



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Quarter ended September 30, 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 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 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 quarter ended September 30, 2005 and are unaudited.

- 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.



	Quarter ended September 30, 2006	Yearended June 30, 2006
	Rupees in '000	
3. PROPERTY, PLANT AND EQUIPMENTS		
Operating fixed assets	682,441	653,116
Capital work-in-progress	113,849	86,165
	<u>796,290</u>	<u>739,281</u>
	Quarter ended September 30, 2006	Quarter ended September 30, 2005
	Rupees in '000	
3.1 Additions - at cost		
Owned		
Factory building on leasehold land		124
Plant and machinery	39,667	7,704
Electric fittings and installation	147	633
Furniture and fixtures	123	
Tools and equipment	850	52
Vehicles	7,972	3,126
Computer and accessories	343	658
Office equipment	127	69
	<u>49,229</u>	<u>12,366</u>
3.2 Disposals - at cost		
Owned		
Furniture and fixture	4	
Vehicles	430	67
Computer and accessories	200	
Office equipment	138	
	<u>772</u>	<u>67</u>
3.3. CAPITAL WORK-IN-PROGRESS		
Additions - at cost		
Factory building on leasehold land	5,833	3,233
Plant and machinery	20,044	3,433
Electric fittings and installation	1,675	
Office equipment	132	
	<u>27,684</u>	<u>6,666</u>

**Quarter ended
September 30,
2006** Year
ended
June 30,
2006

Rupees in 000

4. CASH AND BANK BALANCES

With banks on:		
- Current accounts	82,937	5,276
- Saving accounts	256,746	243,933
- Term deposit accounts	100,000	100,000
	<hr/>	<hr/>
	439,683	349,209
Cheques in hand	67,166	40,855
Cash in hand	570	574
	<hr/>	<hr/>
	507,419	390,638

5. TRADE AND OTHER PAYABLES

Trade creditors	273,311	299,018
Accrued liabilities	64,955	59,633
Bills payable	114,107	60,230
Amounts due to distributors	8,043	6,251
Sales tax payable	16,755	14,039
Royalty payable to Colgate-Palmolive Company USA	22,763	17,442
Workers' profit participation fund	12,708	41,284
Workers' welfare fund	19,516	15,066
Retention money payable	1,005	938
Dividend payable	123,991	973
Others	4,803	1,832
	<hr/>	<hr/>
	661,957	516,706

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 The status of the contingencies which was reported in notes 24.1.1 and 24.1.4 to the financial statements for the year ended June 30, 2006 has remained unchanged.
- 6.1.2 Postdated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting Rs 7,570 million (June 30, 2006: Rs 16,433 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.

6.2 Commitments

- 6.2.1 Commitments in respect of capital expenditure amount to Rs 49,057 million (June 30, 2006: Rs. 77,828 million).
- 6.2.2 Outstanding letters of credit and acceptances amount to Rs 117,941 million (June 30, 2006: Rs. 99,518 million).
- 6.2.3 Outstanding duties leviable on ex-bonding of stocks amount to Rs. 3,027 million (June 30, 2006: 6,870 million).
- 6.2.4 Commitments for rentals under operating lease agreements in respect of vehicles are as under:

	Quarter ended September 30, 2006	Yearended June 30, 2006
	Rupees in '000	
Not later than one year	1,883	2,144
Later than one and less than five years	79	433
Balance at the end of the period	<u>1,962</u>	<u>2,577</u>

	Quarter ended September 30, 2006	Quarter ended September 30, 2005
	Rupees in '000	

7. CASH GENERATED FROM OPERATIONS

Profit before taxation	236,992	175,611
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	21,211	18,827
Gain on sale of property, plant and equipment	(1,045)	(10)
Profit on bank deposits	(8,245)	(4,765)
Profit on short term investments	(2,076)	
Finance costs	2,803	3,550
Property, plant and equipment written off	55	
Working capital changes - note 7.1	(6,435)	83,890
	<u>243,260</u>	<u>277,103</u>

Quarter ended September 30, 2006
 Quarter ended September 30, 2005
 Rupees in '000

7.1 Working capital changes

(Increase)/decrease in current assets:

Stores and spares	(1,682)	(273)
Stock in trade	29,722	69,232
Trade debts	(49,493)	(26,113)
Loans and advances	2,986	(10,328)
Trade deposits, short term prepayments and other receivables	(10,201)	648
	<u>(28,668)</u>	<u>33,166</u>

(Decrease)/increase in current liabilities:

Trade and other payables	22,233	50,724
	<u>(6,435)</u>	<u>83,890</u>

8. TRANSACTIONS WITH RELATED PARTIES

Sale of goods, services and reimbursement of expenses	64,181	57,688
Purchase of goods, services received and reimbursement of expenses	279,362	213,247
Rent, allied and other charges	2,353	2,073
Royalty charges	5,321	4,849
Insurance claims received	92	712
Insurance commission income		704
Purchase of property, plant and equipment	154	
Contribution to staff retirement benefits	4,032	5,176
Key management personnel compensation	5,359	5,115
Donation		75

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 19, 2006 by the Board of Directors of the Company.

10. CORRESPONDING FIGURES

The earnings per share for the corresponding period has been adjusted by including 3,057,566 bonus shares in the number of shares outstanding in prior period in accordance with requirement of International Accounting Standard 33.

11. GENERAL

Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.


Zulfiqar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director