

## DIRECTORS' REVIEW

The Directors take pleasure in presenting the unaudited financial statements for the first quarter ended September 30, 2006.

The current financial year has started well for the Company. Following are the financial highlights for the quarter under review :

### FINANCIAL RESULTS

	1st Quarter 2006-07	1st Quarter 2005-06	Increase
	Rupees in million	Rupees in million	%
Gross Sales	1,785	1,445	23.56
Gross Profit	453	349	29.71
Profit from Operations	240	179	33.84
Net Profit After Tax	156	115	35.59
EPS - Rs.	10.21	7.53	35.59

Your Company made good progress in quarter ended 30th September 2006 as reflected in both Sales and Profit growth. Higher sales recorded across all major product categories. Gross profit margin increased to 31.55% from 30.44% in corresponding period. This was achieved despite continued escalation in raw and packaging material costs. The cost of utilities, oil based raw material and freight expenses have increased during the current year compared to the corresponding period last year. These cost increases were partially offset by improved productivity and cost containment measures by the Company.

Selling prices of the Company remained under pressure due to intense competition. Selling and distribution cost increased by 32.23% , the increase is a result of our continued focus on brand building activities.

Net Profit After Tax for the first quarter increased by 35.59% to Rs.156.092 million from Rs.115.111 million compared to the corresponding period last year.



## FUTURE PROSPECTS

The trading environment will continue to be challenging, as commodity costs are likely to remain volatile. However, Colgate remains confident of its dedicated employees' efforts to achieve sales and profitability growth in the current year. We continue to grow our business, and deliver high value to our customers.

## ACKNOWLEDGMENTS

We are thankful for the support and cooperation of our valued customers, committed staff, dependable suppliers, bankers and all stakeholders. We look forward to continued strong relationship with our Distributors, Trade and End-Consumers.

On behalf of Board of Directors

**IQBAL ALI LAKHANI**

Chairman

Karachi: October 19, 2006