



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the six months period ended December 31, 2006 (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 the manufacture and sale of detergents, personal and other related products.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 2.1 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 financial statements comprise of the balance sheet as at December 31, 2006 and the profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended December 31, 2006 which have been subjected to a review but not audited. The financial statements also include the profit and loss account for the quarter ended December 31, 2006.

The comparative balance sheet presented in these financial statements as at June 30, 2006 has been extracted from the audited financial statements of the company for the year ended June 30, 2006 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are for the six months period ended December 31, 2005 and were subjected to a review but not audited. The comparative profit and loss account for the quarter ended December 31, 2005 is also included in the financial statements.

- 2.2 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, 2006.



	December 31, 2006 (Rupees in '000)	June 30, 2006
3. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets notes - 3.1 and 3.2	714,198	653,116
Capital work-in-progress - note 3.3	134,417	86,165
	<u>848,615</u>	<u>739,281</u>
	Six months period ended December 31, 2006 (Rupees in '000)	Six months period ended December 31, 2005
3.1 Additions - at cost		
Operating fixed assets		
Factory building on leasehold land	7,999	704
Plant and machinery	67,730	27,568
Electric fittings and installation	7,940	1,374
Furniture and fixtures	320	327
Tools and equipment	5,736	1,723
Vehicles	10,990	28,310
Computer and accessories	401	1,742
Office equipment	578	658
	<u>101,694</u>	<u>62,406</u>
3.1.1 Additions include transfers from capital work-in-progress.		
3.1.2 Additions include transfers from assets subject to finance lease having cost Rs. 2.570 million.		
3.2 Disposals - at cost		
Operating fixed assets		
Leasehold land		196
Vehicles	523	939
Office equipment		207
	<u>523</u>	<u>1,342</u>
3.3 Additions - at cost		
Capital work-in-progress		
Factory building on leasehold land	14,704	14,896
Plant and machinery	113,479	2,195
Electric fittings and installation	2,829	34
Furniture and fixtures	43	596
Office equipment	132	
	<u>131,187</u>	<u>17,721</u>

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

December 31, 2006 (Number of shares)	June 30, 2006		December 31, 2006 (Rupees in '000)	June 30, 2006
5,882,353	5,882,353	Ordinary shares of Rs. 10 each fully paid in cash	58,824	58,824
9,405,476	6,347,910	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	94,055	63,479
<u>15,287,829</u>	<u>12,230,263</u>		<u>152,879</u>	<u>122,303</u>

5. TRADE AND OTHER PAYABLES

Trade creditors	303,183	299,018
Accrued liabilities	60,119	59,633
Bills payable	85,838	60,230
Amounts due to distributors	13,180	6,251
Sales tax payable	17,270	14,039
Royalty payable to an associated undertaking	27,695	17,442
Workers' profit participation fund	24,666	41,284
Workers' welfare fund	9,606	15,066
Retention money payable	1,178	938
Unclaimed dividend	1,378	973
Others	4,450	1,832
	<u>548,563</u>	<u>516,706</u>

6. SHORT TERM BORROWINGS

Secured		
Running finance facilities under mark-up arrangements	25,592	
Other short term borrowings	64,395	
	<u>89,987</u>	

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The status of the contingencies which was reported in note 24.1.1 to the financial statements for the year ended June 30, 2006 has remained unchanged.



7.1.2 Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting to Rs 19.123 million (June 30, 2006: Rs 16.433 million) payable at the time of exbonding 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.

7.1.3 Contingent liabilities in respect of indemnities given to the financial institutions for guarantees issued by them in the normal course of business aggregate Rs 13.300 million (June 30, 2006: Rs 11 million).

7.2 Commitments

7.2.1 Commitments in respect of capital expenditure amount to Rs 14.264 million (June 30, 2006: Rs 77.828 million).

7.2.2 Outstanding letters of credit and acceptances amount to Rs 172.544 million (June 30, 2006: Rs 99.518 million).

7.2.3 Outstanding duties leviable on ex-bonding of stocks amount to Rs 11.682 million (June 30, 2006: Rs 6.870 million).

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

	December 31, 2006	June 30, 2006
	(Rupees in '000)	
Not later than one year	1,389	2,144
Later than one and less than five years	<u> </u>	<u>433</u>
Balance at the end of the peirod	<u>1,389</u>	<u>2,577</u>



8. EARNINGS PER SHARE – basic and diluted

	Quarter ended December 31, 2006	Quarter ended December 31, 2005
	(Rupees in '000)	
Profit after taxation	<u>152,988</u>	<u>113,184</u>
	Six months period ended December 31, 2006	Six months period ended December 31, 2005
	(Rupees in '000)	
Profit after taxation	<u>309,080</u>	<u>228,295</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period	<u>15,287,829</u>	<u>15,287,829</u>
	(Rupees)	
Earnings per share (restated) for the quarter ended December 31, 2006/2005	<u>10.01</u>	<u>7.40</u>
Earnings per share (restated) for the six months period ended December 31, 2006/2005	<u>20.22</u>	<u>14.93</u>

9. CASH GENERATED FROM OPERATIONS

Profit before taxation	461,948	352,295
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	43,021	38,831
Gain on disposal of property, plant and equipment	(1,062)	(513)
Provision for doubtful debts		42
Profit on bank deposits	(14,719)	(10,437)
Profit on short term investments	(2,158)	
Profit on disposal of short term investments	(1,834)	
Finance costs	5,596	7,169
Property, plant and equipment written off	383	
Working capital changes – note 9.1	(179,658)	104,204
	<u>311,517</u>	<u>491,591</u>



	Six months period ended December 31, 2006 (Rupees in '000)	Six months period ended December 31, 2005
9.1 Working capital changes		
(Increase)/decrease in current assets:		
Stores and spares	(2,278)	(4,525)
Stock in trade	(195,218)	(1,889)
Trade debts	(9,871)	(18,441)
Loans and advances	9,734	(10,288)
Trade deposits, short term prepayments and other receivables	(13,477)	(6,129)
	(211,110)	(41,272)
Increase in current liabilities:		
Trade and other payables	31,452	145,476
	(179,658)	104,204

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

	December 31, 2006 (Rupees in '000)	December 31, 2005
Cash and bank balances	249,260	352,612
Running finance facilities under mark-up arrangements - note 6	(25,592)	
	223,668	352,612

	Six months period ended December 31, 2006 (Rupees in '000)	Six months period ended December 31, 2005
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11. TRANSACTIONS WITH RELATED PARTIES

Sale of goods, services and reimbursement of expenses	132,991	115,087
Purchase of goods and services received and reimbursement of expenses	566,823	422,430
Rent, allied and other charges	4,608	4,513
Royalty charges	10,253	8,987
Insurance claims received	7,421	3,203
Insurance commission income	1,296	1,499
Purchase of property, plant and equipment	154	17
Contribution to staff retirement benefits	8,099	10,396
Key management personnel compensation	14,044	11,929
Donation	300	75



12. DATE OF AUTHORISATION FOR ISSUE

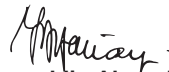
These financial statements were authorised for issue on January 26, 2006 by the Board of Directors of the Company.

13. CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever necessary, for the purposes of comparison.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director