



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

For the Quarter and Nine months period ended March 31, 2010

1. STATUS AND NATURE OF BUSINESS

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 nine months period ended March 31, 2010 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 This condensed interim financial report comprises of the condensed interim balance sheet as at March 31, 2010 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the nine months period then ended. This condensed interim financial report also includes the condensed interim profit and loss account for the quarter ended March 31, 2010.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial report, as at June 30, 2009 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2009 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the nine months period ended March 31, 2009 are also included in this condensed interim financial report.
- 2.4 Standard, amendments and interpretations effective from July 1, 2009 which were reported in notes 2.4 and 2.5 to the condensed interim financial report for the six months period ended December 31, 2009 has remained same.

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, 2009 except for the change in accounting policy and adoption of a new accounting policy which were reported in notes 3.1.1 and 3.2 to the condensed interim financial report for the six months period ended December 31, 2009.

	March 31, 2010	June 30, 2009
	(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - notes 4.1 and 4.2	1,005,645	1,024,478
Capital work-in-progress - note 4.3	757,563	143,778
	<u>1,763,208</u>	<u>1,168,256</u>
	Nine months period ended March 31, 2010	Nine months period ended March 31, 2009
	(Rupees in '000)	
4.1 Additions - operating fixed assets (at cost)		
Leasehold Land		30,618
Factory building on leasehold land	978	5,817
Plant and machinery	8,275	52,810
Electric fittings and installation	2,160	1,575
Furniture and fixtures	596	361
Tools and equipment	17,852	4,392
Vehicles	34,672	34,975
Computer and accessories	4,381	7,556
Office equipment	3,636	9,588
	<u>72,550</u>	<u>147,692</u>
4.1.1 Additions include transfers from capital work-in-progress		
4.2 Disposals - operating fixed assets (at cost)		
Vehicles	8,791	7,943
Computer and accessories	233	1,010
Office equipment		36
	<u>9,024</u>	<u>8,989</u>



	Nine months period ended March 31, 2010	Nine months period ended March 31, 2009
(Rupees in '000)		
4.3 Additions - Capital Work-in-Progress (at cost)		
Factory building on leasehold land	129,391	15,606
Plant and machinery	446,444	2,969
Electric fittings and installation	7,025	292
Tools and equipment	3,349	
Vehicles	1,800	
Computer and accessories	2,373	
Furniture & fixture	17,933	977
Office equipment	5,290	19
Computer software	182	
	613,787	19,863

With effect from July 1, 2009 the management of the company has reassessed its estimate in respect of residual values and depreciation method of its items of ' property, plant and equipment ' as reported in notes to the condensed interim financial report for the six months period ended December 31, 2009.

- 4.4 Included in fixed assets are few items having cost of Rs. 43.354 million (June 30, 2009: Rs. 29.432 million) held by related parties. These fixed assets are free of lien and the company has full rights of repossession of these assets.

	March 31, 2010	June 30, 2009
(Rupees in '000)		
5. LOANS AND ADVANCES		
Considered good		
Current portion of long term loans to employees		
- due from executives	1,115	300
- due from other employees	8,654	8,346
	9,769	8,646
Advances		
- to employees - note 5.1	10,724	9,555
- to contractors and suppliers - note 5.2	78,292	46,564
- against letter of credit		93,963
	98,785	158,728

- 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. Nil (June 30, 2009: Rs. 0.154 million) given to related parties.

	March 31, 2010	June 30, 2009
	(Rupees in '000)	
6. TRADE DEPOSITS, SHORT TERM PREPAYMENTS		
Security deposits	16,910	12,758
Prepayments	27,294	12,966
	<u>44,204</u>	<u>25,724</u>

7. OTHER RECEIVABLES

Receivable from related parties - note 7.1	9,455	10,242
Claims receivable from an insurance company	680	285
Others	1,912	1,613
	<u>12,047</u>	<u>12,140</u>

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

Century Insurance Company Limited	106	1,861
Clover Pakistan Limited	556	1,706
Colgate-Palmolive Philipine	6	6
Tetley Clover (Private) Limited	4,685	6,669
Rollins Industries (Pvt) Limited	9	
Employees gratuity fund	4,093	
	<u>9,455</u>	<u>10,242</u>

8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

March 31, 2010	June 30, 2009		March 31, 2010	June 30, 2009
(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
21,587,964	18,004,880	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	215,880	180,049
<u>27,470,317</u>	<u>23,887,233</u>		<u>274,704</u>	<u>238,873</u>



March 31,
2010
(Rupees in '000)

June 30,
2009

9. TRADE AND OTHER PAYABLES

Trade creditors - note 9.1	413,470	308,605
Accrued liabilities	238,925	229,111
Bills payable	67,824	194,515
Amounts due to distributors	54,985	11,448
Special excise duty payable	5,104	5,102
Sales tax payable	53,900	85,235
Royalty payable to an associated undertaking	78,548	42,186
Workers profit participation fund	78,445	61,528
Workers welfare fund	29,300	22,922
Retention money payable	7,850	261
Unclaimed dividend	2,194	1,877
Others - note 9.2	17,166	12,591
	<u>1,047,711</u>	<u>975,381</u>

9.1 This includes Rs. 42.367 million (June 30,2009: Rs. 61.888 million) payable to related parties.

9.2 This includes Rs. 4.182 million (June 30,2009: Rs. 4.963 million) payable to related parties.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The status of the contingencies which were reported in notes 26.1.1 and 26.1.2 to the financial statements for the year ended June 30, 2009 has remained unchanged.

10.1.2 The claim amount of the contingency reported in note 26.1.3 to the financial statements for the year ended June 30, 2009 has been increased to Rs.1.603 million as some cases have been added 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 81.365 million (June 30, 2009: Rs 23.014 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. 18.300 million (June 30,2009 - Rs. 18.300 million).

10.2 Commitments

10.2.1 Commitments in respect of capital expenditure amount to Rs. 26.810 million (June 30,2009:Rs. 315.230 million).

10.2.2 Outstanding letters of credit and acceptances amount to Rs. 311.748 million (June 30,2009:Rs. 443.054 million).

10.2.3 Outstanding duties leviable on clearing of stocks amount to Rs. 3.987 million (June 30,2009:Rs. 7.981 million).

11. EARNINGS PER SHARE

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Nine months period ended March 31, 2010	Nine months period ended March 31, 2009
	(Rupees in '000)			
Profit after taxation	287,252	252,429	959,229	494,052
	(Number of shares)			
Weighted average number of ordinary shares outstanding during the period	27,470,317	27,470,317	27,470,317	27,470,317
	(Rupees)			
Earnings per share (restated)	10.46	9.18	34.92	17.98

11.1 There were no dilutive potential ordinary shares outstanding as at March 31, 2010.



	Nine months period ended March 31, 2010	Nine months period ended March 31, 2009
	(Rupees in '000)	
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,461,142	753,718
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	104,295	99,257
Gain on disposal of property, plant and equipment	(4,020)	(4,507)
Property, plant and equipment written off	34	1,361
Intangible assets written off	2,760	
Provision for doubtful debts	3,245	
Stock in trade written off	1,126	
Profit on bank deposits	(54,937)	(16,339)
Profit on disposal of short term investments		(4,965)
Transfer of surplus from revaluation reserve on disposal of short term investments		(201)
Finance costs	8,372	41,620
Working capital changes – note 12.1	(455,643)	(697,244)
	<u>1,066,374</u>	<u>172,700</u>
12.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(5,298)	(1,816)
Stock in trade	(540,386)	(488,250)
Trade debts	(24,829)	(198,978)
Loans and advances	61,065	(75,375)
Trade deposits, short term prepayments	(18,480)	(17,112)
Other receivables	93	26,493
	<u>(527,835)</u>	<u>(755,038)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	72,192	57,794
	<u>(455,643)</u>	<u>(697,244)</u>

13. TRANSACTIONS WITH RELATED PARTIES

	Relationship with the Company	Nine months period ended March 31, 2010	Nine months period ended March 31, 2009
(Rupees in '000)			
Sale of goods, services and reimbursement of expenses	Associates	385,127	488,342
Purchase of goods and services received and reimbursement of expenses	Associates	1,662,442	1,631,211
Rent, allied and other charges	Associates	13,596	11,041
Royalty charges	Associates	36,362	32,024
Insurance claims received	Associates	8,854	42,514
Insurance commission income	Associates	1,746	3,637
Sale of property, plant and equipment	Associates	150	290
Purchase of property, plant and equipment		55	
Contribution to staff retirement benefits	Retirement benefit fund	26,077	16,474
Key management personnel compensation	Directors	20,666	19,220
Donation	Associates	6,450	200
Dividend paid	Associates	251,483	174,936
		March 31, 2010	June 30, 2009
(Rupees in '000)			
Receivable against sale of goods	Associates	9,311	41,310
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
Due from gratuity fund	Retirement benefit fund	4,093	
Payable against purchase of goods	Associates		Refer note 9

14. CORRESPONDING FIGURES

For the purposes of comparison and better presentation following reclassifications have been made :

From	To	(Rupees in '000)
Trade creditors (note 9)	Accrued liabilities (note 9)	157,828
Accrued liabilities (note 9)	Royalty payable to associated under taking (note 9)	6,750
Trade discounts	Selling and distribution costs	59,787
Capital work-in-progress (note 4)	Intangibles	25,262
Other operating income	Other operating expenses	12,548

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on April 23, 2010 by the Board of Directors of the company.


Zulfikar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director