



DIRECTORS' REVIEW

The Directors are pleased to present the financial statements of the Company together with auditors' review report thereon for the half year ended December 31, 2005.

FINANCIAL RESULTS

The Company has performed well for the six months ended December 31, 2005. Summary of financial results is as under:

	Rupees in million	
	2005	2004
Turnover	2,965	2,325
Gross Profit	741	517
Profit from Operations	359	244
Taxation	124	90
Profit After Tax	228	147

Continued focus on product quality and renovation lead to better consumer acceptance of our products. Turnover increased by 27.5% during the period under review. The selling prices of Company's products remained under competitive pressure whereas the cost of material increased during the same time. However, Gross Profit increased by 43.5% and Gross Profit margin increased to 31.4% compared to 27.7% in 2004. The Company was able to offset its higher input costs by advanced forward planning for new material purchases, rationalization of packaging specifications and enhancement of production efficiencies.

We continued to keep stringent controls over operational costs, profit from operations increased by 47.4% compared to last period. Better utilization of funds lead to minimal increase in finance costs and profit after taxation increased by 54.8% over the corresponding period last year.

EARNINGS PER SHARE

Earnings per share increased by 54.8% to Rs. 18.67 from Rs. 12.06 in the corresponding six months of the last year.

OUTLOOK

Rising costs of petroleum based products lead to higher material costs for the Company. The upward trend in fuel and utility costs is also expected to continue.



We are confident that with strong marketing programs, cost control initiatives, and dedicated management team, we will be able to carry our current business trend for the remaining period of financial year as well.

The massive earthquake in the northern areas of the country has resulted in major loss of life and property. Colgate and its employees feel very deeply for the affected and have made their contribution towards the rehabilitation and rebuilding work.

ACKNOWLEDGMENTS

The Company takes this opportunity to thank customers, shareholders, suppliers, bankers, insurance companies and all other stakeholders for their cooperation and contribution towards the progress of the Company. We also appreciate the commitment and hard work of all our employees and look forward to their long-lasting support.

On behalf of Board of Directors

IQBAL ALI LAKHANI

Chairman

Karachi : January 30, 2006