

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2009 (Unaudited)

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 manufacture and sale of detergents, personal and other related products.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchanges.

The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2009 has been extracted from the 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 comprehensive income, condensed interim statement of changes in equity and the condensed cash flow statement are for the quarter ended September 30, 2008 and are unaudited.

2.2 The accounting policies and the methods of computations of balances adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended June 30, 2009.

September 30, 2009	June 30, 2009
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(Rupees in '000)

3. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - notes 3.1 and 3.2	1,027,980	1,024,478
Capital work-in-progress - note 3.3	257,350	169,040
	<u>1,285,330</u>	<u>1,193,518</u>



	September 30, 2009	September 30, 2008
	(Rupees in '000)	
3.1 Additions		
Factory building on leasehold land	978	1,033
Plant and machinery	2,190	5,095
Electric fittings and installation	578	
Furniture and fixtures	84	1,274
Tools and equipment	17,094	2,273
Vehicles	9,371	15,495
Computers and accessories	1,403	8,394
Office equipment	2,293	3,245
	<u>33,991</u>	<u>36,809</u>

3.1.1 Additions include transfers from capital work-in-progress.

3.1.2 These represent cost of assets acquired.

3.2 Disposals - at cost

Vehicles	3,941	2,740
Computers and accessories	211	608
Office equipment		36
	<u>4,152</u>	<u>3,384</u>

3.2.1 These represent cost of assets disposed / written off.

3.3 Additions - at cost

Capital work-in-progress

Factory building on leasehold land	11,553	1,241
Plant and machinery	45,999	
Electric fittings and installation	1,633	
Furniture & fixture	16,152	
Vehicles		4,818
Computer software	12,225	
Computers and accessories		3,266
Office equipment	748	
	<u>88,310</u>	<u>9,325</u>

3.3.1 These represents cost of assets acquired.

	September 30, 2009	June 30, 2009
	(Rupees in '000)	
4. LOANS AND ADVANCES		
Considered good		
Current portion of long term loans to employees	9,053	8,646
Advances		
- to employees (4.1)	10,491	9,555
- to contractors and suppliers	99,720	46,564
- against letters of credit	40,620	93,963
	<u>159,884</u>	<u>158,728</u>
4.1 Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.		
5. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits and short term prepayments:		
With-holding sales tax	3,217	
Security deposits	17,084	12,758
Prepayments	35,444	12,966
	<u>55,745</u>	<u>25,724</u>
6. OTHER RECEIVABLES		
Receivable from related parties	13,674	10,242
Claims receivable from an insurance company	551	285
Others		1,613
	<u>14,225</u>	<u>12,140</u>
6.1 Other receivables include the following amounts due from related parties:		
Century Insurance Company Limited	1,483	1,861
Clover Pakistan Limited	1,431	1,706
Colgate-Palmolive Philippine	6	6
Tetley Clover (Private) Limited	7,263	6,669
Rollins Industries (Private) Limited	18	
CPPL Employees WPPF Trust	3,473	
	<u>13,674</u>	<u>10,242</u>
7. CASH AND BANK BALANCES		
With banks on:		
- Current accounts	341,593	89,697
- Savings accounts	545,833	786,257
- Term deposit account	100,000	100,000
	<u>987,426</u>	<u>975,954</u>
Cheques in hand	69,557	48,116
Cash in hand	1,143	596
	<u>1,058,126</u>	<u>1,024,666</u>

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

September 30, 2009 (Number of shares)	June 30, 2009		September 30, 2009 (Rupees in '000)	June 30, 2009
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>

**September 30,
2009**
(Rupees in '000)

**June 30,
2009**

9. TRADE AND OTHER PAYABLES

Trade creditors	364,209	466,433
Accrued liabilities	215,818	78,033
Bills payable	72,063	194,515
Amounts due to distributors	25,267	11,448
Special excise duty payable	14,787	5,102
Sales tax payable	78,986	85,235
Royalty payable to an associated undertaking	47,811	35,436
Workers' profit participation fund	29,461	61,528
Workers' welfare fund	34,022	22,922
Retention money payable	358	261
Unclaimed dividend	5,461	1,877
Others	12,692	12,591
	<u>900,935</u>	<u>975,381</u>

10. SHORT TERM BORROWINGS

Short term running finances - Secured		
- Running finance facilities	<u>40,323</u>	

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

11.1.2 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 decreased to Rs. 0.811 million as some cases have been withdrawn during the period.

No provision has been made in these financial statements for the same as the management is of the opinion that matter shall be decided in favour of the company.

11.1.3 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 79.400 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.

11.1.4 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).

11.2 Commitments

11.2.1 Commitments in respect of capital expenditure amounted to Rs. 349.083 million (June 30,2009: Rs. 315.230 million).

11.2.2 Outstanding letters of credit and acceptances amount to Rs. 423.446 million (June 30,2009:Rs. 443.054 million).

11.2.3 Outstanding duties leviable on clearing of stocks amount to Rs. 17.013 million (June 30,2009:Rs. 7.981 million).

12. EARNINGS PER SHARE

	September 30, 2009	September 30, 2008
	(Rupees in '000)	
Profit after taxation	<u>363,533</u>	<u>145,027</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period - restated	<u>27,470,317</u>	<u>27,410,317</u>
	(Rupees)	
Earnings per share - (restated)	<u>13.23</u>	<u>5.28</u>

12.1 There were no dilutive potential ordinary shares outstanding as at September 30, 2009.



September 30, September 30,
2009 2008
(Rupees in '000)

13. CASH GENERATED FROM OPERATIONS

Profit before taxation	548,633	218,627
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	31,605	31,332
Gain on disposal of property, plant and equipment	(2,201)	(2,001)
Provision for impairment - trade debts	3,245	
Bad debts written off	(3,210)	
Profit on savings accounts	(17,643)	(7,305)
Profit on term deposit accounts	(2,751)	(737)
Profit on disposal of short term investments	-	(5,080)
Finance costs	2,672	2,813
Net exchange loss	1,472	9,458
Property, plant and equipment written off	31	
Stocks written off	1,126	
Working capital changes – note 13.1	(84,613)	(768,437)
	<u>478,366</u>	<u>(521,330)</u>
13.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(506)	(142)
Stock in trade	88,660	(466,186)
Trade debts	(60,414)	(67,752)
Loans and advances	(749)	(527,502)
Trade deposits, short term prepayments	(30,021)	(8,537)
Other receivable	(2,085)	(8,962)
	<u>(5,115)</u>	<u>(1,079,081)</u>
(Increase) / decrease in current liabilities:		
Trade and other payables	(79,498)	310,644
	<u>(84,613)</u>	<u>(768,437)</u>

14. TRANSACTIONS WITH RELATED PARTIES

Sale of goods, services and reimbursement of expenses	111,583	95,598
Purchase of goods, services received and reimbursement of expenses	508,940	463,654
Rent, allied and other charges	5,655	3,285
Royalty charges	12,375	11,413
Insurance claims received	4,624	39,218
Insurance commission income		545
Sale of property, plant and equipment		290
Donation	250	
Contribution to staff retirement benefits	5,878	5,418
Key management personnel compensation	6,658	6,322
Dividend paid	251,482	174,936

15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 23, 2009 by the Board of Directors of the company.


Zulfiqar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director