



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Nine month period ended March 31, 2009 (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 PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 These condensed interim 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 condensed interim financial statements as at June 30, 2008 has been extracted from the 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 nine months period ended March 31, 2008 are 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.

### 3. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2009	June 30, 2008
	(Rupees in '000)	
Operating fixed assets - notes 3.1, 3.2 and 3.3	1,008,019	961,098
Capital work-in-progress - note 3.4	19,595	5,257
	<u>1,027,614</u>	<u>966,355</u>

	<b>Nine months period ended March 31, 2009</b>	Nine months period ended March 31, 2008
	(Rupees in '000)	
<b>3.1 Additions</b>		
Leasehold land	30,618	
Factory building on leasehold land	5,817	19,544
Plant and machinery	52,810	103,267
Electric fittings and installation	1,575	1,435
Furniture and fixtures	361	612
Tools and equipment	4,392	17,344
Vehicles	34,975	46,219
Computers and accessories	7,556	7,133
Office equipment	9,588	1,788
	<u>147,692</u>	<u>197,342</u>

3.1.1 Additions include transfers from capital work-in-progress.

3.1.2 These represent cost of assets acquired.

### 3.2 Disposals

Computers and accessories	1,010	1,661
Vehicles	7,943	6,992
Office equipment	36	312
	<u>8,989</u>	<u>8,965</u>

3.2.1 These represent cost of assets disposed off.

### 3.4 Additions

Factory building on leasehold land	15,606	1,995
Plant and machinery	2,969	14,661
Electric fittings and installation	292	210
Furniture and fixtures	977	
Tools and equipment		112
Office equipment	19	60
	<u>19,863</u>	<u>17,038</u>

3.4.1 These represents cost of assets acquired.



	March 31, 2009	June 30, 2008
	(Rupees in '000)	
<b>4. INTANGIBLE ASSETS</b>		
Good will - Sparkle tooth paste	7,250	11,600
Computer Software sales & distribution system	12,333	
	19,583	11,600
Computer Software SAP (Under implementation)	21,114	
	<u>40,697</u>	<u>11,600</u>
<b>5. LOANS AND ADVANCES</b>		
<i>Considered good</i>		
<i>Current portion of long term loans to employees</i>	8,664	8,208
<i>Advances</i>		
-to employees - note 5.1	8,909	7,682
-to contractors and suppliers	60,383	40,909
-advance payment against letter of credit	59,661	1,419
-cash margin against letter of credit	33,603	37,194
	<u>171,220</u>	<u>95,412</u>

5.1. Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.

#### 6. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits and short term prepayments:

Security deposits	11,074	4,976
Prepayments	25,026	14,012
	<u>36,100</u>	<u>18,988</u>
Other receivables - note 6.1		
Receivable from related parties	8,494	38,224
Custom duty refundable		245
Claims receivable from an insurance company	433	284
Others	3,332	
	<u>12,259</u>	<u>38,753</u>
	<u>48,359</u>	<u>57,741</u>

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

Century Insurance Company Limited	1,983	34,683
Clover Pakistan Limited	1,900	1,090
Colgate-Palmolive Philippine	6	6
Tetley Clover (Private) Limited	4,605	2,445
	<u>8,494</u>	<u>38,224</u>

**7. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

<b>March 31, 2009</b> (Number of shares)	June 30, 2008		<b>March 31, 2009</b> (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>

**8. TRADE AND OTHER PAYABLES**

Trade creditors	424,145	404,324
Accrued liabilities	55,962	77,973
Bills payable	176,533	117,779
Amounts due to distributors	22,616	19,174
Special excise duty payable	4,178	4,574
Sales tax payable	59,762	51,250
Royalty payable to an associated undertaking	32,024	30,316
Workers' profits participation fund	40,448	54,648
Workers' welfare fund	14,800	17,265
Retention money payable	117	42
Unclaimed dividend	1,878	1,647
Others	11,704	7,153
	<u>844,167</u>	<u>786,145</u>

**9. SHORT TERM BORROWINGS**

Secured		
- from banks (import credit facilities)		44,945
Unsecured - from a sponsor – note 9.1	200,000	
	<u>200,000</u>	<u>44,945</u>



9.1 *The company has obtained a short-term finance facility from one of its sponsor repayable within a period of twelve months in lump sum along with the agreed mark up. Mark up is charged at base rate plus 1.5% per annum, where the base rate is the three months KIBOR of the last working day of previous month .*

## **10. CONTINGENCIES AND COMMITMENTS**

### **10.1 Contingencies**

10.1.1 *The status of the contingencies which was reported in note 25.1.1 and 25.1.2 to the financial statements for the year ended June 30, 2008 has remained unchanged.*

10.1.2 *The claim amount of the contingency reported in note 25.1.3. to the financial statements for the year ended June 30, 2008 has increased to Rs. 8.587 million as some cases have been added during the period.*

*No provision has been made in these condensed interim financial statement for the same as the management is of the opinion that matter shall be decided in favour of the company.*

10.1.3 *Post dated cheques have been issued to custom authorities as a security in respect of duties and taxes amounting Rs 83.336 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.*

10.1.4 *Contingent liabilities in respect of indemnities given to the financial institutions for guarantees issued by them in the normal course of business aggregate Rs. 18.300 million (June-2008 - Rs. 14.600 million).*

### **10.2 Commitments**

10.2.1 *Commitments in respect of capital expenditure amount to Rs. 382.396 million (June 30,2008: 12.175 million).*

10.2.2 *Outstanding letters of credit and acceptances amount to Rs. 198.163 million (June 30,2008: 276.878 million).*

10.2.3 *Outstanding duties leviable on ex-bonding of stocks amount to Rs.9.787 million (June 30,2008: 18.864 million).*

	<b>Quarter ended March 31, 2009 (Rupees in '000)</b>	<b>Quarter ended March 31, 2008</b>
<b>11. EARNINGS PER SHARE</b>		
Profit after taxation	<u>252,429</u>	<u>168,731</u>
	<b>Nine months period ended March 31, 2009</b>	<b>Nine months period ended March 31, 2008</b>
Profit after taxation	<u>494,052</u>	<u>498,048</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 March 31, 2009/2008	<u>10.56</u>	<u>7.06</u>
Earnings per share (restated) for the nine months period ended March 31, 2009/2008	<u>20.68</u>	<u>20.85</u>

11.1 There were no dilutive potential ordinary shares outstanding as at March 31, 2009.

	<b>Nine months period ended March 31, 2009 (Rupees in '000)</b>	<b>Nine months period ended March 31, 2008</b>
<b>12. CASH (UTILISED IN) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	753,718	760,630
Adjustment for non-cash charges and other items:		
Depreciation and amortisation expense	99,257	75,998
Gain on disposal of property, plant and equipment	(4,507)	(3,577)
Profit on bank deposits	(16,339)	(23,735)
Profit on disposal of short term investments	(4,965)	(4,170)
Transfer of surplus from revaluation reserve on disposal of short term investments	(201)	
Finance costs	41,620	26,032
Property, plant and equipment written off	1,361	352
WDV on property, plant and equipment deleted on account of fire damage		39,968
Working capital changes – note 12.1	<u>(697,244)</u>	<u>(429,310)</u>
	<u>172,700</u>	<u>442,188</u>



	<b>Nine months period ended March 31, 2009</b>	Nine months period ended March 31, 2008
	(Rupees in '000)	
<b>12.1 Working capital changes</b>		
(Increase)/decrease in current assets:		
Stores and spares	(1,816)	(112)
Stock in trade	(488,250)	(365,567)
Trade debts	(198,978)	(81,669)
Loans and advances	(75,375)	(19,087)
Trade deposits, short term prepayments and other receivables	9,381	(88,593)
	<u>(755,038)</u>	<u>(555,028)</u>
Increase in current liabilities:		
Trade and other payables	57,794	125,718
	<u>(697,244)</u>	<u>(429,310)</u>

**13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following items:

	<b>March 31, 2009</b>	March 31, 2008
	(Rupees in '000)	
Cash and bank balances	<u>522,035</u>	<u>543,136</u>
	<b>Nine months period ended March 31, 2009</b>	Nine months period ended March 31, 2008
	(Rupees in '000)	

**14. TRANSACTIONS WITH RELATED PARTIES**

Sale of goods, services and reimbursement of expenses	488,342	221,736
Purchase of goods and services received and reimbursement of expenses	1,631,211	1,007,246
Rent, allied and other charges	11,041	7,699
Royalty charges	32,024	22,145
Insurance claims received	42,514	53,357
Insurance commission income	3,637	1,519
Sale of property, plant and equipment	290	83
Purchase of property, plant and equipment		1,055
Contribution to staff retirement benefits	16,474	13,391
Key management personnel compensation	19,220	19,522
Donation	200	240
Dividend paid	174,936	174,190

**15. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on April 24, 2009 by the Board of Directors of the company.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director