

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS

For the nine months period ended March 31, 2008 (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. RIOT DAMAGE CLAIM

The company had lodged insurance claims in respect of loss of stock-in-trade, damage to property, plant & equipment and consequential loss of profit. The claim in respect of stock-in-trade and vehicles has been received, whereas, the other claims mentioned above are under assessment and verification. Meantime company has deleted cost and accumulated depreciation of damaged property, plant & equipment from fixed assets schedule.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

- 3.1 These 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 financial statements as at June 30, 2007 has been extracted from the audited financial statements of the company for the year ended June 30, 2007 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are for the nine months period ended March 31, 2007 are also included in the financial statements.

- 3.2 The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended June 30, 2007.

	March 31, 2008	June 30, 2007
	(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - notes 4.1, 4.2 and 4.3	821,034	739,628
Capital work-in-progress - note 4.4	77,535	125,209
	<u>898,569</u>	<u>864,837</u>
	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007
4.1 Additions - at cost		
Operating fixed assets		
Factory building on leasehold land	19,544	48,290
Plant and machinery	103,267	78,174
Electric fittings and installation	1,435	8,095
Furniture and fixtures	612	1,133
Tools and equipment	17,344	6,201
Vehicles	46,219	14,111
Computer and accessories	7,133	737
Office equipment	1,788	799
	<u>197,342</u>	<u>157,540</u>
4.1.1 Additions include transfers from capital work-in-progress.		
4.2 Disposals at cost		
Operating fixed assets		
Computer and accessories	1,661	290
Vehicles	6,992	523
Office equipment	312	
	<u>8,965</u>	<u>813</u>
4.3. Deletion - at cost		
Operating fixed assets		
Plant and machinery	36,351	
Electric fittings and installation	9,516	
Furniture and fixtures	2,410	
Tools and equipment	9,002	
Computer and accessories	1,020	
Office equipment	659	
	<u>58,958</u>	<u>-</u>
4.3.1 Insurance claim has been lodged for property damaged due to riot fire.		

	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007
4.4. Additions - at cost	(Rupees in '000)	
Capital work-in-progress		
Factory building on leasehold land	1,995	18,700
Plant and machinery	14,661	123,472
Electric fittings and installation	210	3,350
Furniture and fixtures		240
Tools and equipment	112	1,947
Office equipment	60	132
	17,038	147,841
	March 31, 2008	June 30, 2007

**5. TRADE DEPOSITS, SHORT TERM PREPAYMENTS
AND OTHER RECEIVABLES**

Trade deposits and short term prepayments

Security deposits	3,695	2,384
Prepayments	22,579	6,474
	26,274	8,858
Other receivables		
Receivable from related parties	89,549	8,302
Claims receivable from an insurance company	271	290
Others	3,169	13,220
	92,989	21,812
	119,263	30,670

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

Century Insurance Company Limited	87,581	6,600
Clover Pakistan Limited	252	761
Colgate-Palmolive Philippine	6	6
Tetley Clover (Private) Limited	1,710	935
	89,549	8,302

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

March 31, 2008 (Number of shares)	June 30, 2007		March 31, 2008 (Rupees in '000)	June 30, 2007
5,882,353	5,882,353	Ordinary shares of Rs. 10 each fully paid in cash	58,824	58,824
13,227,433	9,405,476	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.	132,275	94,055
<u>19,109,786</u>	<u>15,287,829</u>		<u>191,099</u>	<u>152,879</u>

7. TRADE AND OTHER PAYABLES

Trade creditors	323,581	297,260
Accrued liabilities	77,382	102,629
Bills payable	192,252	99,098
Amounts due to distributors	15,719	7,105
Sales tax and special excise duty payable	38,074	26,819
Royalty payable to an associated undertaking	22,145	21,253
Workers' profit participation fund	40,771	47,737
Workers' welfare fund	27,329	13,300
Retention money payable	42	1,625
Unclaimed dividend	1,809	1,281
Others	10,604	5,356
	<u>749,708</u>	<u>623,463</u>

8. SHORT TERM BORROWINGS

Secured - from banks		
- Import credit facilities	<u>384,558</u>	<u>188,981</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 The status of the contingencies which was reported in note 25.1.1 and 25.1.2 to the financial statements for the year ended June 30, 2007 has remained unchanged.

9.1.2 The claim amount of the contingency reported in note 25.1.3 to the financial statements for the year ended June 30, 2007 has increased to Rs.1.317 million as some cases have been added 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.

9.1.3 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 50.555 million (June 30, 2007: Rs 6.929 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.

9.1.4 Contingent liabilities in respect of indemnities given to the financial institutions for guarantees issued by them in the normal course of business aggregate Rs.14.600 million (June 30, 2007: Rs. 14.600 million).

9.2 Commitments

9.2.1 Commitments in respect of capital expenditure amount to Rs. 22.695 million (June 30,2007: Rs. 13.155 million).

9.2.2 Outstanding letters of credit and acceptances amount to Rs. 278.834 million (June 30,2007: Rs. 129.204 million).

9.2.3 Outstanding duties leviable on ex-bonding of stocks amount to Rs.15.691 million (June 30,2007: Rs. 1.042 million).

9.2.4 Commitments for rentals under operating lease agreements in respect of vehicles are as under:

	March 31, 2008	June 30, 2007
	(Rupees in '000)	
Not later than one year	<u> </u>	<u> 433 </u>

	Quarter ended March 31, 2008 (Rupees in '000)	Quarter ended March 31, 2007
10. EARNINGS PER SHARE - basic and diluted		
Profit after taxation	<u>168,731</u>	<u>139,900</u>
	Nine months period ended March 31, 2008 (Rupees in '000)	Nine months period ended March 31, 2007
Profit after taxation	<u>498,048</u>	<u>448,980</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period	<u>19,109,786</u>	<u>19,109,786</u>
	(Rupees)	
Earnings per share (restated) for the quarter ended March 31, 2008 / 2007	<u>8.83</u>	<u>7.32</u>
Earnings per share (restated) for the nine months period ended March 31, 2008 / 2007	<u>26.06</u>	<u>23.49</u>
	Nine months period ended March 31, 2008 (Rupees in '000)	Nine months period ended March 31, 2007
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	760,630	676,948
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	75,998	67,302
Gain on disposal of property, plant and equipment	(3,577)	(1,073)
Bad debts written off		(213)
Profit on bank deposits	(23,735)	(20,267)
Profit on short term investments		(2,158)
Profit on disposal of short term investments	(4,170)	(1,834)
Finance costs	26,032	9,529
Property, plant and equipment written off	352	383
WDV of property, plant and equipment deleted on account of fire damage	39,968	
Working capital changes – note 11.1	<u>(429,310)</u>	<u>(181,180)</u>
	<u>442,188</u>	<u>547,437</u>



	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007
	(Rupees in '000)	
11.1 Working capital changes		
(Increase)/decrease in current assets:		
Stores and spares	(112)	(1,490)
Stock in trade	(365,567)	(133,453)
Trade debts	(81,669)	(43,838)
Loans and advances	(19,087)	(9,320)
Trade deposits, short term prepayments and other receivables	<u>(88,593)</u>	<u>(16,572)</u>
	(555,028)	(204,673)
Increase in current liabilities:		
Trade and other payables	<u>125,718</u>	<u>23,493</u>
	<u>(429,310)</u>	<u>(181,180)</u>

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items :

	March 31, 2008	March 31, 2007
Cash and bank balances	543,136	465,811
Running finance facilities under mark-up arrangements- note 8		<u>(168,337)</u>
	<u>543,136</u>	<u>297,474</u>

	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007
13. TRANSACTIONS WITH RELATED PARTIES		
Sale of goods, services and reimbursement of expenses	221,736	201,333
Purchase of goods, services received and reimbursement of expenses	1,005,921	889,859
Rent, allied and other charges	7,699	6,955
Royalty charges	22,145	15,383
Insurance claims received	53,357	5,128
Insurance commission income	1,519	2,751
Sale of property, plant and equipment	83	93
Purchase of property, plant and equipment	1,055	171
Contribution to staff retirement benefits	13,391	12,456
Key management personnel compensation	19,522	20,245
Donation	240	300
Dividend paid	174,190	99,777

14. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 24, 2008 by the Board of Directors of the company.


Zulfikar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director