



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six months period ended December 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 the manufacture and sale of detergents, personal care 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.

These condensed interim financial statements comprise of the condensed interim balance sheet as at December 31, 2008 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the six months period ended December 31, 2008 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2008.

The comparative balance sheet, presented in these condensed interim financial statements, as at June 30, 2008 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2008 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are for the six months period ended December 31, 2007 and were subjected to a review but not audited. The comparative profit and loss account for the quarter ended December 31, 2007 is also included in these condensed interim financial statements.

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, 2008.

	December 31, 2008	June 30, 2008
	(Rupees in '000)	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - notes 3.1 and 3.2	1,011,297	961,098
Capital work-in-progress - note 3.3	4,231	5,257
	<u>1,015,528</u>	<u>966,355</u>
	Six months period ended December 31, 2008	Six months period ended December 31, 2007
	(Rupees in '000)	
3.1 Additions		
Leasehold land	30,618	
Factory building on leasehold land	3,018	16,950
Plant and machinery	28,162	65,343
Electric fittings and installation	58	1,435
Furniture and fixtures	256	401
Tools and equipment	3,672	8,252
Vehicles	29,151	29,123
Computers and accessories	11,857	2,892
Office equipment	8,157	1,215
	<u>114,949</u>	<u>125,611</u>
3.1.1	Additions include transfers from capital work-in-progress.	
3.1.2	These represent cost of assets acquired.	
3.2 Disposals		
Vehicles	5,122	4,455
Computers and accessories	911	1,338
Office equipment	36	87
	<u>6,069</u>	<u>5,880</u>
3.2.1	These represent cost of assets disposed off.	
3.3 Additions		
Factory building on leasehold land	4,359	1,605
Plant and machinery	27	11,388
Electric fittings and installation	95	210
Tools and equipment		112
Office equipment	19	60
	<u>4,500</u>	<u>13,375</u>
3.3.1	These represents cost of assets acquired.	



December 31, 2008 June 30, 2008
(Rupees in '000)

4. LOANS AND ADVANCES

Considered good		
Current portion of long term loans		
-due from executives	576	964
-due from other employees	7,653	7,244
	<u>8,229</u>	<u>8,208</u>
Advances		
-to employees - note 4.1	10,520	7,682
-to contractors and suppliers	37,299	40,909
-against letter of credit	147,411	38,613
	<u>203,459</u>	<u>95,412</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, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits and short term prepayments:

Security deposits	9,503	4,976
Prepayments	29,508	14,012
	<u>39,011</u>	<u>18,988</u>
Other receivables - note 5.1		
Receivable from related parties	9,367	38,224
Custom duty refundable		245
Claims receivable from an insurance company	581	284
Others	4,998	
	<u>14,946</u>	<u>38,753</u>
	<u>53,957</u>	<u>57,741</u>

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

Century Insurance Company Limited	1,847	34,683
Clover Pakistan Limited	94	1,090
Colgate-Palmolive Philippine	6	6
Tetley Clover (Private) Limited	3,434	2,445
Rollins Industries (Private) Limited	3,986	
	<u>9,367</u>	<u>38,224</u>

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

December 31, 2008 (Number of shares)	June 30, 2008		December 31, 2008 (Rupees in '000)	June 30, 2008
5,882,353	5,882,353	Ordinary shares of Rs. 10 each fully paid in cash	58,824	58,824
18,004,880	13,227,433	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.	180,049	132,274
<u>23,887,233</u>	<u>19,109,786</u>		<u>238,873</u>	<u>191,098</u>

7. TRADE AND OTHER PAYABLES

Trade creditors	420,774	404,324
Accrued liabilities	61,629	77,973
Bills payable	286,756	117,779
Amounts due to distributors	18,544	19,174
Special excise duty payable	3,603	4,574
Sales tax payable	44,915	51,250
Royalty payable to an associated undertaking	50,833	30,316
Workers' profits participation fund	19,784	54,648
Workers' welfare fund	10,735	17,265
Retention money payable	170	42
Unclaimed dividend	1,934	1,647
Others	7,587	7,153
	<u>927,264</u>	<u>786,145</u>

8. SHORT TERM BORROWINGS

Secured		
- from banks (import credit facilities)		44,945
- from other financial institution	400,000	
Unsecured - from a director – note 8.1	50,000	
	<u>450,000</u>	<u>44,945</u>



8.1. The company has obtained a short-term finance facility from one of its director repayable within a period of twelve month in lump sum along with the agreed mark up. Mark up is charged at base rate plus 1%, where the base rate is the average of last three working days of three months' KIBOR of the preceding month.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 The status of the contingencies which were reported in notes 25.1.1 and 25.1.2 to the financial statements for the year ended June 30, 2008 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, 2008 has been increased to Rs 14.923 million as some cases have been added during the period.

No provision has been made in these condensed interim financial statements for the same as the management is of the opinion that the 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 149.572 million (June 30, 2008: Rs 59.595 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.

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, 2008: Rs 14.600 million).

9.2 Commitments

9.2.1 Commitments in respect of capital expenditure amount to Rs 241.736 million (June 30, 2008: Rs 12.175 million).

9.2.2 Outstanding letters of credit and acceptances amount to Rs 265.577 million (June 30, 2008: Rs 276.878 million).

9.2.3 Outstanding duties leviable on ex-bonding of stocks amount to Rs 25.824 million (June 30, 2008: Rs 18.864 million).

	Quarter ended December 31, 2008 (Rupees in '000)	Quarter ended December 31, 2007
10. EARNINGS PER SHARE		
Profit after taxation	<u>96,596</u>	<u>166,016</u>
	Six months period ended December 31, 2008	Six months period ended December 31, 2007
Profit after taxation	<u>241,623</u>	<u>329,317</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the period	<u>23,887,233</u>	<u>23,887,233</u>
	(Rupees)	
Earnings per share (restated) for the quarter ended December 31, 2008/2007	<u>4.04</u>	<u>6.95</u>
Earnings per share (restated) for the six months period ended December 31, 2008/2007	<u>10.12</u>	<u>13.79</u>

10.1 There were no dilutive potential ordinary shares outstanding as at December 31, 2008.

	Six months period ended December 31, 2008 (Rupees in '000)	Six months period ended December 31, 2007
11. CASH (UTILISED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	368,699	502,189
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	64,466	51,200
Gain on disposal of property, plant and equipment	(2,479)	(1,235)
Profit on bank deposits	(10,810)	(13,508)
Profit on disposal of short term investments	(4,965)	(4,083)
Transfer of surplus from revaluation reserve on disposal of short term investments	(201)	
Finance costs	24,666	12,711
Property, plant and equipment written off	140	352
Working capital changes – note 11.1	<u>(884,769)</u>	<u>(35,044)</u>
	<u>(445,253)</u>	<u>512,582</u>



	Six months period ended December 31, 2008	Six months period ended December 31, 2007
(Rupees in '000)		
11.1 Working capital changes		
(Increase)/decrease in current assets:		
Stores and spares	(1,229)	23
Stock in trade	(736,862)	93,059
Trade debts	(183,247)	(83,708)
Loans and advances	(108,047)	(16,104)
Trade deposits, short term prepayments and other receivables	3,784	(54,582)
	<u>(1,025,601)</u>	<u>(61,312)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	140,832	26,268
	<u>(884,769)</u>	<u>(35,044)</u>
12. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise of the following items:		
	December 31, 2008	December 31, 2007
	(Rupees in '000)	
Cash and bank balances	<u>326,875</u>	<u>761,642</u>
	Six months period ended December 31, 2008	Six months period ended December 31, 2007
	(Rupees in '000)	
13. TRANSACTIONS WITH RELATED PARTIES		
Sale of goods, services and reimbursement of expenses	280,508	136,927
Purchase of goods and services received and reimbursement of expenses	998,058	637,130
Rent, allied and other charges	7,397	5,236
Royalty charges	22,112	14,638
Insurance claims received	41,886	3,229
Insurance commission income	2,123	1,519
Sale of property, plant and equipment	290	83
Purchase of property, plant and equipment		720
Contribution to staff retirement benefits	10,922	8,675
Key management personnel compensation	13,629	14,674
Donation		240
Dividend paid	174,936	174,190

14. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on January 29, 2009 by the Board of Directors of the company.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director