to increase in freight and vehicle running expenses. This is because of significant increase in fuel costs. Administrative expenses showed an increase of 20.0% in absolute terms and decreased by 20 bps in terms of percentage to net sales.

Profit from Operations showed an increase of 78.7% compared to last year's corresponding period. Net profit after tax (NPAT) has increased to 8.7% of net sale as compared to 6.9% during the corresponding period. Earning per Share has also increased by 78.1% to Rs.10.31 per share as compared to Rs. 5.79 per share of the same period last year.



FUTURE PROSPECTS

The company has made significant investments in plant and machinery, which has resulted not only in increased capacities, but has also helped the company to balance and modernize its overall manufacturing facilities. Your company is well poised to take up challenges and continue investing to expand our distribution base. The management is committed to deliver sustainable value to shareholders and customers by improving efficiency, controlling costs measures and innovations across all categories.

ACKNOWLEDGMENTS

The management takes this opportunity to thank customers, shareholders, suppliers, bankers and all other stakeholders. We also appreciate and acknowledge the continued support, commitment, loyalty and hard work of our employees.

On behalf of Board of Directors

IQBAL ALI LAKHANI
Chairman

Karachi : October 25, 2011

CONDENSED INTERIM BALANCE SHEET (Unaudited)

As at September 30, 2011

	Note	September 30, 2011	June 30, 2011
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,748,232	2,680,784
Intangible assets		14,741	18,775
Long term loans		12,067	13,528
Long term security deposits		9,181	9,181
		<u>2,784,221</u>	<u>2,722,268</u>
CURRENT ASSETS			
Stores and spares		38,565	36,353
Stock in trade		2,069,448	2,370,938
Trade debts		431,970	321,073
Loans and advances	5	103,986	92,674
Trade deposits and short term prepayments	6	70,325	22,925
Other receivables	7	29,306	50,473
Profit receivable from banks		42	13
Taxation		166,081	174,573
Cash and bank balances		258,056	618,843
		<u>3,167,779</u>	<u>3,687,865</u>
TOTAL ASSETS		<u>5,952,000</u>	<u>6,410,133</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
40,000,000 ordinary shares of Rs.10 each		400,000	400,000
Issued, subscribed and paid-up share capital	8	363,295	315,909
Reserves		3,942,677	4,057,766
		<u>4,305,972</u>	<u>4,373,675</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		352,414	354,473
Long term deposits		13,996	13,945
		<u>366,410</u>	<u>368,418</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,276,324	1,667,916
Accrued mark-up		3,294	124
		<u>1,279,618</u>	<u>1,668,040</u>
TOTAL LIABILITIES		<u>1,646,028</u>	<u>2,036,458</u>
CONTINGENCIES AND COMMITMENTS			
	10		
		<u>5,952,000</u>	<u>6,410,133</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial report.


Zulfiqar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT** (Unaudited)

For the Quarter ended September 30, 2011

	Note	Quarter ended September 30, 2011	Quarter ended September 30, 2010
		(Rupees in '000)	
Turnover		5,356,393	3,898,969
Sales tax		(786,265)	(593,876)
Special excise duty			(30,830)
Trade discounts		(281,402)	(222,971)
Net turnover		4,288,726	3,051,292
Cost of sales		(3,040,770)	(2,187,820)
Gross profit		1,247,956	863,472
Selling and distribution costs		(591,286)	(489,542)
Administrative expenses		(43,199)	(35,998)
Other operating expenses		(47,548)	(32,469)
Other operating income		12,984	18,403
Profit from operations		578,907	323,866
Finance costs		(6,396)	(2,661)
Profit before taxation		572,511	321,205
Taxation			
- Current - for the period		200,000	116,000
- for prior year			(140)
- Deferred		(2,059)	(5,000)
		(197,941)	(110,860)
Profit after taxation		374,570	210,345
Other comprehensive income for the period			
Realised gain during the period in the market value of investments classified as 'available for sale'			1,385
Total comprehensive income for the period		374,570	211,730
Earnings per share (restated) - Rs.	11	10.31	5.79

The annexed notes 1 to 14 form an integral part of this condensed interim financial report.

Zulfiqar Ali Lakhani
Chief Executive**Tasleemuddin Ahmed Batlay**
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the Quarter ended September 30, 2011

	Issued, subscribed and paid up share capital	Capital reserve-share premium	Revenue reserves		Surplus on revaluation of investments	Total
			General reserve	Unappropriated profit		
(Rupees in '000)						
Balance as at July 1, 2010	274,704	13,456	2,130,000	1,158,986		3,577,146
Comprehensive income for the period						
Net profit for the quarter ended September 30, 2010				210,345		210,345
Other comprehensive income						
Realised gain during the period in the market value of investments classified as 'available for sale'					1,385	1,385
Transfer to general reserve			740,000	(740,000)		-
Total other comprehensive income	-	-	740,000	(740,000)	1,385	1,385
Total comprehensive income for the quarter ended September 30, 2010	-	-	740,000	(529,655)	1,385	211,730
Transactions with owners						
Final dividend for the year ended June 30, 2010 (Rs. 13.50 per share)				(370,850)		(370,850)
Bonus shares issued at the rate of three shares for every twenty shares held	41,205			(41,205)		
Total transactions with owners	41,205	-	-	(412,055)	-	(370,850)
Balance as at September 30, 2010	315,909	13,456	2,870,000	217,276	1,385	3,418,026
Balance as at July 1, 2011	315,909	13,456	2,870,000	1,174,310		4,373,675
Comprehensive income for the period						
Net profit for the quarter ended September 30, 2011				374,570		374,570
Other comprehensive income						
Transfer to general reserve			680,000	(680,000)		
Total other comprehensive income			680,000	(680,000)		
Total comprehensive income for the quarter ended September 30, 2011			680,000	(305,430)		374,570
Transactions with owners						
Final dividend for the year ended June 30, 2011 (Rs. 14.00 per share)				(442,273)		(442,273)
Bonus shares issued at the rate of three shares for every twenty shares held	47,386			(47,386)		
Total transactions with owners	47,386			(489,659)		(442,273)
Balance as at September 30, 2011	363,295	13,456	3,550,000	379,221		4,305,972

The annexed notes 1 to 14 form an integral part of this condensed interim financial report.


Zulfiqar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director

**CONDENSED INTERIM CASH FLOW STATEMENT** (Unaudited)

For the Quarter ended September 30, 2011

	Note	Quarter ended September 30, 2011 (Rupees in '000)	Quarter ended September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	397,611	68,221
Financial costs paid		(3,225)	(2,500)
Taxes paid		(191,510)	(120,106)
Long term loans		1,765	(3,405)
Long term deposits		49	(85)
Net cash inflow / (outflow) from operating activities		204,690	(57,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(134,137)	(136,685)
Sale proceeds on disposal of property, plant and equipment		370	2,462
Profit on bank deposits received		7,720	16,223
Sale proceeds on redemption of short term investments			101,107
Purchase of short term investments			(200,000)
Net cash outflow due to investing activities		(126,047)	(216,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan			(625)
Dividend paid		(439,430)	(369,650)
Net cash outflow due to financing activities		(439,430)	(370,275)
Net (decrease) in cash and cash equivalents		(360,787)	(645,043)
Cash and cash equivalents at the beginning of the period		618,843	1,088,021
Cash and cash equivalents at the end of the period		258,056	442,978

The annexed notes 1 to 14 form an integral part of this condensed interim financial report.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL REPORT (Unaudited)

For the Quarter ended September 30, 2011

1. THE COMPANY AND ITS OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial report of the company for the period ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 The comparative condensed balance sheet, presented in this condensed interim financial report, as at June 30, 2011 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2011 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the period ended September 30, 2010 and are unaudited.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same those applied in the preparation of the financial statements for the year ended June 30, 2011.

September 30, 2011	June 30, 2011
(Rupees in '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - notes 4.1 and 4.2	2,078,142	2,088,144
Capital work-in-progress - note 4.3	670,090	592,640
	<u>2,748,232</u>	<u>2,680,784</u>



	Quarter ended September 30, 2011	Quarter ended September 30, 2010
(Rupees in '000)		
4.1 Additions - operating fixed assets (at cost)		
Factory building on leasehold land	4,101	44
Plant and machinery	31,718	3,551
Electric fittings and installation	701	46
Furniture and fixtures	1,981	54
Tools and equipment	5,027	120
Vehicles	6,749	2,091
Computer and accessories	5,957	961
Office equipment	453	357
	<u>56,687</u>	<u>7,224</u>
4.1.1 Additions include transfers from capital work-in-progress.		
4.2 Disposals/Write offs - operating fixed assets (at cost)		
Vehicles	399	2,520
Computer and accessories		93
Office equipment		431
	<u>399</u>	<u>3,044</u>
4.3 Additions - Capital Work-in-Progress (at cost)		
Factory building on leasehold land	8,401	46,827
Plant and machinery	57,287	61,088
Electric fittings and installation	3,788	15,256
Tools and equipment	2,454	1,993
Furniture & fixtures	5,174	4,239
Office equipment	346	59
	<u>77,450</u>	<u>129,462</u>
4.4	Included in fixed assets are few items having cost of Rs. 29.045 million (June 30,2011: Rs. 29.045 million) held by related parties and Rs. 42.935 million (June 2011: Rs. 42.375 million) held by third parties for manufacturing certain products of the company. These fixed assets are free of lien and the company has full rights of repossession of these assets.	

September 30, **June 30,**
2011 **2011**
(Rupees in '000)

5. LOANS AND ADVANCES

Considered good		
Current portion of long term loans to employees		
- due from executives	1,328	3,017
- due from other employees	9,128	7,743
	<u>10,456</u>	<u>10,760</u>
Advances		
- to employees - note 5.1	12,368	9,899
- to contractors and suppliers - note 5.2	81,162	72,015
	<u>103,986</u>	<u>92,674</u>

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

5.2 Included in advances to contractors and suppliers is an amount of Rs. 2.400 million (June 30, 2011: Rs.2.996 million) given to related parties.

6. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	13,995	5,780
Prepayments	56,330	17,145
	<u>70,325</u>	<u>22,925</u>

7. OTHER RECEIVABLES

Receivable from related parties - note 7.1	19,668	7,930
Federal Excise duty claimable	168	
Claims receivable from an insurance company	354	500
Sales tax refundable		41,439
Special excise duty refundable	8,588	
Others	528	604
	<u>29,306</u>	<u>50,473</u>

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

Century Insurance Company Limited		134
Clover Pakistan Limited	748	742
Tetley Clover (Private) Limited	8,731	7,054
Rollins Industries (Pvt) Limited	9	
Employees gratuity fund	10,180	
	<u>19,668</u>	<u>7,930</u>

**8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

September 30, 2011 (Number of shares)	June 30, 2011		September 30, 2011 (Rupees in '000)	June 30, 2011
5,882,353	5,882,353	Ordinary shares of Rs. 10 each fully paid in cash	58,824	58,824
30,447,141	25,708,512	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	304,471	257,085
<u>36,329,494</u>	<u>31,590,865</u>		<u>363,295</u>	<u>315,909</u>

**September 30,
2011**
(Rupees in '000)

9. TRADE AND OTHER PAYABLES

Trade creditors - note 9.1	482,511	485,428
Accrued liabilities - note 9.2	365,682	332,395
Bills payable	130,624	596,214
Amounts due to distributors	21,414	19,801
Special excise duty payable		7,792
Sales tax payable	78,443	
Royalty payable to an associated undertaking	85,365	63,999
Workers' profit participation fund	29,569	95,821
Workers' welfare fund	48,112	36,412
Retention money payable	8,388	9,545
Unclaimed dividend	5,447	2,605
Others - note 9.3	20,769	17,904
	<u>1,276,324</u>	<u>1,667,916</u>

9.1 This includes Rs. 59.160 million (June 30, 2011: Rs. 36.359 million) payable to related parties.

9.2 This includes Rs. 0.807 million (June 30, 2011: Rs. 1.575 million) payable to related parties.

9.3 This includes Rs. 3.733 million (June 30, 2011: Rs. 3.696 million) payable to related parties.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The status of contingency which was reported in note 23.1.1 to the financial statements for the year ended June 30, 2011 has remained unchanged.

10.1.2 The claim amount of the contingency reported in note 23.1.2 to the financial statements for the year ended June 30, 2010 has been decreased to Rs. 1.441 million as some cases have been withdrawn during the period.

No provision has been made in this condensed interim financial report for the same as the management is of the opinion that the matters shall be decided in favour of the company.

10.1.3 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 437.950 million (June 30, 2011: Rs 382.324 million) payable at the time of ex-bonding 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.

10.1.4 Contingent liabilities in respect of indemnities given to the financial institutions for guarantees issued by them in the normal course of business aggregate Rs.21 million (June 30, 2011 - Rs. 21 million).

10.2 Commitments

10.2.1 Commitments in respect of capital expenditure amount to Rs. 76.538 million (June 30, 2011: Rs. 101.898 million).

10.2.2 Outstanding letters of credit and acceptances amount to Rs. 407.596 million (June 30, 2011: Rs. 759.004 million).

10.2.3 Outstanding duties leviable on clearing of stocks amount to Rs. 0.955 million (June 30, 2011: Rs. 16.027 million).

	Quarter ended September 30, 2011	Quarter ended September 30, 2010
	(Rupees in '000)	
11. EARNINGS PER SHARE		
Profit after taxation	<u>374,570</u>	<u>210,345</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period	<u>36,329,494</u>	<u>36,329,494</u>
	(Rupees)	
Earnings per share - restated	<u>10.31</u>	<u>5.79</u>



11.1 There were no dilutive potential ordinary shares outstanding as at September 30, 2011 and 2010.

**Quarter ended
September 30,
2011** Quarter ended
September 30,
2010
(Rupees in '000)

12. CASH GENERATED FROM OPERATIONS

Profit before taxation	572,511	321,205
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	70,435	44,615
Gain on disposal of property, plant and equipment	(83)	(1,167)
Property, plant and equipment written off		64
Profit on bank deposits	(7,748)	(13,243)
Profit on redemption of short term investments		(1,107)
Finance costs	6,396	2,661
Net exchange gain	(805)	3,064
Working capital changes – note 12.1	<u>(243,095)</u>	<u>(287,871)</u>
	<u>397,611</u>	<u>68,221</u>
12.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(2,212)	(4,705)
Stock in trade	301,490	(180,297)
Trade debts	(110,897)	(124,162)
Loans and advances	(11,616)	(7,793)
Trade deposits and short term prepayments	(47,400)	(32,999)
Other receivables	<u>21,167</u>	<u>(15,327)</u>
	150,532	(365,283)
Increase / (decrease) in current liabilities:		
Trade and other payables	<u>(393,627)</u>	<u>77,412</u>
	<u>(243,095)</u>	<u>(287,871)</u>

13. TRANSACTIONS WITH RELATED PARTIES

	Relationship with the Company	Quarter ended September 30, 2011 (Rupees in '000)	Quarter ended September 30, 2010
Sale of goods, services and reimbursement of expenses	Associates	181,854	137,974
Purchase of goods and services received and reimbursement of expenses	Associates	770,889	648,853
Purchase of short term investments	Associates		200,000
Profit on short term investments		61	
Sale proceeds on redemption of short term investments	Associates		101,107
Purchase of property, plant and equipment		317	
Rent, allied and other charges	Associates	5,087	6,094
Royalty charges	Associates	21,366	16,339
Insurance claims received	Associates	1,595	206
Insurance commission income	Associates	3,553	2,390
Contribution to staff retirement benefits	Retirement benefits fund	9,082	8,033
Key management personnel compensation	Directors	10,047	8,932
Donation	Associates	5,350	4,800
Dividend paid	Associates	364,399	339,502
		September 30, 2011	June 30, 2011
		(Rupees in '000)	(Rupees in '000)
Receivable against sale of goods	Associates	63,379	718
Loans and advances	Associates		Refer note 5
Other receivable from related parties	Associates		Refer note 7
Royalties payable to associated undertaking	Associates		Refer note 9
Payable against purchase of goods	Associates		Refer note 9

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 25, 2011 by the Board of Directors of the company.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director



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