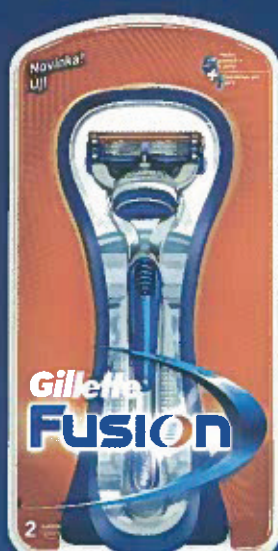


ANNUAL ACCOUNTS June 2013



**Gillette
Pakistan
Limited**



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BOARD OF DIRECTORS

CHAIRMAN

Al Abdulmalek Rajwani

MEMBERS

Saad Amanullah Khan - CEO

Muhammad Noor-e-Arshi Khan - CFO

Kashif Maqsood Abbasi

Bahroz Hussain Abbas

Amjad Ali Qureshi

Tariq Iqbal Khan

AUDIT COMMITTEE

CHAIRMAN

Tariq Iqbal Khan

MEMBERS

Kashif Maqsood Abbasi

Bahroz Hussain Abbas

**HEAD OF INTERNAL AUDIT &
SECRETARY TO THE AUDIT COMMITTEE**

Adnan Mudassar

INTERNAL AUDITOR

Ernst & Young Ford Rhodes Sidat Hyder

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN

Al Abdulmalek Rajwani

MEMBERS

Kashif Maqsood Abbasi

Bahroz Hussain Abbas

Directors' Report

On behalf of the Board of Directors of Gillette Pakistan Limited ('the Company'), I am pleased to present the audited financial statements of the Company for the year ended June 30, 2013, along with the auditors' report thereon.

Business Review:

The Company continues to maintain top line and bottom line momentum which is clearly evidenced from the financial results of the Company. Sales grew by 26% against year ago which coupled with gross margin improvement by 7.6 points has resulted in substantial increase in the bottom line. Following is the financial results of the Company for the year ended June 30, 2013:

	YTD June 2013	YTD June 2012
	(Rupees in '000)	
Sales - net	1,769,225	1,408,301
Cost of Goods sold	(1,143,145)	(1,017,362)
Gross Profit	626,080	390,939
GP ratio	35.4%	27.8%
Other income	43,474	26,397
Selling, marketing and distribution expenses	(257,467)	(253,704)
Administrative expenses	(47,379)	(33,056)
Other operating expenses	(29,465)	(2,691)
Bank charges	(50)	(314)
Profit before tax	335,193	127,571
PBT Ratio	18.9%	9.1%
Income tax expense	(81,780)	(65,981)
Profit for the period	253,413	61,590
PAT Ratio	14.3%	4.4%
EPS (Rs.)	13.2	3.21

The Company continues to focus on developing customer portfolio and numeric country wide distribution. This is evident from the launch of Fusion and Blue 3 systems in Pakistan. Fusion is Gillette most advanced razor with five thinnest blades and is launched in top tier markets to capture premium consumers. The Company has also started to deep dive in sub-urban cities on top of main stream urban cities to increase sales volume. This is supported by distribution drives across customer segments and direct to consumer activities where the Company wants the consumer to trade in and trade up. The Company also has started to focus more on its Oral Care business which currently is a small business. The Company

has launched new SKUs in Oral care business to complete its line up so that it can compete against its segment competitors. The Company plans to significantly built Oral B business disproportionately in years to come by supporting it via holistic marketing campaigns.

The growth in the business is broad based and is visible in all business segments of the Company. B&R forms 84% of the sales volume and contributes 76% in overall segmental profits. The following chart shows the segment wise profitability details:



	YTD June 2013			YTD June 2012		
	(Rupees in 000)			(Rupees in 000)		
	Sales	Segment Profit	%	Sales	Segment Profit	%
Blade & Razors	1,485,420	281,063	18.9%	1,143,386	101,807	8.9%
Braun products	136,073	34,498	25.4%	164,861	19,190	11.6%
Others	147,732	53,052	35.9%	100,054	16,238	16.2%
	1,769,225	368,613	20.8%	1,408,301	137,235	9.7%

The decrease in sale of Braun products during the year as compared to year ago is due to the fact that the Company, effective January 1, 2013, stopped sale of Braun House Hold appliances in Pakistan as this sub-segment has been sold by parent company to Delonghi worldwide. The Company though continues to sell other sub-segments in the Braun category in Pakistan.

The current inventory at the balance sheet date holds certain SKUs costing Rs. 133.43 million which are being carried at net realizable value and the impact of this to the profit and loss account is a hurt of Rs. 65.89 million. The Company is the process of negotiating on supply prices of these SKUs with the parent company to ensure that their contribution margin becomes positive for the business as well.

The management of the Company continued to control selling and marketing expenses to increase marketing efficiencies. Ratio of selling and marketing expenses to net sales remained at 14.6% vs. 18% year ago. Other income was higher than last year on account of higher interest income on term deposits and saving accounts due to higher surplus funds during the year. The Company has also booked a significant exchange loss of Rs. 21.92 million vs. exchange gain of Rs. 2.53 million booked last year which is booked under "Other Operating expenses". All the above resulted in a net book profit after tax of Rs. 253.41 million as compared to a profit of Rs. 61.59 million.

Dividend:

Keeping in the view the existing business conditions and profitability position of the company, the Board of Directors has recommended a dividend of Rs. 0.50 per share to be paid out for the year.

Board of Directors:

During the year, Mr. Salim Adaya, holding 14.63% of the shareholding of the Company sold his entire shareholding to Series Acquisition B.V., being the parent company. Subsequent to this share transfer, Mr. Salim Adaya also resigned from the Board of Directors of the Company effective April 19, 2013. The casual vacancy caused by resignation of Mr. Salim Adaya was filled by appointment of Mr. Tariq Iqbal Khan effective July 18, 2013. Mr. Tariq Iqbal Khan is acting as Independent director on the Board since then. The Board would like to thank

Mr. Salim Adaya for his long association with Company and his contribution to the Board during this period. The Board also would like to welcome Mr. Tariq Iqbal Khan as independent director on the Board and hopes to benefit from his vast and diversified experience in private and public sector businesses.

With the above change, the current Board of Directors consists of following:

Category	Names
Independent Director	Tariq Iqbal Khan
Executive Directors	Saad Amanullah Khan and Muhammad Noor-e-Arshi Khan
Non-Executive Directors	Al Abdulmalek Rajwani, Kashif Maqsood Abbasi, Amjad Ali Qureshi and Bahroz Hussain Abbas

Code of Conduct:

The Board has adopted a Code of Conduct defining therein acceptable and unacceptable behaviors. The Board has taken steps to disseminate this Code throughout the company along with supporting policies and procedures and this Code has been put on the company's website available at www.gillettepakistan.com as well.

Code of Corporate Governance:

In compliance with the Code of Corporate Governance, the Board hereby states as follows:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.



- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Board is ultimately responsible for the Company's system of Internal Control and its effectiveness. Such a system is designed to minimize the risk of any material misstatement or loss rather than eliminate the same. The Company maintains sound internal control system considering the size and nature of the business which gives reasonable assurance against any material misstatement or loss. The Internal Control system is regularly reviewed and has been formalized by the Board's Audit Committee and is updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The Company is a subsidiary of The Series Acquisition B.V., Netherlands which is a subsidiary of P&G, USA. The parent company holds 91.39% shares of the Company.
- The earnings per share of the Company are disclosed in the financial statements.
- Key operating and financial data for six years in summarized form is "Annexure A" to the director report:
- Information about taxes and levies is given in the notes to the financial statements.
- The value of investments of provident and pension funds on the basis of financial statements as at June 30, 2013 amounts to Rs 7.67 million and Rs. 73.51 million respectively.
- Details of meetings of Board of Directors and Audit Committee are in "Annexure B" to the director report.
- The pattern of shareholding and additional information regarding pattern of shareholding is in "Annexure C" to the director report.
- Two directors on the Board i.e. Mr. Saad Amanullah Khan and Mr. Muhammad Noor-e-Arshi Khan have successfully completed directors' trainings from institutions approved by SECP under the Code.
- Mr. Salim Adaya, ex-Director of the Company sold 2,809,571 shares during the year to Series Acquisition B.V. Except to this, no trade in the shares of the Company were carried out by any other executive of the Company.
- There has been no material departure from code of corporate governance, as detailed in the listing regulations except the following:
 - During the fiscal year ended June 30, 2013, the Company did not have an independent director on its Board as well as audit committee. The independent

director was appointed subsequent to the year end on the Board and is holding this position with effect from July 18, 2013. This independent director was also then nominated on the audit committee as Chairman on same date.

- During the year, Mr. Sajid Riaz Siddiqui resigned as Head of Internal Audit and was replaced by Mr. Adnan Mudassar which was approved by the board. The newly appointed Head of Internal Audit completed the required experience of five years under the Code subsequent to the yearend, but before this statement was approved by the Board.
- The Company has nominated Head of Internal Audit as the secretary to the Audit Committee. During the year, the CFO & Company Secretary assumed role of the secretary to the Audit Committee in Audit Committee meetings held on October 18, 2012 as Head of Internal audit was out of country and again on February 21, 2013 as the former had resigned and the Company was in search for his replacement.

The independent auditors have also issued their opinion on the Company's Compliance with the Code of Corporate Governance which is also included in the annual report. In their review report, without qualifying their opinion, they have also highlighted the above stated issues.

A statement of compliance with the code of corporate governance is given on page 10.

EXTERNAL AUDITORS

Messrs. Yousuf Adil Saleem and Company, Chartered Accountants retire and being eligible has offered them for re-appointment.

PERSONNEL

The Board would like to take this opportunity to express its appreciation to the employees of the Company for the commitment, hard work and co-operation throughout the year. We would also like to thank our shareholders for their continued support.

On behalf of the Board,

SAAD AMANULLAH KHAN
Chief Executive

Karachi
September 30, 2013



Annexure "A"

		FY 07/08 18 months	FY 08/09	FY 09/10	FY 10/11 12 months	FY 11/12	FY 12/13
INCOME STATEMENT							
Net Sales	Rs. in '000	1,196,280	727,573	796,671	1,032,769	1,408,301	1,769,225
Cost of Goods Sold	Rs. in '000	(865,516)	(460,075)	(550,743)	(768,631)	(1,017,362)	(1,143,145)
Gross Profit	Rs. in '000	330,764	267,498	245,928	264,138	390,939	626,080
GP ratio	%	27.6%	36.8%	30.9%	25.6%	27.8%	35.4%
Other income	Rs. in '000	38,158	52,642	42,521	51,998	26,397	43,474
Selling, marketing and distribution expense	Rs. in '000	(201,755)	(146,852)	(186,207)	(218,669)	(253,704)	(257,467)
Administrative expenses	Rs. in '000	(42,739)	(48,264)	(43,756)	(35,248)	(33,056)	(47,379)
Other operating expenses	Rs. in '000	(51,427)	-	-	(19,491)	(2,691)	(29,465)
Finance Cost	Rs. in '000	(695)	(301)	(25)	(311)	(314)	(50)
Net Profit before taxes	Rs. in '000	72,306	124,723	58,461	42,417	127,571	335,193
PBT Ratio	%	6.0%	17.1%	7.3%	4.1%	9.1%	18.9%
Income tax expense	Rs. in '000	(65,195)	(15,369)	(32,577)	(66,982)	(65,981)	(81,780)
Net Earnings after taxes	Rs. in '000	7,111	109,354	25,884	(24,565)	61,590	253,413
PAT Ratio	%	0.6%	15.0%	3.2%	-2.4%	4.4%	14.3%
EPS	(Rs. / share)	0.37	5.70	1.35	(1.28)	3.21	13.20
BALANCE SHEET							
Cash & cash equivalents	Rs. in '000	68,382	321,071	209,788	122,207	281,279	524,491
Trade Receivables	Rs. in '000	176,327	97,922	126,089	135,032	149,678	144,539
Other Receivables	Rs. in '000	12,015	28,271	18,371	21,186	24,245	13,078
Inventory	Rs. in '000	143,362	145,372	196,761	355,182	256,824	450,545
Net Property & Equipment	Rs. in '000	2,395	1,278	527	5,282	7,335	-
Others Assets	Rs. in '000	40,669	31,093	41,252	83,039	62,321	85,284
Total Assets	Rs. in '000	443,150	625,307	592,788	721,928	781,682	1,217,937
Trade payables	Rs. in '000	62,644	167,682	120,420	296,402	248,782	458,838
Other payables	Rs. in '000	116,847	94,212	83,071	60,794	106,578	79,364
External Debt	Rs. in '000	-	-	-	-	-	-
Equity	Rs. in '000	263,659	363,413	389,297	364,732	426,322	679,735
Total Liability and Equity	Rs. in '000	443,150	625,307	592,788	721,928	781,682	1,217,937
Current ratio	Times	2.46	2.38	2.91	2.01	2.18	2.26
Quick ratio (inventory excluded)	Times	1.66	1.83	1.94	1.01	1.46	1.43
Book value per share	Rs. per share	13.73	18.93	20.28	19.00	22.20	35.40



Annexure "B"

During the year, four meetings of the Board of Directors and Audit Committee were held. These were held on September 25, 2012, October 18, 2012, February 21, 2013 and April 29, 2013. The meetings were attended by the directors as under:

Board of Directors' meetings:

Name of Directors	Meeting held during the tenure	Meetings attended
Mr. Al Abdulmalek Rajwani - Chairman*	4	3
Mr. Saad Amanullah Khan	4	4
Mr. Muhammad Noor-e-Arshi Khan	4	4
Mr. Salim Adaya*	3	3
Mr. Kashif Maqsood Abbasi	4	3
Mr. Bahroz Hussain Abbas*	4	1
Mr. Amjad Ali Qureshi	4	1
Mr. Tariq Iqbal Khan	Nil	Nil
* Meeting attended personally or via alternate director		

Audit Committee Meetings:

Name of Directors	Meeting held during the tenure	Meetings attended
Mr. Al Abdulmalek Rajwani*	1	1
Mr. Salim Adaya*	3	3
Mr. Kashif Maqsood Abbasi	3	3
Mr. Bahroz Hussain Abbas*	4	1
Mr. Tariq Iqbal Khan	Nil	Nil
* Meeting attended personally or via alternate director		



Annexure "C"

Pattern of Shareholding:

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
415	1	100	29,271
182	101	500	55,107
28	501	1,000	23,677
31	1,001	5,000	69,489
9	5,001	10,000	74,771
5	10,001	15,000	63,549
4	15,001	20,000	62,900
4	20,001	25,000	89,680
3	25,001	30,000	85,500
1	30,001	35,000	31,600
1	40,001	45,000	40,600
2	45,001	50,000	94,800
2	50,001	55,000	107,900
1	170,001	175,000	172,785
1	645,001	650,000	649,800
1	17,540,001	17,550,000	17,548,571
690			19,200,000

Shareholding by category:

Shareholders Category	No. of Shareholders	No. of Shares	%
Individuals	680	791,194	4.12
Investment Companies	-	-	-
Insurance Companies	-	-	-
Joint Stock Companies	4	654,350	3.40
Financial Institutions	1	1,000	0.01
Modarabas and Mutual Funds	2	174,285	0.91
Associated Companies undertaking & related parties	1	17,548,571	91.40
Foreigners	2	30,600	0.16
Totals	690	19,200,000	100.00



Name wise Shareholding by category:

Shareholder Category	Number of Shareholders	Number of Shares held
Associated Companies, Undertakings and Related Parties (name wise Details)		
Series Acquisition B.V.	1	17,548,571
Mutual Funds (name wise detail)	Nil	Nil
Directors, CEO and their spouse(s) and minor children (name wise details)		
Mr. Al Abdulmalek Rajwani	1	1
Mr. Saad Amanullah Khan	1	1
Mr. Muhammad Noor-e-arshi Khan	1	1
Executives	-	-
Public Sector Companies and Corporations	-	-
Banks, Development Finance Institutions, Non - Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension funds.	3	175,285
Shareholders holding 5% or more voting rights in the listed company (name wise details)		
Series Acquisition B.V.	1	17,548,571

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi and Lahore Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Tariq Iqbal Khan
Executive Directors	Saad Amanullah Khan and Muhammad Noor-e-Arshi Khan
Non-Executive Directors	Al Abdulmalek Rajwani, Kashif Maqsood Abbasi, Amjad Ali Qureshi and Bahroz Hussain Abbas

During the fiscal year ended June 30, 2013, the Board did not have an independent director. The independent director was appointed subsequent to the year end and is holding this position with effect from July 18, 2013. The independent director meets the criteria of independence under clause i(b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board in April 2013 was filled up by the directors within 90 days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board, subsequent to year ended June 30, 2013, has arranged orientation course for its directors to apprise them of their role and responsibilities. Executive directors on the board are already certified under director training programs from institutions approved by SECP.



10. The board has approved appointment of CFO and Company Secretary including his remuneration and terms and conditions of employment in previous years and increment in his remuneration was also approved by the board during the year. During the year, Mr. Sajid Riaz Siddiqui resigned as Head of Internal Audit and was replaced by Mr. Adnan Mudassar which was approved by the board. The newly appointed Head of Internal Audit completed the required experience of five years under the Code subsequent to the yearend, but before this statement was approved by the Board.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members which are all non-executive directors. During the fiscal year ended June 30, 2013, the Committee did not have an independent director as member. The independent director was appointed on the Committee subsequent to the year end and is now Chairing the Committee with effect from July 18, 2013.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of 3 members, of whom all are non-executive directors including the chairman.
18. The board has outsourced the internal audit function to M/S Ernst & Young Ford Rhodes SidatHyder who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied except the following:
 - The Company has nominated Head of Internal Audit as the secretary to the Audit Committee. During the year, the CFO & Company Secretary assumed role of the secretary to the Audit Committee in Audit Committee meetings held on October 18, 2012 as Head of Internal audit was out of country and again on February 21, 2013 as the former had resigned and the Company was in search for his replacement.

SAAD AMANULLAH KHAN
Chief Executive Officer

Karachi
September 30, 2012

Review Report to The Members on Statement of Compliance with Best Practices of The Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Gillette Pakistan Limited (the Company) to comply with the respective Listing Regulation of the Karachi and Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance (the 'Statement') and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of The Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2013.

We draw attention to the following paragraphs of the Statement wherein certain non-compliances have been highlighted:

- a) Paragraph 1 - The Board did not have an independent director during the year and he was appointed subsequent to the year end on July 18, 2013;
- b) paragraph 10 - The newly appointed Head of Internal Audit completed the required experience of five years under the Code subsequent to the year end, but before the statement was approved by the Board;
- c) paragraph 15 - The Audit Committee did not have an independent director as the Chairman of the Committee during the year. The independent director was appointed on the Committee subsequent to the year end on July 18, 2013; and
- d) paragraph 23 - Due to some business reasons during the year, CFO & Company Secretary assumed the conflicting role of secretary to the Audit Committee in absence of Head of Internal Audit in two Audit Committee meetings.

M. Yousuf Adil Saleem

Chartered Accountants

Karachi

Date: September 30, 2013

Member of
Deloitte Touche Tohmatsu Limited

Auditors' Report to The Members

We have audited the annexed balance sheet of **Gillette Pakistan Limited** (the Company) as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, (XVIII of 1980).

M. Yousuf Adil Saleem - 2

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Karachi
Date: September 30, 2013

Member of
Deloitte Touche Tohmatsu Limited



Balance Sheet

As at June 30, 2013

	Note	June 30, 2013	June 30, 2012
Rupees in '000			
ASSETS			
Non-current assets			
Property, plant and equipment	3	-	7,335
Long-term deposits	4	438	138
		<u>438</u>	<u>7,473</u>
Current assets			
Stock-in-trade	5	450,545	256,824
Trade debts	6	144,539	149,678
Loans and advances	7	169	21,663
Trade deposits	8	1,325	2,462
Interest receivable on term deposits		2,318	2,820
Prepayments	9	2,055	-
Other receivables	10	13,078	24,245
Other financial assets	11	375,420	240,000
Sales tax refundable		44,948	11,307
Taxation - net		34,031	23,931
Cash and bank balances	12	149,071	41,279
		<u>1,217,499</u>	<u>774,209</u>
Total assets		<u>1,217,937</u>	<u>781,682</u>
EQUITY			
Share capital and reserves			
Authorized			
20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital	13	192,000	192,000
Unappropriated profit		487,735	234,322
Total equity		<u>679,735</u>	<u>426,322</u>
LIABILITIES			
Non-current liabilities			
Deferred liability - gratuity scheme	33	1,547	-
Current liabilities			
Trade and other payables	15	536,655	355,360
Contingencies and commitments			
16			
Total equity and liabilities		<u>1,217,937</u>	<u>781,682</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Profit and Loss Account

For the year ended June 30, 2013

	Note	June 30, 2013	June 30, 2012
		Rupees in '000	
Sales - net	18	1,769,225	1,408,301
Cost of goods sold	19	(1,143,145)	(1,017,362)
Gross profit		626,080	390,939
Other income	20	43,474	26,397
Selling, marketing and distribution expenses	21	(257,467)	(253,704)
Administrative expenses	22	(47,379)	(33,056)
Other operating expenses	23	(29,465)	(2,691)
Bank charges	24	(50)	(314)
Profit before tax		335,193	127,571
Income tax expense	25	(81,780)	(65,981)
Profit after tax		253,413	61,590
		Rupees	
Earning per share - basic and diluted	26	13.20	3.21

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Statement of Comprehensive Income

For the year ended June 30, 2013

	June 30, 2013	June 30, 2012
	Rupees in '000	
Profit for the year	253,413	61,590
Other comprehensive income	-	-
Total comprehensive income for the year	253,413	61,590

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR

Cash Flow Statement

For the year ended June 30, 2013

	Note	June 30, 2013	June 30, 2012
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	28	292,178	205,577
Income taxes paid		(91,880)	(57,636)
Deferred liability - gratuity scheme benefits paid		(392)	-
Long term loans - recovered		-	12
Net cash from operating activities		199,906	147,953
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(8,590)
Proceeds from disposal of property, plant and equipment		6,666	4,102
Long-term deposits made		(300)	-
Interest income received		36,940	15,609
Net cash from investing activities		43,306	11,121
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(2)
Net cash used in financing activities		-	(2)
Net increase in cash and cash equivalents		243,212	159,072
Cash and cash equivalents at the beginning of the year		281,279	122,207
Cash and cash equivalents at the end of the year	27	524,491	281,279

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Statement of Changes in Equity

For the year ended June 30, 2013

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
Balance as at July 01, 2011	192,000	172,732	364,732
Total Comprehensive Income for the year ended June 30, 2012:			
Profit for the year	-	61,590	61,590
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	61,590	61,590
Balance as at June 30, 2012	192,000	234,322	426,322
Total Comprehensive Income for the year ended June 30, 2013:			
Profit for the year	-	253,413	253,413
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	253,413	253,413
Balance as at June 30, 2013	192,000	487,735	679,735

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Notes to the Financial Statements

For the year ended June 30, 2013

1. STATUS AND NATURE OF BUSINESS

- 1.1** Gillette Pakistan Limited ("the Company") was incorporated on December 9, 1986 as a public limited company under the Companies Ordinance, 1984 and is a subsidiary of The Series Acquisition B.V. Netherlands (which is a wholly owned subsidiary of The P&G Company, USA). The registered office of the Company is situated at 11th Floor, Harbour Front, Dolmen City, HC-3, Block-4, Marine Drive, Clifton, Karachi-75600 and the Company is listed on Karachi and Lahore Stock Exchanges. The principal activities of the Company include marketing and selling of blades and razors, personal care products, beauty care appliances and oral care products.
- 1.2** Effective January 01, 2013, the Company has discontinued sale of Braun household appliances in Pakistan as these have been sold by the parent company globally to De'Longhi.
- 1.3** The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

The financial statements have been prepared under the historical cost convention except for the recognition of certain staff retirement benefits at present value as referred to in note 2.12 to these financial statements.

2.3 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards/amendments/interpretations

**Effective Date
(accounting periods
beginning on or after)**

Amendments to IAS 1 - Presentation of Financial Statements - Presentation of
Items of Other Comprehensive Income

July 1, 2012

2.3.1 Standards, interpretations and amendments to the published approved accounting standards not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures except for amendments in IAS 19.



Standard / amendments / interpretations	Effective Date (accounting periods beginning on or after)
Amendments to IAS 1 - Presentation of Financial Statements - Clarification of Requirements for Comparative information	January 1, 2013
Amendments to IAS 16 - Property, Plant and Equipment - Classification of servicing equipment	January 1, 2013
Amendments to IAS 19 - Employee Benefits	January 1, 2013
Amendments to IAS 32 - Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	January 1, 2013
Amendments to IAS 32 - Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 1, 2014
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	January 1, 2013
Amendments to IFRS 7 - Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	January 1, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement
- IAS 27 (Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

The potential impact of standards, amendments and interpretations not yet effective on the financial statements on the Company is as follows:

The amendments to IAS 19 Employee Benefits are effective for annual period beginning on or after January 1, 2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial loss amounting to Rs. 13.056 million in other comprehensive income in the period of initial application.

2.4 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment in value, if any. Residual values, estimated useful lives and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Cost is depreciated over the estimated useful life of related assets under the straight line method except for capital work in progress which is stated at cost. Depreciation on additions is charged from the month in which the asset is available for use and no depreciation is charged in the month of disposal. Depreciation rates are stated in note 3 to these financial statements.



Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial period in which they are incurred. Cost of acquisition of display stands is also charged to profit and loss account directly.

Gains and losses on disposal of assets are recognized in profit and loss account.

2.5 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that non-financial assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount and reversal of impairment loss is recognized immediately in profit and loss account, but however the carrying amount is increased to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

2.6 Intangible assets

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortization method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Costs that are clearly associated with an identifiable asset which has a probable benefit beyond one year are recognized as intangible assets. Amortization on additions to intangible assets is charged from the month in which an asset is available for use while no amortization is charged for the month in which that asset is disposed off.

2.7 Operating lease

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating lease. Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease.

2.8 Investments

Recognition

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.



Held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method, less any impairment losses. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognized in the income statement when the investments are de-recognized or impaired, as well as through the amortization process.

Derecognition

All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.9 Stock-in-trade

Stocks are valued at the lower of cost and estimated net realizable value. Costs are determined by using the first-in, first-out method except for goods-in-transit which are valued at the actual cost accumulated to the balance sheet date. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The cost of stocks includes expenditure incurred in acquiring / bringing the inventories items to their existing location and condition.

2.10 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade debts is estimated when there is objective evidence that the Company will not be able to collect all amount due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit and loss account within 'administrative expenses'. When a trade debt is uncollectible, it is written off against the allowance account for trade debts. Subsequent recoveries of amounts previously written off are credited to 'other income' in the profit and loss account.

2.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation and tax paid on presumptive basis. Income tax paid at import stage under Final Tax Regime (FTR) is recognized as tax expense in the period in which related goods are sold.

Deferred

Deferred tax is not booked as the majority of the income of the Company falls under the Final Tax Regime of Income Tax Ordinance, 2001. Deferred tax impact on the income falling under normal tax regime is immaterial to the financial statements.

2.12 Staff retirement benefits

Defined benefit plan

Funded Pension Scheme

The Company operates a defined benefit plan i.e., approved funded pension fund scheme for all its permanent employees subject to prescribed qualifying age limit. Contributions are made to the fund on the basis of actuarial recommendations. Actuarial valuation is carried out using projected unit credit method. As per the Company policy, only current employees who opt for this scheme and all ex-employees continue to receive benefit under this scheme.

Actuarial gains / losses exceeding 10 percent of the higher of projected benefits obligation and fair value of plan assets, at the beginning of the year, are amortized over average future service of the employees.

Details of the schemes are given in note 33 to these financial statements.

Unfunded Gratuity Scheme

Effective from July 01, 2012, the Company has started to operate a defined benefit plan i.e. approved unfunded gratuity scheme for all its current permanent employees, with the exception of those employees receiving (or are eligible to receive) benefit under approved funded pension scheme, subject to the prescribed qualifying service limit. This scheme is unfunded and actuarial valuation is carried out using projected unit credit method. As per the Company policy, all new employees would be entitled to this gratuity scheme only.

Actuarial gains / losses exceeding 10 percent of the higher of projected benefits obligation and fair value of plan assets, at the beginning of the year, are amortized over average future service of the employees.

Defined contribution plan

The Company operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 per cent of basic salaries of employees.

Compensated absences

The liability in respect of compensated absences is accounted for in the period in which the absences accrue.

2.13 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

2.14 Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.15 Foreign currency translation

Transactions in foreign currencies are recorded into Pak Rupee at the exchange rate prevailing on the date of transaction. At each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account in the year in which they arise.

2.16 Revenue recognition

Sales are recorded on delivery of goods and acceptance by the customer.

Mark-up / return on bank balances / investments is recognized on a time proportionate basis on the principal amount outstanding by applying the effective interest rate.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits in banks and short term liquid investments that are readily convertible to known amounts of cash.

2.18 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the periods in which the dividends are approved by the appropriate authority.



2.19 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account currently.

Financial instruments carried on the balance sheet include loans, deposits, trade debts, accrued profit, other receivables, cash and bank balances and trade and other payables. The particular recognition method adopted are disclosed in the individual policy statements associated with each item.

2.20 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.21 Segment Reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that is engaged in business activities from which it may earn revenues and incur expenses. An operating segment's results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results which are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company's reportable segments are as follows:

- Blade and Razors
- Braun Products
- Others

2.22 Significant judgments and key sources of estimation in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affects the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management that may have significant risk of material adjustments to the financial statements in the subsequent years are as follows:

- i) Provision / reversal for doubtful debts (note 6.2);
- ii) Determination of net realizable value for stock-in-trade (note 5.2);
- iii) Assumptions and estimates used in accounting for defined benefits plan (note 2.12 and note 33);
- iv) Provision for taxation (note 2.11 and note 25)
- v) Contingencies and commitments (note 16)



3. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Motor Vehicles	Total
	Rupees in '000		
YEAR ENDED JUNE 30, 2012			
Cost	66	6,719	6,785
Accumulated depreciation	(64)	(1,439)	(1,503)
Net book value	2	5,280	5,282
Opening net book value	2	5,280	5,282
Additions	-	8,590	8,590
Disposals			
Cost	-	(6,208)	(6,208)
Depreciation	-	2,198	2,198
Net book value	-	(4,010)	(4,010)
Depreciation charge for the year	(2)	(2,525)	(2,527)
Closing net book value	-	7,335	7,335
At June 30, 2012			
Cost	66	9,101	9,167
Accumulated depreciation	(66)	(1,766)	(1,832)
Net book value	-	7,335	7,335
Depreciation rates	25%	25%	
YEAR ENDED JUNE 30, 2013			
Opening net book value	-	7,335	7,335
Addition	-	-	-
Disposal			
Cost	-	(8,590)	(8,590)
Depreciation	-	2,687	2,687
	-	(5,903)	(5,903)
Depreciation charge for the year	-	(1,432)	(1,432)
Closing net book value	-	-	-
At June 30, 2013			
Cost	-	511	511
Accumulated depreciation	-	(511)	(511)
Net book value	-	-	-
Depreciation rates	25%	25%	



3.1 Disposal of property, plant and equipment during the year are as follows:

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceed	Gain	Mode of disposal	Particulars of buyer
Rupees in '000							
Vehicles							
Mercedes Benz	8,590	2,687	5,903	6,666	763	Tender	Mr. Imran Malik, House number 46-1 St. 29 Mujahid phase 5 DHA Karachi
June 30, 2013	8,590	2,687	5,903	6,666	763		
June 30, 2012	6,208	2,198	4,010	4,102	92		
						<i>Note</i>	June 30, 2013
							June 30, 2012
Rupees in '000							

3.2 Depreciation charge for the year has been allocated as under:

Selling, marketing and distribution expenses	21	859	1,450
Administrative expenses	22	573	1,077
		1,432	2,527

4. LONG-TERM DEPOSITS

Central Depository Company Limited - registration deposit	37	37
Employee medical insurance deposit	101	101
Marine insurance	300	-
	438	138

5 STOCK-IN-TRADE

5.1 Stock-in-trade comprises of finished goods and includes goods-in-transit amounting to Rs. 91.099 million (June 30, 2012: Rs. 89.428 million). Such stocks are in possession of a third party.

5.2 Stock-in-trade includes goods costing Rs. 133.434 million (June 30, 2012: 55.692 million) valued at net realizable value amounting to Rs. 67.542 million (June 30, 2012: 48.754 million).

	<i>Note</i>	June 30, 2013	June 30, 2012
Rupees in '000			

6. TRADE DEBTS

Unsecured			
Considered good	6.1	144,539	149,678
Considered doubtful		-	-
Less: Provision for doubtful debts	6.2	-	-
		144,539	149,678



- 6.1 Trade receivables are non-interest bearing and the credit period on sale of goods is 87 days for Braun products and 25 days for Blades & Razors and others (June 30, 2012: 76 days for Braun products and 23 days for Blade & Razors and others).

June 30,
2013 June 30,
2012

Rupees in '000

6.2 Movement in provision for doubtful debt

Balance as at July 01	-	254
Add: Charge for the year	-	-
Less: Reversal of provision	-	(254)
Balance as at June 30	-	-

- 6.3 In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt on each reporting period from the date when credit was initially granted. Accordingly, the directors believe that no provision for doubtful debts is required, as there has not been a significant change in credit quality of the customer.

6.4 Aging of trade debts

	1 - 25 days	26 - 87 days	Above 87days
	Rupees in '000		
June 30, 2013			
Neither due nor impaired	102,166	15,936	-
Past due but not impaired	-	25,859	578
Past due and impaired	-	-	-
	1 - 23 days	24 - 76 days	Above 76 days
	Rupees in '000		
June 30, 2012			
Neither due nor impaired	93,342	56,336	-
Past due but not impaired	-	-	-
Past due and impaired	-	-	-

Note June 30,
2013 June 30,
2012

Rupees in '000

7. LOANS AND ADVANCES

Considered good

Advances

- executives		169	153
- others	7.1	-	21,510
		<u>169</u>	<u>21,663</u>

- 7.1 Others include advances to customer amounting to Nil (June 30, 2012: Rs. 11.61 million) and advance duties against goods purchased amounting to Nil (June 30, 2012: Rs. 9.86 million).



	Note	June 30, 2013	June 30, 2012
Rupees in '000			
8. TRADE DEPOSITS			
Deposits		1,325	2,462
9. PREPAYMENTS			
Prepaid expenses	9.1	2,055	-
9.1 This include prepayments on account of selling and marketing expenses.			
10. OTHER RECEIVABLES			
Receivable from pension fund	33.1.2	6,153	5,935
Receivable from related parties	10.1	-	7,668
Duties refundable	10.2	6,653	6,653
Others		272	3,989
		13,078	24,245
10.1 This represents receivable from following related parties:			
Procter & Gamble Gulf FZE		-	3,645
Procter & Gamble Services Limited		-	3,179
Procter & Gamble Home Products Limited		-	844
		-	7,668
10.2 This represents refundable claim lodged with Custom Authorities on account of duty refund on re-export of products in prior years. The management is following up with the relevant authorities for the recovery and still believe to hold good title.			
	Note	June 30, 2013	June 30, 2012
Rupees in '000			
11. OTHER FINANCIAL ASSETS			
Term deposits	11.1	375,420	240,000
11.1 This represents term deposits, having maturity period of one month to three months and effective interest rates are in range from 7% to 10.85% (June 30, 2012: 9.25% to 10.85%) per annum.			
	Note	June 30, 2013	June 30, 2012
Rupees in '000			
12. CASH AND BANK BALANCES			
Current account		521	521
Savings account	12.1		
- Foreign currency		-	7,474
- Local currency		148,550	33,284
		148,550	40,758
		149,071	41,279



- 12.1 These are balances maintained with commercial banks. The effective interest rate on the account ranges from 7% to 10.85% (June 30, 2012: 5% to 8%) per annum.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2013	June 30, 2012		June 30, 2013	June 30, 2012
Number of shares			Rupees in '000	
		Ordinary shares of Rs. 10/- each fully paid:		
15,936,000	15,936,000	In cash	159,360	159,360
3,264,000	3,264,000	Other than cash	32,640	32,640
<u>19,200,000</u>	<u>19,200,000</u>		<u>192,000</u>	<u>192,000</u>

- 13.1 The Series Acquisition B.V., Netherlands, and its nominees held 17,548,574 (June 30, 2012: 14,739,003) ordinary shares of Rs. 10 each of the Company. Series Acquisition B.V. holding has been increased during the year as they purchased all shares held by Mr. Salim Adaya who held 2,809,571 shares.
- 13.2 The Company has one class of ordinary shares which carry no right to fixed income. The holders of the shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.
- 13.3 There was no movement in ordinary shares during the year.
- 13.4 The Company has no reserved shares for issuance under options and sales contracts.

14. CAPITAL RISK MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The capital structure of the Company consists of equity comprising issued share capital and unappropriated profit. The Company's overall strategy remains unchanged from 2012.

The Company is not subject to any externally imposed capital requirements.

	Note	June 30, 2013	June 30, 2012
Rupees in '000			
15. TRADE AND OTHER PAYABLES			
Trade creditors	15.1	458,838	248,782
Accrued liabilities	15.2 & 15.3	77,321	106,082
Unclaimed dividend		496	496
		<u>536,655</u>	<u>355,360</u>

- 15.1 This represents amount payable to related party, Procter and Gamble International Operations (PGIO).



	June 30, 2013	June 30, 2012
	Rupees in '000	
15.2 This includes payable to following related parties:		
Procter & Gamble Pakistan (Private) Limited	25,357	19,101
Procter & Gamble International Operations SA-ROHQ	500	890
The Procter & Gamble US Business Services Company	34	91
	25,891	20,082
15.3 This includes payable in respect of Workers Welfare Fund amounting to Rs. 6.92 million (June 30, 2012: Rs. 2.68 million).		
16. CONTINGENCIES AND COMMITMENTS		
16.1 Contingencies		
16.1.1 The income tax assessments of the Company have been completed up to and including tax year 2012 (i.e. year ended on June 30, 2012). The tax returns for the tax years from 2003 to 2012 are treated as assessment orders under section 120 of the Income Tax Ordinance, 2001 on the date returns were filed, unless amended otherwise. Notice for amendment of assessment relating to Tax years 2004, 2005 & 2006 were received from Additional Commissioner and reply thereof was filed. Thereafter, no further activity has taken place.		
In respect of assessment years 2000-2001 and 2001-2002, the Commissioner of Income Tax (Appeals) made certain additions / disallowances which resulted in additional tax liability amounting to Rs 49.422 million and Rs 8.241 million respectively. The Company filed appeals before the Income Tax Appellate Tribunal (ITAT), which are pending for the decision.		
In respect of the above, the Company has made a payment of the full amount and made a provision of Rs 40.518 million in previous years. The management considers that any further provisions would not be required in case of adverse decision in the case.		
16.1.2 The Commissioner of Inland Revenue has filed an appeal in the High Court of Sindh against the order of Appellate Tribunal Inland Revenue, issued in favour of the Company for the years 1999-2000 and 2000-01. The case pertained to alleged incorrect payment / short payment of sales tax by the company on various transactions in these years. The initial demand of sales tax and additional tax raised by the tax department was amounting to Rs. 34.5 million. The Company is now pursuing the case in the Court, however, no provision has been made in these financial statements as the management anticipates that the case would be decided in the favor of the Company.		
16.1.3 In the fiscal year ended June 30, 2012, the company received notices of selection for the audit of the Company for the tax year 2010 under section 72 B of the Sales Tax Act, 1990, section 42 B of the Federal Excise Act, 2005 and section 214 C of Income Tax Ordinance, 2001. Subsequent to the year end June 30, 2013, the Company also received a show cause notice from the Deputy Commissioner of Inland Revenue under section 122 (9) of the Income Tax Ordinance, 2001, requiring the company to show cause of certain discrepancies in the tax return filed for the tax year 2010 which translate into potential financial impact of Rs. 3.887 million. The company has filed a response against this show cause notice and has made no provision in these financial statements as the management believes that no additional tax liability will arise in this respect, based on strong merits of the response.		
16.1.4 A case has been filed by one of the ex-employee of the Company regarding payment of severance cost amounting to Rs. 28.9 million in the High Court of Sindh (the Court). After some initial hearings, the Court on the application of plaintiff has allowed appointment of commissioner to hear the case, with the cost to be borne by the plaintiff. Currently, hearing at the Commissioner level is in progress. Once the hearing is completed, the matter will be fixed in the Court for arguments. However, based on the advice from the Company's legal counsel, the Company anticipates that the case shall be decided in its favor. Hence, the management has not made any provision against this case in these financial statements.		



16.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

Not later than one year

Later than one year but not later than five years

June 30,
2013

June 30,
2012

Rupees in '000

1,288	1,341
1,018	2,404
2,306	3,745

These represent vehicles acquired under operating lease. The effective financing rate used as discounting factor is per annum 15% which is linked with 6 months KIBOR and revised every 6 months (June 30, 2012: 17.66% per annum). The leases are for a period of 4 years.

17. SEGMENT RESULTS

17.1

	Segment revenue		Segment profit	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	Rupees in '000			
Blades and razors	1,485,420	1,143,386	281,063	101,807
Braun products	136,073	164,861	34,498	19,190
Others	147,732	100,054	53,052	16,238
	1,769,225	1,408,301	368,613	137,235
Other income			43,474	26,397
Administrative expenses			(47,379)	(33,056)
Other operating expenses			(29,465)	(2,691)
Bank charges			(50)	(314)
Profit before tax			335,193	127,571

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the (June 30, 2012: Nil).

For the purpose of segmental profit calculation, the Company has allocated selling and marketing expenses to the segments. This include expenses directly attributable to the segment as well as those that were allocated on the basis of net sales of the segment.

Accounting policies of the reportable segments are the same as the companies accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of other income, administrative expense, other operating expenses, bank charges and income tax expense. This is the measure which is reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance.



	June 30, 2013	June 30, 2012
	Rupees in '000	
17.2 Segment assets and liabilities		
Segment assets		
Blades and razors	472,536	306,345
Braun products	44,913	38,586
Others	77,635	61,571
	<u>595,084</u>	<u>406,502</u>
Unallocated corporate assets	622,853	375,180
	<u>1,217,937</u>	<u>781,682</u>
Segment liabilities		
Blades and razors	429,901	219,205
Braun products	32,454	29,841
Others	35,912	17,808
	<u>498,267</u>	<u>266,854</u>
Unallocated corporate liabilities	39,935	88,506
	<u>538,202</u>	<u>355,360</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- Segment Assets consist of stocks-in-trade and trade debts.
- Segment liabilities consist of trade creditors and accrued liabilities related to selling, marketing and distribution expenses.

	June 30, 2013	June 30, 2012
	Rupees in '000	
17.3 Revenue from major products		
Blades and Razors	1,485,420	1,143,386
Braun	136,073	164,861
Oral-B	97,354	50,562
Personal care	50,378	49,492
	<u>1,769,225</u>	<u>1,408,301</u>

17.4 The Company sells primarily to one distributor and sales amount to Rs. 1,720.61 million (June 30, 2012: Rs. 1,408.30 million) against sale of major products of the Company.

17.5 Geographical segments

The Company has not disclosed the information of geographical segments as the CODM reviews performance and allocates resources based on the business segments.

	Note	June 30, 2013	June 30, 2012
		Rupees in '000	
18. SALES - net			
Gross sales	18.1	2,182,144	1,734,516
Trade discounts		(116,630)	(84,258)
Sales tax		(296,289)	(241,957)
		<u>1,769,225</u>	<u>1,408,301</u>

- 18.1 This includes export sales amounting to Rs. 48.62 million (June 30, 2012: Nil) on accounts of goods sold to Actua International limited.

	Note	June 30, 2013	June 30, 2012
Rupees in '000			
19. COST OF GOODS SOLD			
Opening stock of finished goods		256,824	355,182
Purchases of finished goods		1,336,866	919,004
		<u>1,593,690</u>	<u>1,274,186</u>
Closing stock of finished goods		(450,545)	(256,824)
	19.1	<u>1,143,145</u>	<u>1,017,362</u>

- 19.1 Finished goods have been written down to net realizable value by Rs. 65.89 million (June 30, 2012: Rs. 6.938 million) and are charged to cost of goods sold.

	Note	June 30, 2013	June 30, 2012
Rupees in '000			
20. OTHER INCOME			
20.1 Income from financial assets			
Interest income on term deposits and saving accounts		36,438	17,560
Reversal of provision for bad debt		-	254
		<u>36,438</u>	<u>17,814</u>
20.2 Income other than financial assets			
Gain on disposal of property, plant and equipment	3.1	763	92
Income recognized on defined benefit plan	33.1.4	6,153	5,935
Exchange gain		-	2,532
Others		120	24
		<u>7,036</u>	<u>8,583</u>
		<u>43,474</u>	<u>26,397</u>

21. SELLING, MARKETING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits		23,639	25,542
Rent, rates and taxes		12,692	16,286
Traveling and conveyance		2,647	3,432
Communication		276	284
Advertising and sales promotion		196,047	195,346
Depreciation	3.2	859	1,450
Freight and forwarding		21,167	11,364
Others		140	-
		<u>257,467</u>	<u>253,704</u>



	Note	June 30, 2013	June 30, 2012
Rupees in '000			
22. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		24,497	14,603
Traveling and conveyance		2,085	2,890
Rent, rates and taxes		7,087	2,003
Insurance		287	517
Repairs and maintenance		194	113
Depreciation	3.2	573	1,077
Auditors' remuneration	22.1	1,179	1,109
Donation	22.2	28	139
Legal and outsourced professional services		10,095	8,528
Others		1,354	2,077
		47,379	33,056

22.1 Auditors' remuneration

Audit fee	689	671
Half yearly review	424	374
Review of compliance with Code of Corporate Governance	28	28
Out of pocket expenses	38	36
	1,179	1,109

22.2 Donations include following amounts paid to parties in which company executives are interested:

		June 30, 2013	June 30, 2012
Rupees in '000			
Payee	Relationship		
Health Oriented Preventive Education (HOPE)- Address: Plot #B-40, Street # 28, Sector # 32-A, Korangi Industrial Area, Karachi.	Saad Amanullah Khan, CEO of the Company is the President of the helpers of HOPE.	-	100
American Business Council - Address: F-30, Block 7, KDA Scheme 5, Kehkashan, Clifton, Karachi.	Saad Amanullah Khan, CEO of the Company is the past President of ABC.	10	-
		10	100

	Note	June 30, 2013	June 30, 2012
		Rupees in '000	
23. OTHER OPERATING EXPENSES			
Workers Welfare Fund		6,841	2,691
Exchange loss		21,921	-
Others		703	-
		<u>29,465</u>	<u>2,691</u>
24. BANK CHARGES			
Bank charges		<u>50</u>	<u>314</u>
25. INCOME TAX EXPENSE			
Current			
- for the year	25.1	<u>81,780</u>	<u>65,981</u>
25.1 The tax charge for the year includes the following:			
- tax under Final Tax Regime on commercial imports		69,027	59,850
- tax under Normal Tax Regime on interest income		12,753	6,131
		<u>81,780</u>	<u>65,981</u>
25.2 Relationship between tax expense and accounting profit			
Accounting profit for the year		335,193	127,571
Tax rate		35%	35%
Tax charge at 35%		117,318	44,650
Effect of taxes paid under Final Tax Regime		(35,538)	21,331
		<u>81,780</u>	<u>65,981</u>
26. EARNINGS PER SHARE - basic and diluted			
Profit for the year		<u>253,413</u>	<u>61,590</u>
		Number of shares	
Weighted average number of ordinary shares outstanding during the year		<u>19,200,000</u>	<u>19,200,000</u>
		Rupees	
Earnings per share - basic and diluted		<u>13.20</u>	<u>3.21</u>



	Note	June 30, 2013	June 30, 2012
Rupees in '000			
27. CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	149,071	41,279
Term deposits	11	375,420	240,000
		524,491	281,279
28. CASH FLOWS FROM OPERATIONS			
Profit before taxation		335,193	127,571
Adjustment for non-cash charges and other items:			
Income recognized on defined benefit plan	20.2	(6,153)	(5,935)
Employee benefits-gratuity expense	33.1.4	1,939	-
Stock-in-trade written down to net realizable value	5.2	65,892	6,938
Depreciation expense	3.2	1,432	2,527
Reversal of provision for bad debts	20.1	-	(254)
Gain on disposal of property, plant and equipment	3.1	(763)	(92)
Interest income on term deposits and saving accounts	20.1	(36,438)	(17,560)
Working capital changes	29	(68,924)	92,382
		292,178	205,577
29. Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(259,613)	91,420
Trade debts		5,139	(14,392)
Loans and advances		21,494	(3,577)
Trade deposits		1,137	(2,155)
Sales tax refundable		(33,641)	20,044
Other receivables		17,320	2,876
Prepayments		(2,055)	-
		(250,219)	94,216
Increase / (decrease) in current liabilities:			
Trade and other payables		181,295	(1,834)
		(68,924)	92,382
30. TRANSACTIONS WITH RELATED PARTIES			

The related parties comprise the holding company (The Series Acquisition B.V., Netherlands), the ultimate parent company (The Procter & Gamble Company, USA), related group companies, companies in which directors are interested, staff retirement benefit plans, directors of the Company, key management personnel and close member of the family of all the aforementioned related parties. The Company carries out transactions with various related parties at agreed terms. Amount due from and to related parties are shown under 'other receivables' and 'trade and other payables', amounts due from key management personnel are shown under 'loans and advances', whereas remuneration of directors, chief executive and executives are disclosed in note 31. Other significant transactions with related parties are as follows:

Name	Relationship with the Company	Nature of transaction	June 30, 2013	June 30, 2012
			Rupees in '000	
Procter and Gamble International Operations	Associate	Purchases of finished goods	<u>1,217,922</u>	<u>687,726</u>
Procter and Gamble Gulf FZE	Associate	Services rendered	<u>3,366</u>	<u>3,645</u>
Procter & Gamble Home Products Limited	Associate	Services rendered	<u>1,114</u>	<u>844</u>
Procter and Gamble Services	Associate	Services rendered	<u>-</u>	<u>9,096</u>
Procter and Gamble Pakistan (Private) Limited.	Associate	Services received	<u>60,715</u>	<u>48,789</u>
		Services rendered	<u>15,097</u>	<u>15,014</u>
			<u>75,812</u>	<u>63,804</u>
Procter and Gamble International Operations SA	Associate	Services received	<u>2,787</u>	<u>2,638</u>
Procter and Gamble US Business Services	Associate	Services received	<u>1,186</u>	<u>761</u>
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	<u>1,402</u>	<u>1,496</u>
Gillette Pakistan Pension Fund	Retirement benefit plan	Income from Pension Fund	<u>6,153</u>	<u>5,935</u>

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

31.1 The aggregate amount charged in these financial statements for remuneration, including certain benefits to the Chief Executive, the Director and Executives of the Company are as follows:

	Chief Executive		Director		Executives	
	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2013	For the year ended June 30, 2012
	Rupees in '000					
Managerial remuneration	<u>5,081</u>	<u>4,340</u>	<u>3,373</u>	<u>2,644</u>	<u>5,615</u>	<u>8,107</u>
Bonus	<u>1,203</u>	<u>987</u>	<u>387</u>	<u>305</u>	<u>-</u>	<u>-</u>
Housing	<u>2,287</u>	<u>1,953</u>	<u>1,518</u>	<u>1,190</u>	<u>2,527</u>	<u>3,248</u>
Utilities	<u>508</u>	<u>434</u>	<u>337</u>	<u>264</u>	<u>562</u>	<u>722</u>
Leave fare assistance	<u>762</u>	<u>651</u>	<u>506</u>	<u>397</u>	<u>842</u>	<u>1,083</u>
Retirement benefits	<u>508</u>	<u>434</u>	<u>337</u>	<u>264</u>	<u>444</u>	<u>811</u>
	<u>10,349</u>	<u>8,799</u>	<u>6,458</u>	<u>5,064</u>	<u>9,990</u>	<u>13,971</u>
Number of persons during the year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>7</u>	<u>8</u>
					June 30, 2013	June 30, 2012
Number of employees as at					<u>11</u>	<u>10</u>
Average number of employees during the year					<u>11</u>	<u>11</u>



31.2 Chief Executive, a working director and executives of the Company are also provided with free use of company maintained cars, enrollment in either approved funded pension fund or unfunded approved gratuity scheme and medical for self and family members and other benefits as per rules of the Company.

31.3 The aggregate amount of fees paid to one non-executive director was Rs.30,000 (June 30, 2012: 1 non-executive directors Rs. 40,000).

32. FINANCIAL RISK MANAGEMENT

32.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below and disclosed in note 2.

	Held-to-maturity		Loans and receivable	
	June 30, 2013	June 30 2012	June 30, 2013	June 30, 2012
	Rupees in '000			
Assets as per balance sheet				
Long-term deposits	-	-	438	138
Trade debts	-	-	144,539	149,678
Loans and advances	-	-	169	153
Trade deposits	-	-	1,325	2,462
Interest receivable on term deposits	-	-	2,318	2,820
Other receivables	-	-	272	11,657
Other financial assets	375,420	240,000	-	-
Cash and bank balances	-	-	149,071	41,279
	375,420	240,000	298,132	208,187

Liabilities as per balance sheet

Trade and other payables

**Financial liabilities at
amortized cost**
**June 30,
2013** **June 30,
2012**
Rupees in '000

529,739 **352,680**

32.2 Financial risk factors

The Company is exposed to market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of risk factors on the Company's financial performance.

The Board of Directors has overall responsibility for the oversight of financial risk management for the Company. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures.

32.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables. Market risk comprises three types of risk: interest rate risk, price risk and currency risk. The exposure to these risks and their management is explained below:



i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises from other financial assets which represents investment in term deposits amounting to Rs. 375.42 million (June 30, 2012: 240 million) and bank balances maintained in saving accounts amounting to Rs. 148.55 million (June 30, 2012: Rs. 40.758 million) as at balance sheet date. The effective interest rate on these accounts ranges from 7% to 10.85% (June 30, 2012: 5% to 8%) per annum.

If interest rates had been 100 basis points lower / higher and all other variables held constant, the company's profit for the year ended June 30, 2013 would increase / decrease by Rs. 5.24 million (June 30, 2012: Rs. 2.81 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

ii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Company is not exposed to price risks, therefore, no sensitivity analysis is provided for this risk.

iii. Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Company's exposure to foreign currency risk is as follows;

	June 30, 2013		
	USD	EURO	Total
	Rupees in '000		
Trade and other payables	(742)	(458,838)	(459,580)
Net Exposure	<u>(742)</u>	<u>(458,838)</u>	<u>(459,580)</u>
	June 30, 2012		
	USD	EURO	Total
	Rupees in '000		
Bank balances	7,474	-	7,474
Other receivables	7,668	-	7,668
Trade and other payables	-	(248,782)	(248,782)
Net Exposure	<u>15,142</u>	<u>(248,782)</u>	<u>(233,640)</u>

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level and balance the risk itself.

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2013	2012	2013	2012
	Rupees in '000			
Rupees per				
USD	96.98	87.28	99.45	94.43
EURO	125.75	109.77	129.53	121.96



Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD and Euro exchange rates, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in rate	Effect on PBT		
		USD	EURO	Total
		Rupees in '000		
June 30, 2013	+10%	(74)	(45,883)	(45,957)
	-10%	74	45,883	45,957
June 30, 2012	+10%	1,514	(24,878)	(23,364)
	-10%	(1,514)	24,878	23,364

32.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is as follows:

	June 30, 2013	June 30, 2012
Rupees in '000		
Long-term deposits	438	138
Trade debts	144,539	149,678
Loans and advances	169	153
Trade deposits	1,325	2,462
Interest receivable on term deposits	2,318	2,820
Other receivables	272	11,657
Other financial assets	375,420	240,000
Bank balances	149,071	41,279
	673,552	448,187

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers. Outstanding customer receivables are regularly monitored and shipments are only made if the credit history of the customer is clean.

Credit risk from balances with banks is managed by treasury in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

The Company is exposed to credit risk from its operating activities primarily for trade debts, other receivables, deposits with banks and other financial assets. The names and credit ratings of banks, where the Company maintains its bank balance are as follows:

Name of bank	Rating agency	Credit rating	
		Short-term	Long-term
Barclays Bank PLC, Pakistan	Standard & Poor's	A-1	A+
Citi Bank, N.A.	Moody's	P-2	A3
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

32.2.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company has minimal liquidity risk as it maintains sufficient cash for operations through prudent liquidity risk management. The Company has no external borrowings.

The financial liabilities of the Company are analyzed into the relevant maturity buckets based on their contractual maturity dates in the table below:

	Less than 1 month	1 - 3 months	3 months to 1 year	1-5 years	5+ years	Total
Rupees in '000						
FINANCIAL LIABILITIES						
June 30, 2013						
Trade and other payables	-	529,739	-	-	-	529,739
June 30, 2012						
Trade and other payables	-	352,680	-	-	-	352,680

Management closely monitors the Company's liquidity and cash flow position by maintaining availability of financing through banking arrangements.

32.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction, other than in a forced or liquidation sale.

The carrying amount of all financial assets and liabilities reflected in these financial statements approximate their fair values.

33. STAFF RETIREMENT BENEFITS

33.1 Funded post retirement pension and unfunded gratuity schemes

33.1.1 The actuarial valuation of pension plan was carried out at June 30, 2013. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:

	June 30, 2013		June 30, 2012	
	Pension	Gratuity	Pension	Gratuity
	Percent			
- Discount rate - per annum compound	11.50	11.50	12.50	-
- Expected rate of increase in salaries - per annum	11.50	11.50	12.50	-
- Expected rate of return on plan assets - per annum	9.00	-	11.00	-
- Pension indexation rate - per annum	7.75	-	4.65	-

	June 30, 2013		June 30, 2012	
	Pension	Gratuity	Pension	Gratuity
	Rupees in '000			

33.1.2 The amounts recognized in the balance sheet are as follows:

Fair value of plan assets	75,102	-	74,724	-
Present value of defined benefit obligation	(82,005)	(2,526)	(44,574)	-
(Deficit) / surplus	(6,903)	(2,526)	30,150	-
Unrecognized net actuarial losses / (gains)	13,056	634	(24,215)	-
Unrecognized past service cost	-	345	-	-
Asset / (liability) carried forward in the balance sheet	6,153	(1,547)	5,935	-



June 30, 2013		June 30, 2012	
Pension	Gratuity	Pension	Gratuity
Rupees in '000			

33.1.3 Movement in net assets / (liabilities) in the balance sheet is as follows:

Opening balance of net assets	5,935	-	6,250	-
Income / (expense) recognized for the year	6,153	(1,939)	5,935	-
Cash received from the fund by the Company	(5,935)	-	(6,250)	-
Benefits paid	-	392	-	-
Closing balance of net assets / (liabilities)	6,153	(1,547)	5,935	-

Changes in present value of defined benefit obligation

Obligation as at July 01,	(44,574)	-	(32,295)	-
Current service cost	(7,466)	(458)	(2,649)	-
Curtailment gain	3,589	-	-	-
Employees transferred to sister concern	3,014	-	-	-
Past service cost - vested	-	(1,234)	-	-
Past service cost - non vested	-	(345)	-	-
Interest cost	(5,121)	(247)	(5,030)	-
Actuarial (loss) / gain	(32,054)	(634)	(5,034)	-
Benefits paid	607	392	434	-
Obligation as at June 30	(82,005)	(2,526)	(44,574)	-

Changes in fair value of plan assets

Fair value as at July 01,	74,724	-	73,115	-
Expected return on plan assets	8,513	-	9,071	-
Actuarial (loss) / gain	(1,593)	-	(778)	-
Benefits paid	(607)	-	(434)	-
Cash received from the fund by the Company	(5,935)	-	(6,250)	-
Fair value as at June 30	75,102	-	74,724	-

33.1.4 The following amounts have been charged to profit and loss account in respect of these benefits:

Current service cost	7,466	458	2,649	-
Interest cost	5,121	247	5,030	-
Expected return on plan assets	(8,513)	-	(9,071)	-
Past service cost - vested	-	1,234	-	-
Curtailment gain	(3,589)	-	-	-
Employees transferred to sister concern	(3,014)	-	-	-
Actuarial (Gain) / loss recognized due to curtailment	(1,950)	-	-	-
Income for the year	(4,479)	1,939	(1,392)	-
Actuarial gains recognized	(1,674)	-	(4,543)	-
(Income) / expense recognized in the financial statements	(6,153)	1,939	(5,935)	-

Composition of plan assets used by the fund

Pakistan Investment Bonds	7,771	-	7,305	-
Term Deposit Receipts	65,756	-	66,665	-
Units of Mutual Funds	1,320	-	754	-
Cash at bank	255	-	-	-
	75,102	-	74,724	-

Actual return on plan assets is as follows:

Expected return on plan assets	8,513	-	9,071	-
Actuarial loss	(1,593)	-	(778)	-
Actual return on plan assets	6,920	-	8,293	-



33.1.5 Experience adjustments

Pension Fund

	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
	Rupees in '000				
Actuarial (loss) / gain on obligation	(32,054)	(5,034)	6,291	3,010	934
Actuarial (loss) / gain on assets	(1,593)	(778)	1,055	(3,953)	(4,400)

33.1.6 The amounts recognized in the balance sheet are as follows:

Pension Fund

	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
	Rupees in '000				
Fair value of plan assets	75,102	74,724	73,115	71,196	76,123
Present value of defined benefit obligation	(82,005)	(44,574)	(32,295)	(32,560)	(30,500)
Unrecognized net actuarial loss / (gain)	13,056	(24,215)	(34,570)	(31,244)	(36,283)
Surplus	6,153	5,935	6,250	7,392	9,340

33.1.7 A contribution of Rs. 4.327 million is expected to be paid during the annual period beginning July 01, 2013.

Note	June 30, 2013	June 30, 2012
	Rupees in '000	

33.2 Defined contribution plan - Recognized provident fund*

The Company maintains the fund of provident fund in a separate trust.

Size of provident fund - Net assets		10,867	7,779
Cost of investments made	33.2.2	7,079	6,414
Percentage of investments made		65%	82%
Fair value of investment		7,706	6,654
Break-up of fair value investments:			
- Balance in savings accounts			
Amount of investment		32	3,680
Percentage of size of investment		0.29%	47%
- Term deposit receipts			
Amount of investment		6,379	2,066
Percentage of size of investment		59%	27%
- Shares of listed companies			
Amount of investment		1,295	908
Percentage of size of investment		12%	12%

* These figures are taken from unaudited financial statements of Gillette Pakistan's Provident Fund.



33.2.1 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33.2.2 It includes investment made in listed shares of Rs. 0.668 million which are valued at the earliest available market price for the year 2005.

34. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on September 30, 2013 have proposed a final cash dividend @ of 5% i.e. Rs. 0.50 per share for the year ended June 30, 2013 (2012: Nil), amounting to Rs. 9.60 million (2012: Nil) for approval of the members at the annual general meeting to be held on October 23, 2013.

These financial statements do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending June 30, 2014.

35. DATE OF AUTHORIZATION FOR ISSUE

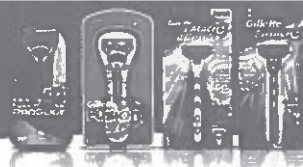
These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 30, 2013.

36. GENERAL

Figures have been rounded off to the nearest thousand rupee.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Notice of Meeting

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held at Indus Suite, Avari Towers, Karachi on Wednesday, October 23, 2013 at 4:00 p.m. to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 25, 2012.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2013, together with the Auditors' and Directors' Report thereon.
3. To appoint auditors for the year ending June 30, 2014 and fix their remuneration. Messers. M. Yousuf Adil Saleem & Co., Chartered Accountants, the present auditors retire and being eligible, offer themselves for re-appointment.
4. To approve payment of annual dividend at the rate of Rs. 0.50 per share as recommended by the board of directors of the company.
5. Any other business with the permission of the chair.

By Order of the Board

Muhammad Noor-e-Arshi Khan

Company Secretary

Karachi

October 02, 2013

NOTES:

1. The Share Transfers Books of the Company will remain closed from October 9 to October 23, 2013 (both days inclusive). Transfers received in order by the Company's Share Registrar, FAMCO Associates (Pvt) Ltd., 8F Next to Hotel Faran, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi Pakistan up to close of business on October 8, 2013 will be entitled to the dividend.
2. A Member entitled to attend, speak and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such right with respect to attending, speaking and voting at the Meeting as are available to a Member.
3. CDC shareholders desiring to attend the Meeting are requested to bring their original Computerized National Identity Cards, Account and Participant's ID number, for identification purpose, and in case of proxy, to enclose an attested copy of his/her Computerized National Identity Card.
4. The instrument appointing a proxy together with the power of attorney (if any) or other authority, under which it is signed or a notarially certified copy thereof should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
5. Members are requested to communicate to the Company's Registrar any change in their addresses.



CORPORATE DATA

Company Secretary

Muhammad Noor-e-Arshi Khan

Auditors

M. Yousuf Adil Saleem & Co.

Legal Advisors

Surridge & Beecheno

Mandviwalla & Zafar

Bankers

Citibank, N.A.

Barclays Bank Pakistan

Standard Chartered Bank

Registrar & Share Registration Office

FAMCO Associates (Pvt) Ltd.

Management Consultants,

8-F, Next to Hotel Faran, Nursery,

Block-6, P.E.C.H.S.

Shahra-e-Faisal, Karachi

Tel: + (92 21) 34380101-2

Registered Office

11th Floor, The Harbour Front,

Dolmen City, HC-3, Block-4,

Marine Drive, Clifton,

Karachi - 75600, Pakistan.

Tel: + (92 21) 3520 5088

Fax: + (92 21) 3529 6150



Proxy Form

The Company Secretary
Gillette Pakistan Limited
11th Floor, The Harbour Front,
Dolmen City, HC-3, Block-4,
Marine Drive, Clifton,
Karachi - 75600, Pakistan.
Tel: + (92 21) 3520 5088
Fax: + (92 21) 3529 6150

Folio No. _____

I / We _____

being a Member of Gillette Pakistan Limited hereby appoint _____

or failing him / her _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 26th Annual General Meeting of the Company to be held on Wednesday, October 23, 2013 and at any adjournment thereof.

As witness my hand this _____ day of _____ 2013

Signed by the said _____

in the presence of _____

Revenue Stamp

Important:

1. Signatures should agree with the specimen signatures registered with the Company.
2. This form of proxy duly completed and signed across a revenue stamp, must be deposited at the Company's registered office not less than 48 hours before the time for holding the Meeting.

