ANNUAL ACCOUNTS June 2014

Gillette Pakistan Limited

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Corporate Information

Board of Directors

CHAIRMAN	Sami Ahmed
MEMBERS	Adeel Ahmed Muhammad Noor-e-Arshi Khan 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

Human Resource & Remuneration Committee

CHAIRMAN	Sami Ahmed
MEMBERS	Kashif Maqsood Abbasi Bahroz Hussain Abbas
CHIEF EXECUTIVE	Adeel Ahmed
CFO & 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
SHARE REGISTRAR	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 Web: www.gillettepakistan.com

Directors' Report

On behalf of the Board of Directors (the Board) of Gillette Pakistan Limited ('the Company'), I am pleased to present the audited financial statements of the Company for the year ended June 30, 2014, along with the auditors' report thereon.

Business overview:

The financial statements of the Company show significant progress in terms of top line sales. The top line sales of the Company grew by 16.5% versus year ago. Out of this sales growth of 16.5%, 33% of it is due to volume increase and the rest is the result of price increases which the management has been able to push through to cover rising cost of products.

The Company continues to launch new and exciting range of imported razors, disposables, blades and personal care products to delight its consumers. This year new lineup of 'Champion' Razors in Mach3 and Blue3 product families was launched. The Company also launched multiple discounted packs across product families offering better value to its consumers. The Company has renewed focus to increase country wide numeric distribution of its entire portfolio in order to make it available to most of its consumers. This journey started last year after which numeric distribution in sub-urban cities on top of main stream urban cities has increased. The Company continues to support 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 Appliances business: Braun, which currently is small in size when compared to Shave care segment. The Company has launched new SKUs in Braun business segment to complete its line up so that it can compete against its segment competitors. The Company plans to significantly built Braun business disproportionately in years to come by supporting it via holistic marketing campaigns.

During the financial year in October 2013, the Company received a notice from Procter & Gamble International Operations (PGIO), Company's sole supplier, regarding termination of its distribution agreement with the Company with respect to Oral Care category in Pakistan effective February 01, 2014. This termination notice however, allowed the Company to sell all the remaining stocks in hand for this category at the cutoff date to its distributor in Pakistan The management of the Company then entered into a settlement agreement with the supplier which granted the Company an appropriate compensation for the loss of the business which is in line with the business practices as prevalent in the Country. Based on this, the Company has stopped sale of Oral B category in Pakistan effective February 01, 2014. The Company's sales for Oral care category for the year ended June 30, 2014 is Rs. 190.805 million (June 30, 2013: Rs.97.354 million). Oral B segment was being reported under the segment of "Others" along with personal care business in the financial statements of the Company for the year ended June 30, 2013. Based on termination of Oral B distribution, the management has re-assigned its segments and merged personal care business with previously reported "Blades and Razors" segment and renamed it as "Shave Care". Braun continues to be reported as usual. Oral B category is being reported separately this year to identify the business results of this segment. Going forward, the Company would continue to show two categories only i.e. Shave Care and Braun. Based on new re-assigned segments, Shave Care is the biggest segment contributing 82.8% to the overall sales of the Company. The growth in the sales has been broad based and is visible in all business segments of the Company, details are as follows:

	Segment Revenue		Increase
	June 30, 2014	**June 30, 2013**	
	----- (Rupees in 000) -----		**%**
Shave Care	**1,704,989**	1,535,798	11.0%
Braun products	**164,508**	136,073	20.9%
Others - Oral B	**190,805**	97,354	96.0%
	2,060,302	1,769,225	16.5%

The significant increase in sales of Oral B segment is due to the fact that the Company has sold off all remaining inventory at the cut off date of distribution termination notice to its existing distributor in one shipment.

Financial Results:

Following are the financial results of the Company for the year ended June 30, 2014:

	June 2014	June 2013
	---------- Rs. in '000	---------
Sales - net	2,060,302	1,769,225
Cost of goods sold	(1,600,903)	(1,143,145)
Gross profit	**459,399**	**626,080**
GP ratio	22.3%	35.4%
Other income	54,141	39,850
Selling, Marketing and distribution expenses	(288,009)	(257,467)
Administrative expenses	(56,525)	(47,379)
Other expenses	(5,452)	(29,373)
Bank charges	(45)	(50)
Profit before taxation	**163,509**	**331,661**
PBT Ratio	7.9%	18.7%
Income tax expense	(105,798)	(81,780)
Profit for the period	**57,711**	**249,881**
PAT Ratio	2.8%	14.1%
EPS (Rs.)	3.01	13.01

The above financial results show a decreasing trend in the gross margins of the Company which is primarily driven by the sharp increase in the supply prices by the Company's supplier in several Self Keeping Units (SKU) of the Company. The supply price increases have been in all business segments resulting in drop of segment profitability in all reported segments. The management of the Company however showed greater control on selling, marketing and distribution expenses which only grew 11.9% against a net sales increase of 16.5%. Selling, marketing and distribution expenses were 14% of net sales against 14.55% of net sales in corresponding year. Administrative expenses showed increase of 19.3% against year ago which is primarily driven by the additional expense booked on account of retirement benefits due to adoption of Revised IAS -19. Adoption of IAS - 19 Employees Benefits (as revised in 2011) as fully explained in note 2.24 of the attached financial statements. Administrative expenses were 2.7% of net sales against 2.68% of net sales in corresponding year.

Other income in the above financial results shows an increase of 35.9% against year ago. The main reasons of this is inclusion of capital compensation received from PGIO on account of termination of distribution of Oral Care category amounting to Rs. 11.896 million and duty draw booked on re-export of products in previous year amounting to Rs. 5.71 million. There was no significant change in interest income earned on surplus cash available in the Company as compared to last year.

Other expenses in the above financial results show a drop by 81.4% against year ago. This is primarily due to reduction in exchange loss as compared to prior year which is obviously due to comparatively stronger value of PKR against Euro during the reported fiscal year.

The current inventory at the balance sheet date holds certain SKUs costing Rs. 183.823 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. 66.787 million. The management understands that this has happened in previous years as well and the management continues to negotiate on supply prices of these SKUs with the parent company to ensure that they are in line with the related party pricing policy approved by the Board.

Following are the quarterly financial results of the Company for the year ended June 30, 2014:

	June 2014	AMJ 2014	JFM 2014	OND 2013	JAS 2013
			Rs. in `000		
Sales - net	2,060,302	429,151	555,401	523,012	552,738
Cost of goods sold	(1,600,903)	(341,296)	(497,666)	(384,678)	(377,263)
Gross profit	**459,399**	**87,855**	**57,735**	**138,334**	**175,475**
GP ratio	22.3%	20.5%	10.4%	26.4%	31.7%
Other income	54,141	(5,577)	42,305	9,787	7,626
Selling, Marketing and distribution expenses	(288,009)	(55,711)	(63,646)	(87,612)	(81,040)
Administrative expenses	(56,525)	(20,536)	(11,668)	(10,779)	(13,542)
Other expenses	(5,452)	(2,437)	25,299	2,420	(30,734)
Bank charges	(45)	(16)	(6)	(17)	(6)
Profit before taxation	**163,509**	**3,578**	**50,019**	**52,133**	**57,779**
PBT Ratio	7.9%	0.8%	9.0%	10.0%	10.5%
Income tax expense	(105,798)	(20,037)	(30,951)	(30,625)	(24,185)
Profit for the period	**57,711**	**(16,459)**	**19,068**	**21,508**	**33,594**
PAT Ratio	2.8%	-3.8%	3.4%	4.1%	6.1%
EPS (Rs.)	3.01	(0.86)	0.99	1.12	1.75

Dividend:

The Board reviewed the financial results of the Company along with the financial position for the year ended June 30, 2014 and have decided to keep profits in the Company to build reserves and not to pay any dividend for the year.

Board of Directors:

During the year, Mr. Saad Amanullah Khan resigned from the Board and as Chief Executive Officer (CEO) of the Company with effect from May 31, 2014, who was then replaced by Mr. Adeel Ahmed as director on the Board and CEO with effect from June 01, 2014. Subsequent to the year ended June 30, 2014, Mr. Al Abdulmalek Rajwani has resigned as Chairman and director on the Board with effective from August 06, 2014 and Mr. Sami Ahmed has been appointed as Chairman and director on the Board. The Board would like to thank Mr. Saad Amanullah Khan for his valuable contributions to the Company who joined the Company as CEO in March 2007. The top line sales of the Company tripled during his tenure and that was truly behind his vision "Mission Dugna Tigna". He was instrumental in bringing onboard current distributor in June 2008. His contributions in the areas of new product launches, supply chain issues remediation and proactive leadership were exemplary. He was an inspiring leader for the Company employees. He took active interests in stakeholders' management and government lobbying which helped the Company in elevating its brand image to newer heights. The Board would also like to thank Mr. Al Abdulmalek Rajwani for his immense contributions to the Company, being Chairman of the Board and wish him good luck in his future endaveour.

With the above changes, the current Board of Directors consists of following individuals:

Category	Names
Independent Director	Tariq Iqbal Khan
Executive Directors	Adeel Ahmed Muhammad Noor-e-Arshi Khan
Non-Executive Directors	Sami Ahmed, Kashif Maqsood Abbasi, Amjad Ali Qureshi and Bahroz Hussain Abbas

Global Structure:

The Company is part of Procter & Gamble (P&G) group which is a company generating USD 83 billion in annual sales globally, with brands and categories organized in four industry-based sectors. The Company falls under "Health and Grooming" sector which is one of the four sectors of P&G. Geographically, the Company is included under the India, Middle East and Africa (IMEA) region which is one of the five regions P&G has identified globally.

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, except change in accounting policy as reported in note 2.24 to the financial statements, 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 given in "Annexure A" to the directors' 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 un-audited financial statements as at June 30, 2014 amounts to Rs 10.354 million and Rs. 78.767 million respectively.
- Details of meetings of Board of Directors, Audit Committee and Human Resource & Remuneration Committee are in "Annexure B" to the directors' report.
- The pattern of shareholding and additional information regarding pattern of shareholding as at June 30, 2014 is in "Annexure C" to the directors' report.
- Two directors on the Board i.e. Mr. Muhammad Noor-e-Arshi Khan and Mr. Kashif Maqsood Abbasi have successfully completed directors' trainings from institutions approved by SECP under the Code.
- Mr. Tariq Iqbal Khan, Director of the Company purchased 100 shares during the year. Except to this, no trade in the shares of the Company were carried out by any other executive of the Company.
- We confirm that all other material principles enshrined in the CCG have been complied with except that a mechanism was not in place for annual evaluation of the Board's own performance at year ended June 30, 2014. Subsequent to the year end, the Board discussed and agreed on the process of evaluation based on which its evaluation would be completed in the ensuing year.
- A statement of compliance with the code of corporate governance is given on page 11.

Statement in compliance with section 218 of the Companies Ordinance, 1984

The Company has two executive directors who are working as CEO and CFO & Company Secretary. Mr. Saad Amanullah Khan worked as CEO till May 31, 2014 and thereafter Mr. Adeel Ahmed was appointed as CEO with effect from June 01, 2014 while Mr. Muhammad Noor-e-Arshi Khan continued to work as CFO & Company Secretary throughout the financial year ended on June 30, 2014. A statement in compliance with section 218 of the Companies Ordinance, 1984 is in "Annexure D" of the directors' report.

External auditors

Messers. Yousuf Adil Saleem & Co., Chartered Accountants retire and being eligible have offered themselves for re-appointment as statutory auditors of the Company for the year ending June 30, 2015.

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,

Adeel Ahmed
Chief Executive

Karachi
September 12, 2014

Key operating and financial data

Annexure "A"

INCOME STATEMENT		FY 08 / 09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13 / 14
Net Sales	Rs. in '000	727,573	796,671	1,032,769	1,408,301	1,769,225	**2,060,302**
Cost of Goods Sold	Rs. in '000	(460,075)	(550,743)	(768,631)	(1,017,362)	(1,143,145)	**(1,600,903)**
Gross Profit	Rs. in '000	267,498	245,928	264,138	390,939	626,080	**459,399**
GP Ratio	%	36.8%	30.9%	25.6%	27.8%	35.4%	**22.3%**
Other income	Rs. in '000	52,642	42,521	51,998	26,397	39,850	**54,141**
Selling, marketing and distribution expense	Rs. in '000	(146,852)	(186,207)	(218,669)	(253,704)	(257,467)	**(288,009)**
Administrative expenses	Rs. in '000	(48,264)	(43,756)	(35,248)	(33,056)	(47,379)	**(56,525)**
Other operating expenses	Rs. in '000	-	-	(19,491)	(2,691)	(29,373)	**(5,452)**
Finance Cost	Rs. in '000	(301)	(25)	(311)	(314)	(50)	**(45)**
Net Profit before taxes	Rs. in '000	124,723	58,461	42,417	127,571	331,661	**163,509**
PBT Ratio	%	17.1%	7.3%	4.1%	9.1%	18.7%	**7.9%**
Income tax expense	Rs. in '000	(15,369)	(32,577)	(66,982)	(65,981)	(81,780)	**(105,798)**
Net Earnings after taxes	Rs. in '000	109,354	25,884	(24,565)	61,590	249,881	**57,711**
PAT Ratio	%	15.0%	3.2%	-2.4%	4.4%	14.1%	**2.8%**
EPS	(Rs. / share)	5.70	1.35	(1.28)	3.21	13.01	**3.01**

BALANCE SHEET		FY 08 / 09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13 / 14
Cash & cash equivalents	Rs. in '000	321,071	209,788	122,207	281,279	524,491	**494,595**
Trade Receivables	Rs. in '000	97,922	126,089	135,032	149,678	144,539	**165,317**
Other Receivables	Rs. in '000	28,271	18,371	21,186	24,245	6,925	**29,099**
Inventory	Rs. in '000	145,372	196,761	355,182	256,824	450,545	**596,236**
Net Property & Equipment	Rs. in '000	1,278	527	5,282	7,335	-	**-**
Others Assets	Rs. in '000	31,393	41,252	83,039	62,321	85,284	**99,523**
Total Assets	Rs. in '000	**625,307**	**592,788**	**721,928**	**781,682**	**1,211,784**	**1,384,770**
Trade payables	Rs. in '000	167,682	120,420	296,402	248,782	458,838	**587,578**
Other payables	Rs. in '000	94,212	83,071	60,794	106,578	84,628	**73,510**
Deferred liabilities	Rs. in '000	-	-	-	-	2,525	**3,821**
Equity	Rs. in '000	363,413	389,297	364,732	426,322	665,793	**719,861**
Total Liability and Equity	Rs. in '000	**625,307**	**592,788**	**721,928**	**781,682**	**1,211,784**	**1,384,770**
Current ratio	Times	2.38	2.91	2.01	2.18	2.23	**2.09**
Quick ratio (inventory excluded)	Times	1.83	1.94	1.01	1.46	1.40	**1.19**
Book value per share	Rs. Per share	18.93	20.28	19.00	22.20	34.68	**37.49**
Receivable days	Days	49.12	57.77	47.72	38.79	29.82	**29.29**
Inventory days	Days	115.33	130.40	168.67	92.14	143.86	**135.94**
Payable days	Days	133.03	79.81	140.75	89.26	146.50	**133.97**

Annexure "B"

Directors' attendance in meetings

During the year ended June 30, 2014, four meetings of the Board of Directors and Audit Committee were held. These were held on September 30, 2013, October 30, 2013, February 25, 2014 and April 28, 2014. The meetings were attended by the directors as under:

Board of Directors' Meetings:

Name of Directors	Meeting held during the year	Meetings attended
Mr. Al Abdulmalek Rajwani - Chairman	4	2
Mr. Saad Amanullah Khan	4	4
Mr. Muhammad Noor-e-Arshi Khan	4	4
Mr. Kashif Maqsood Abbasi*	4	4
Mr. Bahroz Hussain Abbas	4	1
Mr. Amjad Ali Qureshi	4	-
Mr. Tariq Iqbal Khan	4	4

* Includes meeting attended by nominating an alternate director

Audit Committee Meetings:

Name of Directors	Meeting held during the year	Meetings attended
Mr. Tariq Iqbal Khan - Chairman	4	4
Mr. Kashif Maqsood Abbasi*	4	4
Mr. Bahroz Hussain Abbas	4	2

* Includes meeting attended by nominating an alternate director

Human Resource and Remuneration Committee Meeting:

In addition to above, one meeting of Human Resource and Remuneration Committee was held on May 26, 2014 and this meeting was attended by the directors as under:

Name of Directors	Meeting held during the year	Meetings attended
Mr. Al Abdulmalek Rajwani - Chairman	1	-
Mr. Kashif Maqsood Abbasi	1	1
Mr. Bahroz Hussain Abbas	1	1

Annexure "C"

Pattern of Shareholding:

No. of Sharesholders	Shareholding From	Shareholding To	Total Shares Held
419	1	100	29,241
164	101	500	48,371
23	501	1,000	18,335
25	1,001	5,000	51,197
8	5,001	10,000	64,971
7	10,001	15,000	90,749
3	15,001	20,000	47,800
4	20,001	25,000	89,680
1	25,001	30,000	30,000
1	30,001	35,000	31,600
1	35,001	40,000	36,500
2	40,001	45,000	82,200
2	45,001	50,000	94,800
2	50,001	55,000	107,900
1	175,001	180,000	178,285
1	645,001	650,000	649,800
1	17,500,000	17,600,000	17,548,571
665			**19,200,000**

Shareholding by category:

Shareholders Category	No. of Shareholders	No. of Shares	%
Individuals	654	780,594	4.06
Investment Companies	-	-	-
Insurance Companies	-	-	-
Joint Stock Companies	5	653,450	3.40
Financial Institutions	1	1,000	0.01
Modarabas and Mutual Funds	1	178,285	0.93
Associated Companies undertaking & related parties	1	17,548,571	91.40
Foreigners	3	38,100	0.20
Total	**665**	**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)		
Al Abdulmalek Rajwani	1	1
Muhammad Noor-e-Arshi Khan	1	1
Tariq Iqbal Khan	1	100
Executives	Nil	Nil
Public Sector Companies and Corporations	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension funds.	2	179,285
Shareholders holding 5% or more voting rights in the listed company (name wise details)		
Series Acquisition B.V.	1	17,548,571

Annexure "D"

Statement in compliance with section 218 of the Companies Ordinance, 1984

Appointment of Chief Executive

The Board of the Company, on recommendation of Human Resource and Remuneration Committee of the Board, has approved appointment of Mr. Adeel Ahmed as Chief Executive of the Company w.e.f. June 01, 2014, for a term of 3 years, on following terms and conditions:

Base Salary	Rs. 327,765 per month
Other monthly allowances	House rent, utilities and leave fare assistance as per rules and regulations of the Company.
Performance Bonus	As per performance criteria defined.
Vehicle	1800 cc company maintained vehicle
Medical and life insurance	• OPD and hospitalization for self and immediate family • Life insurance for self only
End of service benefits	• Company contribution to approved provident fund at the rate of 10% of base salary • Gratuity payable as per rules and regulations of the Company

Mr. Adeel's remuneration shall be subject to such increments, adjustments and other entitlements as may be granted from time to time by the Board of the Company and/or in accordance with the rules and regulations of the Company for the time being in force.

Mr. Adeel Ahmed has also been appointed as a Director on the Board of Directors of the Company effective June 01, 2014.

Mr. Adeel Ahmed, being Director on the Board as well, had interest to the extent of his remuneration and to avail benefits to which he is entitled to, in this Board decision.

Change in Remuneration of CFO & Company Secretary

The Board of the Company, on recommendation of Human Resource and Remuneration Committee has approved an increment of 15.71% in the base salary of Mr. Muhammad Noor-e-Arshi Khan, being CFO & Company Secretary of the Company w.e.f. July 01, 2014, with no changes in any other benefits. His revised base salary is Rs. 398,529 per month.

Mr. Noor will continue to receive all other allowances and benefits as applicable to him and as fully disclosed in note 2.12, note 27.1 and 27.2 of the financial statements of the Company for the year ended June 30, 2014.

Mr. Muhammad Noor-e-Arshi Khan, being Director on the Board as well, had interest to the extent of his remuneration and to avail benefits to which he is entitled to, in this Board decision.

The above information has already been disseminated to Company's shareholders and stock exchanges within the stipulated time frame as given in section 218 of the Companies Ordinance, 1984.

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2014

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 (the Board). At present the board includes:

Category	Names
Independent Director	Tariq Iqbal Khan
Executive Directors	Adeel Ahmed and Muhammad Noor-e-Arshi Khan
Non-Executive Directors	Sami Ahmed, Kashif Maqsood Abbasi, Amjad Ali Qureshi and Bahroz Hussain Abbas

During the year, Mr. Saad Amanullah Khan resigned from the Board and as Chief Executive Officer (CEO) of the Company with effect from May 31, 2014, who was then replaced by Mr. Adeel Ahmed as director on the Board and CEO with effect from June 01, 2014.Subsequent to the year ended June 30, 2014, Mr. Al Abdulmalek Rajwani has resigned as Chairman and director on the Board with effective from August 06, 2014 and Mr. Sami Ahmed has been appointed as Chairman and director on the Board.

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 NBFI 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 May 2014 and then in August 2014 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 has arranged orientation course for its directors to apprise them of their role and responsibilities. Two of the current directors on the board are already certified under director training programs from institutions approved by SECP.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment in previous years and increment in their remuneration were also approved by the board during the year.

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 and the chairman of the committee is an independent director.

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 Sidat Hyder 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 with except that a mechanism was not in place for annual evaluation of the Board's own performance at year ended June 30, 2014. Subsequent to the year end, the Board discussed and agreed on the process of evaluation based on which its evaluation would be completed in the ensuing year.

Adeel Ahmed
Chief Executive

Karachi
September 12, 2014

Deloitte.

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
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Review Report to The Members on Statement of Compliance with Best Practices of The Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Gillette Pakistan Limited (the Company) for the year ended June 30, 2014 to comply with the respective Listing Regulation No. 35 of the Karachi and Lahore Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code 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. A review is limited primarily to inquiries of the Company's 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its 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. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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, as applicable to the Company for the year ended June 30, 2014

Further, we highlight the instance of non-compliance with the requirement of the Code as reflected in paragraph 23 of the Statement of Compliance wherein it is stated that a mechanism has not been put in place yet for annual evaluation of the Board's own performance.

M. Yousuf Adil Saleem & Co

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: September 12, 2014
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

M. Yousuf Adil Saleem & Co.
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Auditors' Report to The Members

We have audited the annexed balance sheet of **Gillette Pakistan Limited** (the Company) as at June 30, 2014 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 except for the changes as stated in note 2.24 with which we concur;

   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, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: September 12, 2014
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Balance Sheet

As at June 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)	June 30, 2012 (Restated)
		---Rupees in '000---		
ASSETS				
Non-current assets				
Property, plant and equipment	3	-	-	7,335
Long-term deposits	4	616	438	138
		616	438	7,473
Current assets				
Stock-in-trade	5	596,236	450,545	256,824
Trade debts	6	165,317	144,539	149,678
Loans and advances		72	169	21,663
Trade deposits		535	1,325	2,462
Interest receivable on term deposits		1,351	2,318	2,820
Prepayments		-	2,055	-
Other receivables	7	29,099	6,925	48,460
Other financial assets	8	318,036	375,420	240,000
Sales tax refundable		56,698	44,948	11,307
Taxation - net		40,251	34,031	23,931
Cash and bank balances	9	176,559	149,071	41,279
		1,384,154	1,211,346	798,424
Total assets		1,384,770	1,211,784	805,897
EQUITY				
Share capital and reserves				
Authorized				
20,000,000 ordinary shares of Rs.10/- each		200,000	200,000	200,000
Issued, subscribed and paid-up capital	10	192,000	192,000	192,000
Unappropriated profit		527,861	473,793	258,537
Total equity		719,861	665,793	450,537
LIABILITIES				
Non-current liabilities				
Deferred liability - gratuity scheme	29	3,821	2,525	-
Current liabilities				
Trade and other payables	12	661,088	543,466	355,360
Contingencies and commitments	13			
Total equity and liabilities		1,384,770	1,211,784	805,897

The annexed notes 1 to 32 form an integral part of these financial statements.

Adeel Ahmed
Chief Executive

Muhammad Noor-e-Arshi Khan
Director

Profit and Loss Account

For the year ended June 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)
		------------Rupees in '000------------	
Sales - net	15	**2,060,302**	1,769,225
Cost of goods sold	16	**(1,600,903)**	(1,143,145)
Gross profit		**459,399**	626,080
Other income	17	**54,141**	39,850
Selling, marketing and distribution expenses	18	**(288,009)**	(257,467)
Administrative expenses	19	**(56,525)**	(47,379)
Other operating expenses	20	**(5,452)**	(29,373)
Bank charges		**(45)**	(50)
Profit before tax		**163,509**	331,661
Income tax expense	21	**(105,798)**	(81,780)
Profit after tax		**57,711**	249,881
		Rupees	
Earning per share - basic and diluted	22	**3.01**	13.01

The annexed notes 1 to 32 form an integral part of these financial statements.

Adeel Ahmed
Chief Executive

Muhammad Noor-e-Arshi Khan
Director

Statement of Comprehensive Income

For the year ended June 30, 2014

	June 30, 2014	June 30, 2013 (Restated)
	-----------Rupees in '000-----------	
Profit for the year	**57,711**	249,881
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit and loss account	-	-
Items that will not be reclassified to profit and loss account		
Remeasurement of post retirement benefit obligations	5,957	(34,625)
Total items that will not be reclassified to profit and loss account	5,957	(34,625)
Total comprehensive income for the year	**63,668**	215,256

The annexed notes 1 to 32 form an integral part of these financial statements.

Adeel Ahmed
Chief Executive

Muhammad Noor-e-Arshi Khan
Director

Cash Flow Statement

For the year ended June 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)
		----------Rupees in '000----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	24	54,402	292,178
Income taxes paid		(112,018)	(91,880)
Deferred liability - gratuity scheme benefits paid		-	(392)
Net cash (used in) / generated from operating activities		(57,616)	199,906
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		532	6,666
Long-term deposits made		(178)	(300)
Interest income received		36,966	36,940
Net cash from investing activities		37,320	43,306
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(9,600)	-
Net cash used in financing activities		(9,600)	-
Net (decrease) / increase in cash and cash equivalents		(29,896)	243,212
Cash and cash equivalents at the beginning of the year		524,491	281,279
Cash and cash equivalents at the end of the year	23	494,595	524,491

The annexed notes 1 to 32 form an integral part of these financial statements.

Adeel Ahmed
Chief Executive

Muhammad Noor-e-Arshi Khan
Director

Statement of Changes in Equity

For the year ended June 30, 2014

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
Balance as at July 01, 2012 - as previously reported	192,000	234,322	426,322
Effect of retrospective application of change in an accounting policy referred in note 2.24	-	24,215	24,215
Balance as at July 01, 2012 - restated	**192,000**	**258,537**	**450,537**
- Profit for the year	-	249,881	249,881
- Other comprehensive income	-	(34,625)	(34,625)
Total Comprehensive Income for the year ended June 30, 2013	-	215,256	215,256
Balance as at June 30, 2013 - restated	192,000	473,793	665,793
- Profit for the year	-	57,711	57,711
- Other comprehensive income	-	5,957	5,957
Total comprehensive income for the year ended June 30, 2014	-	63,668	63,668
Transactions with owners:			
Final dividend for the year ended June 30, 2013 (Rs. 0.5 per share)	-	(9,600)	(9,600)
Balance as at June 30, 2014	**192,000**	**527,861**	**719,861**

The annexed notes 1 to 32 form an integral part of these financial statements.

Adeel Ahmed
Chief Executive

Muhammad Noor-e-Arshi Khan
Director

Notes to the Financial Statements

For the year ended June 30, 2014

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 and beauty care appliances.

1.2 The Company received letter dated October 10, 2013, from Procter & Gamble International Operations (PGIO), regarding termination of its distribution agreement with the Company with respect to Oral Care category in Pakistan. The effective date of this termination notice was February 01, 2014. The Company then entered into settlement agreement with PGIO on December 11, 2013 in respect of termination of distribution agreement in respect of Oral Care Products and received Rs. 11.896 million as capital compensation (refer note 17). The Company's sales for Oral Care category for the year ended June 30, 2014 was Rs. 190.805 million (June 30, 2013: Rs. 97.354 million).

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, 2014. 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 – Clarification of Requirements for Comparative information	January 01, 2013
Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	January 01, 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 01, 2013
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	January 01, 2013

Standards/amendments/interpretations	Effective Date (accounting periods beginning on or after)
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

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.

Standards/amendments/interpretations	Effective Date (accounting periods beginning on or after)
Amendments to IAS 19 Employee Benefits: Employee contributions	January 1, 2014
IAS 27 (Revised 2011) - Separate Financial Statements	January 1, 2015
IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures	January 1, 2015
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 1, 2014
IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRS 10 - Consolidated Financial Statements	January 1, 2015
IFRS 11 - Joint Arrangements	January 1, 2015
IFRS 12 - Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13 - Fair Value Measurement	January 1, 2015
IFRIC 21 - Levies	January 1, 2014

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 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers

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.

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 other than stock-in-trade 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 in 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 benefit

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 employees who opted for this scheme and all ex-employees continue to receive benefit under this scheme.

Details of the schemes are given in note 29 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 age 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.

As more fully explained in note 2.24, effective from July 01, 2013 all actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously 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, were 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 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.20 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.

2.21 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.

2.22 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 asses 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:
- Shave care
- Braun products
- Others (Oral B)

2.23 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) Determination of net realizable value for stock-in-trade (note 2.9);

ii) Provision / (reversal) for doubtful debts (note 2.10);

iii) Assumptions and estimates used in accounting for defined benefits plan (note 2.12 and note 29);

iv) Provision for taxation (note 2.11 and note 21); and

v) Contingencies and commitments (note 13).

2.24 Effects of change in accounting policy

IAS 19 - Employee Benefits (as revised in 2011)

In the current year, the Company has adopted IAS 19 Employees Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension and gratuity assets or liability recognised in the balance sheet to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or assets. These changes have had an impact on the amounts recognised in the profit and loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduce certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The Company has applied the relevant transitional provisions and restated the comparatives on the retrospective basis in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Effect of retrospective application of change in accounting policy are as follows:

	June 30, 2013		
	Balance as Reported Earlier	Effects of change in accounting policy	Restated Balance
	......................Rupees in '000'......................		
Effect on balance sheet			
Deferred liability - gratuity scheme	(1,547)	(978)	(2,525)
Other receivables	13,078	(6,153)	6,925
Trade and other payables	(536,655)	(6,811)	(543,466)
Unappropriated profit	487,735	(13,942)	473,793

	June 30, 2012		
	Balance as Reported Earlier	Effects of change in accounting policy	Restated Balance
	......................Rupees in '000'......................		
Deferred liability - gratuity scheme	-	-	-
Other receivables	24,245	24,215	48,460
Unappropriated profit	234,322	24,215	258,537

	June 30, 2013		
	Balance as Reported Earlier	Effects of change in accounting policy	Restated Balance
	......................Rupees in '000'......................		
Effect on profit and loss account			
Other operating expenses	(29,465)	92	(29,373)
Other income	43,474	(3,624)	39,850
Earnings per share	13.20	(0.19)	13.01

	June 30, 2013		
	Balance as Reported Earlier	Effects of change in accounting policy	Restated Balance
	......................Rupees in '000'......................		
Effect on statement of comprehensive income			
Remeasurement of defined benefit obligation	-	(34,625)	(34,625)

3. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Motor Vehicles	Total
	Rupees in '000		
YEAR ENDED JUNE 30, 2013			
Cost	66	9,101	9,167
Accumulated depreciation	(66)	(1,766)	(1,832)
Net book value	-	7,335	7,335
Opening net book value	-	7,335	7,335
Additions	-	-	-
Disposals			
Cost	-	(8,590)	(8,590)
Depreciation	-	2,687	2,687
Net book value	-	(5,903)	(5,903)
Depreciation charge for the year	-	(1,432)	(1,432)
Closing net book value	-	-	-
At June 30, 2013			
Cost	66	511	577
Accumulated depreciation	(66)	(511)	(577)
Net book value	-	-	-
Depreciation rates	25%	25%	
YEAR ENDED JUNE 30, 2014			
Cost	66	511	577
Accumulated depreciation	(66)	(511)	(577)
Net book value	-	-	-
Opening net book value	-	-	-
Additions	-	-	-
Disposals			
Cost	-	(511)	(511)
Depreciation	-	511	511
Net book value	-	-	-
Depreciation charge for the year	-	-	-
Closing net book value	-	-	-
At June 30, 2014			
Cost	66	-	66
Accumulated depreciation	(66)	-	(66)
Net book value	-	-	-

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							
	511	(511)	-	532	532	Tender	Usman Shahid, House number B-6 Sector 11-B North Karachi
June 30, 2014	**511**	**(511)**	**-**	**532**	**532**		
June 30, 2013	8,590	2,687	5,903	6,666	763		

4. LONG-TERM DEPOSITS

	Note	June 30, 2014	June 30, 2013
		Rupees in '000	
Central Depository Company Limited - registration deposit		**37**	37
Employee medical insurance deposit		**101**	101
Marine insurance		**300**	300
Others		**178**	-
		616	**438**

5 STOCK-IN-TRADE

5.1 Breakup of Stock-in-trade is as follows:

	Note	June 30, 2014	June 30, 2013
		Rupees in '000	
Finished goods			
- on hand	5.3	**468,857**	359,960
- In transit		**128,961**	91,099
Stock-in-trade before provision		**597,818**	451,059
Provision due to slow-moving and obsolete inventory		**(1,582)**	(514)
		596,236	450,545

5.2 Stock-in-trade includes goods costing Rs. 183.823 million (June 30, 2013: 133.434 million) written down by Rs. 66.787 million (June 30, 2013: Rs. 65.892 million) to net realizable value amounting to Rs. 117.036 million (June 30, 2013: 67.542 million).

5.3 Finished goods are held at a third party warehouse under a service agreement.

6. TRADE DEBTS

	Note	June 30, 2014	June 30, 2013
		Rupees in '000	
Unsecured			
Considered good	6.1	**165,317**	144,539
Considered doubtful		**-**	-
		165,317	144,539

6.1 Trade receivables are non-interest bearing and the credit period on sale of goods is 88 days for Braun products and 25 days for Blades & Razors and others (June 30, 2013: 87 days for Braun products and 25 days for Blades & Razors and others).

6.2 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.

6.3 **Aging of trade debts**

	1 - 25 days	26 - 88 days	Above 88 days
		Rupees in '000	
June 30, 2014			
Neither due nor impaired	124,369	40,452	-
Past due but not impaired	-	-	496
Past due and impaired	-	-	-

	1 - 25 days	26 - 87 days	Above 87 days
		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	-	-	-

	Note	June 30, 2014	June 30, 2013 (Restated)
		Rupees in '000	
7. OTHER RECEIVABLES			
Receivable from related party	7.1	7,660	-
Duties refundable	7.2	13,820	6,653
Others		7,619	272
		29,099	6,925

7.1 This represents receivable from Procter & Gamble Pakistan (Pvt) Limited.

7.2 This represents refundable claim lodged with Custom Authorities on account of duty refund on re-export of products. The management is following up with the relevant authorities for the recovery and still believe to hold good title.

	Note	June 30, 2014	June 30, 2013
		Rupees in '000	
8. OTHER FINANCIAL ASSETS			
Term deposits	8.1	318,036	375,420

8.1 This represents term deposits, having maturity period of one month to three months and effective interest rates are in range from 7% to 8.85% (June 30, 2013: 7% to 10.85%) per annum.

	Note	June 30, 2014	June 30, 2013
		----------Rupees in '000----------	
9. CASH AND BANK BALANCES			
Current account		**18,153**	521
Savings account	9.1	**158,406**	148,550
		176,559	149,071

9.1 These are balances maintained with commercial banks. The effective interest rate on the account ranges from 7% to 8.85% (June 30, 2013: 7% to 10.85%) per annum.

10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013
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
19,200,000	19,200,000		**192,000**	192,000

10.1 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.

10.2 There was no movement in ordinary shares during the year.

10.3 The Company has no reserved shares for issuance under options and sales contracts.

11. 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.

- 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 2013.

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

	Note	June 30, 2014	June 30, 2013 (Restated)
12. TRADE AND OTHER PAYABLES		----------Rupees in '000----------	
Trade creditors	12.1	**587,578**	458,838
Payable to pension fund	29.1.2	**3,152**	6,903
Accrued liabilities	12.2 & 12.3	**69,754**	77,229
Unclaimed dividend		**604**	496
		661,088	543,466

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

12.2 This includes payable to following related parties:

	June 30, 2014	June 30, 2013
	----------Rupees in '000----------	
Procter & Gamble Pakistan (Private) Limited	**-**	25,357
Procter & Gamble International Operations SA-ROHQ	**968**	500
The Procter & Gamble US Business Services Company	**370**	34
	1,338	25,891

12.3 This includes payable in respect of Workers Welfare Fund amounting to Rs. 3.32 million (June 30, 2013: Rs. 6.82 million). Movement of the payable is as follows:

	June 30, 2014	June 30, 2013 (Restated)
	----------Rupees in '000----------	
Opening balance	**6,824**	2,680
Payments made	**(6,841)**	(2,605)
Provision for the year	**3,337**	6,749
Closing Balance	**3,320**	6,824

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The income tax assessments of the Company have been completed up to and including tax year 2013 (i.e. year ended on June 30, 2013). The tax returns for the tax years from 2003 to 2013 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.

13.1.2 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 favour of the Company.

13.1.3 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 favour. Hence, the management has not made any provision against this case in these financial statements.

13.1.4 During the year, the Company received notice of selection for sales tax audit for the tax periods from July 2011 to June 2012 under section 72B of the Sales Tax Act, 1990. Subsequently, the Company received a demand issued by the Deputy commissioner inland revenue (DCIR) for the period from July 2011 to June 2012 alleging that the company has taken input tax amounting to Rs. 6.862 million which suppliers have not declared and paid output tax in monthly sales tax return and therefore the subject input tax is allegedly not allowed under section 8(1) of the Sales tax Act 1990. The Company has filed an appeal before the Appellate Tribunal Inland Revenue against Deputy Commissioner's demand for sales tax and no provision has been made in these financial statements as the management believes that the case will be decided in the favor of the Company.

	June 30, 2014	June 30, 2013
	Rupees in '000	
13.2 Commitments		
Rental due under operating lease arrangements in respect of vehicles:		
Not later than one year	**841**	1,288
Later than one year but not later than five years	**187**	1,018
	1,028	2,306

These represent vehicles acquired under operating lease. The effective financing rate used as discounting factor is per annum 14.66% which is linked with 6 months KIBOR and revised every 6 months (June 30, 2013: 15% per annum). The leases are for a period of 4 years.

14. SEGMENT RESULTS

14.1

	Segment revenue		Segment profit	
	June 30, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013 (Restated)
	Rupees in '000			
Shave care	**1,704,989**	1,535,798	**141,566**	302,229
Braun products	**164,508**	136,073	**41,963**	34,498
Others - Oral B	**190,805**	97,354	**(12,139)**	31,886
	2,060,302	1,769,225	**171,390**	368,613
Other income			**54,141**	39,850
Administrative expenses			**(56,525)**	(47,379)
Other operating expenses			**(5,452)**	(29,373)
Bank charges			**(45)**	(50)
Profit before tax			**163,509**	331,661

The Company has stopped sale of oral care category in Pakistan with effect from February 01, 2014 as reported in note 1.2 of the financial statements. Oral B segment was being reported under the segment of "Others" along with personal care business in the financial statements of the Company for the year ended June 30, 2013. Based on termination of Oral B distribution, the management has re-assigned its segments and merged personal care business with previously reported "Blades and Razors" segment and renamed it as "Shave Care". Braun continue to be reported as usual. Oral B category is being reported seperately this year to identify the business results of the segment. Going forward, the Company would continue to show two categories only i.e. Shave Care and Braun.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

For the purpose of segmental profit calculation, the Company has allocated selling, marketing and distribution 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.

14.2 Segment assets and liabilities

	June 30, 2014	June 30, 2013 (Restated)
	----------Rupees in '000----------	
Segment assets		
Shave care	**646,194**	526,039
Braun products	**115,359**	44,913
Others - Oral B	**-**	24,132
	761,553	595,084
Unallocated corporate assets	**623,217**	616,700
	1,384,770	1,211,784
Segment liabilities		
Shave care	**587,673**	443,375
Braun products	**51,110**	32,454
Others - Oral B	**-**	22,439
	638,783	498,268
Unallocated corporate liabilities	**26,126**	47,723
	664,909	545,991

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.

14.3 Revenue from major products

	June 30, 2014	June 30, 2013
	----------Rupees in '000----------	
Blades and Razors	**1,613,532**	1,485,420
Braun	**164,508**	136,073
Oral-B	**190,805**	97,354
Personal care	**91,457**	50,378
	2,060,302	1,769,225

14.4 The Company sells primarily to one distributor and sales amount to Rs. 2,047.49 million (June 30, 2013: Rs. 1,720.61 million) against sale of major products of the Company.

14.5 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, 2014	June 30, 2013
		----------Rupees in '000----------	
15. SALES - net			
Gross sales	15.1	**2,600,186**	2,182,144
Trade discounts		**(161,497)**	(116,630)
Sales tax		**(378,387)**	(296,289)
		2,060,302	1,769,225

15.1 This includes export sales amounting to Rs. Nil (June 30, 2013: Rs. 48.62 million) on accounts of goods sold to Actua International Limited.

	Note	June 30, 2014	June 30, 2013
		----------Rupees in '000----------	
16. COST OF GOODS SOLD			
Opening stock of finished goods		**450,545**	256,824
Purchases of finished goods		**1,746,594**	1,336,866
		2,197,139	1,593,690
Closing stock of finished goods		**(596,236)**	(450,545)
	16.1	**1,600,903**	1,143,145

16.1 Certain finished goods have been written down to net realizable value by Rs. 66.787 million (June 30, 2013: Rs. 65.892 million) and are charged to cost of goods sold.

	Note	June 30, 2014	June 30, 2013 (Restated)
		----------Rupees in '000----------	
17. OTHER INCOME			
17.1 Income from financial assets			
Interest income on term deposits and saving accounts		**35,999**	36,438
		35,999	36,438
17.2 Income other than financial assets			
Gain on disposal of property, plant and equipment	3.1	**532**	763
Income recognized on defined benefit plan		**-**	2,529
Capital Compensation against Oral Care distribution termination	1.2	**11,896**	-
Others	17.3	**5,714**	120
		18,142	3,412
		54,141	39,850

17.3 This represents refundable claim lodged with Custom Authorities on account of duty refund on re-export of products in prior year.

18. SELLING, MARKETING AND DISTRIBUTION EXPENSES

	Note	June 30, 2014	June 30, 2013
		----------Rupees in '000----------	
Advertising and sales promotion		**214,526**	196,047
Warehousing and transportation		**41,209**	33,859
Salaries, wages and other benefits		**30,185**	23,639
Traveling and conveyance		**1,121**	2,647
Depreciation		**-**	859
Others		**968**	416
		288,009	257,467

19. ADMINISTRATIVE EXPENSES

	Note	June 30, 2014	June 30, 2013
		----------Rupees in '000----------	
Salaries, wages and other benefits		**31,274**	24,497
Traveling and conveyance		**1,650**	2,085
Rent, rates and taxes		**6,775**	7,087
Depreciation		**-**	573
Auditors' remuneration	19.1	**1,182**	1,179
Donation	19.2	**110**	28
Legal and outsourced professional services		**13,777**	10,095
Others		**1,757**	1,835
		56,525	47,379

19.1 Auditors' remuneration

	June 30, 2014	June 30, 2013
Audit fee	**708**	689
Half yearly review	**424**	424
Review of compliance with Code of Corporate Governance	**28**	28
Out of pocket expenses	**22**	38
	1,182	1,179

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

Payee	Relationship	June 30, 2014	June 30, 2013
		----------Rupees in '000----------	
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 till May 31, 2014 was the President of the helpers of HOPE.	**100**	-
American Business Council - (ABC) Address: F-30, Block 7, KDA Scheme 5, Kehkashan, Clifton, Karachi.	Saad Amanullah Khan, CEO of the Company till May 31, 2014 was the past President of ABC.	**10**	10
		110	10

	Note	June 30, 2014	June 30, 2013 (Restated)
		----------Rupees in '000----------	
20. OTHER OPERATING EXPENSES			
Workers Welfare Fund		3,337	6,749
Exchange loss		1,556	21,921
Others		559	703
		5,452	29,373
21. INCOME TAX EXPENSE			
Current			
- for the year	21.1	105,798	81,780

21.1 The tax charge for the year includes the following:

	June 30, 2014	June 30, 2013 (Restated)
- tax under Final Tax Regime on commercial imports	93,558	69,027
- tax under Normal Tax Regime on interest income	12,240	12,753
	105,798	81,780

	June 30, 2014	June 30, 2013 (Restated)
	----------Rupees in '000----------	
21.2 Relationship between tax expense and accounting profit		
Accounting profit for the year	163,509	331,661
Tax rate	34%	35%
Tax charge	55,593	116,081
Effect of taxes paid under Final Tax Regime	50,205	(34,301)
	105,798	81,780

	June 30, 2014	June 30, 2013 (Restated)
	----------Rupees in '000----------	
22. EARNINGS PER SHARE - basic and diluted		
Profit for the year	57,711	249,881
	-------Number of shares-------	
Weighted average number of ordinary shares outstanding during the year	19,200,000	19,200,000
	----------Rupees in '000----------	
Earnings per share - basic and diluted	3.01	13.01

	Note	June 30, 2014	June 30, 2013 (Restated)
		----------Rupees in '000----------	
23. CASH AND CASH EQUIVALENTS			
Cash and bank balances	9	**176,559**	149,071
Term deposits	8	**318,036**	375,420
		494,595	524,491
24. CASH FLOWS FROM OPERATIONS			
Profit before taxation		**163,509**	331,661
Adjustment for non-cash charges and other items:			
Expense / (income) recognized on defined benefit plan		**2,539**	(2,529)
Employee benefits - gratuity expense	29.1.4	**962**	1,939
Stock-in-trade written down to net realizable value	5.2	**66,787**	65,892
Provision due to slow-moving and obsolete inventory	5.1	**1,582**	514
Depreciation expense		**-**	1,432
Gain on disposal of property, plant and equipment	3.1	**(532)**	(763)
Interest income on term deposits and saving accounts	17.1	**(35,999)**	(36,530)
Working capital changes	25	**(144,446)**	(69,438)
		54,402	292,178
25. Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		**(214,060)**	(260,127)
Trade debts		**(20,778)**	5,139
Loans and advances		**97**	21,494
Trade deposits		**790**	1,137
Sales tax refundable		**(11,750)**	(33,641)
Other receivables		**(22,174)**	17,320
Prepayments		**2,055**	(2,055)
		(265,820)	(250,733)
Increase / (decrease) in current liabilities:			
Trade and other payables		**121,374**	181,295
		(144,446)	(69,438)

26. 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 27. Other significant transactions with related parties are as follows:

Name	Relationship with the Company	Nature of transaction	June 30, 2014	June 30, 2013 (Restated)
			----------Rupees in '000----------	
Procter & Gamble International Operations	Associate	Purchases of finished goods	1,502,783	1,217,922
		Advance against return of product	17,462	-
			1,520,245	1,217,922
Procter & Gamble Gulf FZE	Associate	Services rendered	-	3,366
Procter & Gamble Home Products Limited	Associate	Services rendered	-	1,114
Procter & Gamble Pakistan (Private) Limited	Associate	Services received	68,950	60,715
		Services rendered	20,260	15,097
			89,210	75,812
Procter & Gamble International Operations SA - ROHQ	Associate	Services received	2,365	2,787
The Procter & Gamble US Business Services Company	Associate	Services received	1,649	1,186
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	1,784	1,402
Gillette Pakistan Pension Fund	Retirement benefit plan	(Income)/expense from Pension Fund	2,539	(2,529)

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

27.1 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, 2014	For the year ended June 30, 2013 (Restated)	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013 (Restated)
	Rupees in '000					
Base Salary	5,865	5,081	4,133	3,373	7,628	5,615
Bonus	1,279	1,203	421	387	-	-
Housing allowance	2,639	2,287	1,860	1,518	3,432	2,527
Utilities allowance	587	508	413	337	763	562
Leave fare assistance allowance	880	762	620	506	1,144	842
Contribution to provident fund	587	508	413	337	763	444
Other	2,451	731	-	-	1,253	717
	14,288	11,080	7,860	6,458	14,983	10,707
Number of persons during the year	1	1	1	1	7	7

	June 30, 2014	June 30, 2013
Number of employees as at	9	11
Average number of employees during the year	10	11

27.2 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.

27.3 The aggregate amount of fees paid to one non-executive director was Rs. 40,000 (June 30, 2013: 1 non-executive directors Rs. 30,000).

27.4 Remuneration of Chief Executive comprises of 11 month remuneration of the outgoing CEO and 1 month remuneration of the newly appointed CEO who was appointed with effect from June 01, 2014.

27.5 Remuneration of Director represents remuneration paid to CFO & Company Secretary who is also a Director on the Board of the Company.

28. FINANCIAL RISK MANAGEMENT

28.1 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, 2014	June 30 2013	**June 30, 2014**	June 30, 2013
	Rupees in '000			
Assets as per balance sheet				
Long-term deposits	-	-	**616**	438
Trade debts	-	-	**165,317**	144,539
Loans and advances	-	-	**72**	169
Trade deposits	-	-	**535**	1,325
Interest receivable on term deposits	-	-	**1,351**	2,318
Other receivables	-	-	**15,279**	272
Other financial assets	**318,036**	375,420	-	-
Cash and bank balances	-	-	**176,559**	149,071
	318,036	375,420	**359,729**	298,132

	Financial liabilities at amoritzed cost	
	June 30, 2014	June 30, 2013
	Rupees in '000	
Liabilities as per balance sheet		
Trade and other payables	**654,616**	529,739

28.2 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.

28.2.1 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. 318.04 million (June 30, 2013: 375.42 million) and bank balances maintained in saving accounts amounting to Rs. 158.41 million (June 30, 2013: Rs. 148.55 million) as at balance sheet date. The effective interest rate on these accounts ranges from 7% to 8.85% (June 30, 2013: 7% to 10.85%) 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, 2014 would increase / decrease by Rs. 4.76 million (June 30, 2013: Rs. 5.24 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, 2014	
	USD	**EURO**	**Total**
		Rupees in '000	
Trade and other payables	**(1,338)**	**(587,578)**	**(588,916)**
Net Exposure	**(1,338)**	**(587,578)**	**(588,916)**

		June 30, 2013	
	USD	EURO	Total
		Rupees in '000	
Trade and other payables	(534)	(458,838)	(459,372)
Net Exposure	(534)	(458,838)	(459,372)

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**	
	2014	2013	**2014**	2013
		Rupees in '000		
Rupees per				
USD	102.89	96.98	98.81	99.45
EURO	139.64	125.75	134.84	129.53

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	Effect on PBT EURO	Effect on PBT Total
		Rupees in '000		
June 30, 2014	**+10%**	**(134)**	**(58,758)**	**(58,892)**
	-10%	**134**	**58,758**	**58,892**
June 30, 2013	+10%	(53)	(45,883)	(45,936)
	-10%	53	45,883	45,936

28.2.2 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, 2014	June 30, 2013
	Rupees in '000	
Long-term deposits	**616**	438
Trade debts	**165,317**	144,539
Loans and advances	**72**	169
Trade deposits	**535**	1,325
Interest receivable on term deposits	**1,351**	2,318
Other receivables	**15,279**	272
Other financial assets	**318,036**	375,420
Cash & Bank balances	**176,559**	149,071
	677,765	673,552

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	Credit rating Long-term
Barclays Bank PLC, Pakistan	Standard & Poor's	A-1	A
Citi Bank, N.A.	Moody's	P-1	A2
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA

28.2.3 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:

	Carrying Amount	Contractual Cash Flow	Less than 1 month	1 - 3 months	3 months to 1 year	1-5 years	5+ years
	Rupees in '000						
FINANCIAL LIABILITIES							
June 30, 2014							
Trade and other payables	**654,616**	**(654,616)**	**(67,038)**	**(587,578)**	**-**	**-**	**-**
June 30, 2013							
Trade and other payables	529,739	(529,739)	(70,901)	(458,838)	-	-	-

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

28.3 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.

28.3.1 Fair value hierarchy

The following table provided an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

Level - 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level - 2 fair value measurements are those derived from input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level - 3 fair value measurement are those derived vafrom valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2014, the Company does not hold any financial instrument, which can be categorised in any of the above levels.

29. STAFF RETIREMENT BENEFITS

29.1 Funded post retirement pension and unfunded gratuity schemes

29.1.1 The actuarial valuation of pension plan was carried out at June 30, 2014. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:

	June 30, 2014		June 30, 2013	
	Pension	**Gratuity**	Pension	Gratuity
	Percent			
- Discount rate - per annum compound	**13.25%**	**13.25%**	11.5%	11.5%
- Expected rate of increase in salaries - per annum	**13.25%**	**13.25%**	11.5%	11.5%
- Expected rate of return on plan assets - per annum	**13.25%**	**-**	9%	-
- Pension indexation rate - per annum	**9.50%**	**-**	7.75%	-

Mortality rates assumed were based on the State Life Insurance Corporation (SLIC) 2001-05 ultimate mortality rates.

	June 30, 2014		June 30, 2013	
	Pension	Gratuity	Pension (Restated)	Gratuity (Restated)
29.1.2 Balance sheet reconciliation	----------Rupees in '000----------			
Fair value of plan assets	(78,767)	-	(75,102)	-
Present value of defined benefit obligation	81,919	3,821	82,005	2,525
Liability carried forward in the balance sheet	3,152	3,821	6,903	2,525
29.1.3 Movement in fair value of plan assets				
Fair value at beginning of the year	75,102	-	74,724	-
Interest income	8,637	-	8,513	-
Remeasurement on post retirement benefits	(2,812)	-	(1,593)	-
Benefits paid	(2,160)	-	(607)	-
Contribution by the Company	-	-	(5,935)	-
Fair value at the end of the year	78,767	-	75,102	-
29.1.4 Movement in defined benefit obligation				
Obligation at beginning of the year	82,005	2,526	44,574	-
Current service cost	1,745	671	7,466	456
Interest cost	9,431	291	5,121	248
Past service cost - vested	-	-	-	1,234
Past service cost - non-vested	-	-	-	345
Curtailment gain	-	-	(3,589)	-
Employees transferred to sister concern	-	-	(3,014)	-
Remeasurement on post retirement benefits	(9,102)	333	32,054	634
Benefits paid	(2,160)	-	(607)	(392)
Obligation at the end of the year	81,919	3,821	82,005	2,525
29.1.5 Charge to profit and loss account				
Current service cost	1,745	671	7,466	456
Past service cost - vested	-	-	-	1,234
Curtailment gain	-	-	(3,589)	-
Employees transferred to sister concern	-	-	(3,014)	-
Net interest cost	794	291	(3,392)	248
	2,539	962	(2,529)	1,938
29.1.6 Record in statement of other comprehensive income				
Remeasurement due to:				
Demographic assumptions	6,217	(710)	-	-
Financial assumptions	(1,051)	-	28,487	-
Experience adjustment	(11,456)	1,043	3,567	634
	(6,290)	333	32,054	634

	June 30, 2014 Pension	June 30, 2014 Gratuity	June 30, 2013 Pension (Restated)	June 30, 2013 Gratuity (Restated)
29.1.7 Actual return on plan assets is as follows:	Rupees in '000			
Interest income	8,637	-	8,513	-
Remeasurement on post retirement benefits	(2,812)	-	(1,593)	-
Actual return on plan assets	5,825	-	6,920	-

29.1.8 Detail of plan assets

	Pension 2014	Gratuity 2014	Pension 2013	Gratuity 2013
Pakistan Investment Bonds	44,099	-	7,771	-
Term Deposit Receipts	32,079	-	65,756	-
Units of Mutual Funds	2,061	-	1,320	-
Cash at bank	528	-	255	-
	78,767	-	75,102	-

29.1.9 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Changes in assumptions	Impact on obligation of change in assumption			
		Pension		Gratuity	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(6,749)	10,450	(504)	619
Salary increase	1%	2,091	(1,865)	633	(523)
Mortality age	1 year	2,482	(175)	2	(2)

	June 30, 2014 Pension	June 30, 2014 Gratuity
29.1.10 Weighted average plan duration	8 years	14.46 years

29.1.11 The number of employees covered under the pension fund and gratuity fund are 1 and 8 respectively.

29.1.12 The company expects to make a contribution of Rs. 0.456 million to the defined benefit plans during the next financial year.

	Note	June 30, 2014	June 30, 2013
		----------Rupees in '000----------	
29.2 Defined contribution plan - Recognized provident fund*			
The Company maintains the fund of provident fund in a separate trust.			
Size of provident fund - Net assets		**9,882**	10,867
Cost of investments made		**9,543**	7,079
Percentage of investments made		**97%**	65%
Fair value of investment		**10,354**	7,706
Break-up of fair value investments:			
- Balance in savings accounts			
Amount of investment		**2,195**	32
Percentage of size of investment		**22%**	0.29%
- Term deposit receipts			
Amount of investment		**6,680**	6,379
Percentage of size of investment		**68%**	59%
- Shares of listed companies			
Amount of investment		**1,479**	1,295
Percentage of size of investment		**15%**	12%

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

29.2.1 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.

29.2.2 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.

30. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on September 12, 2014 have proposed a final cash dividend at the rate of 0% i.e. Rs. Nil per share for the year ended June 30, 2014 (2013: Rs. 0.50 per share), amounting to Rs. Nil (2013: Rs. 9.60 million).

31. 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 12, 2014.

32. GENERAL

Figures have been rounded off to the nearest thousand rupee.

Adeel Ahmed
Chief Executive

Muhammad Noor-e-Arshi Khan
Director

Notes

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 27th Annual General Meeting of the Company to be held on Tuesday, October 14, 2014 and at any adjournment thereof.

As witness my hand this ____________________ day of ____________ 2014

Signed by the said ____

____

in the presence of ____

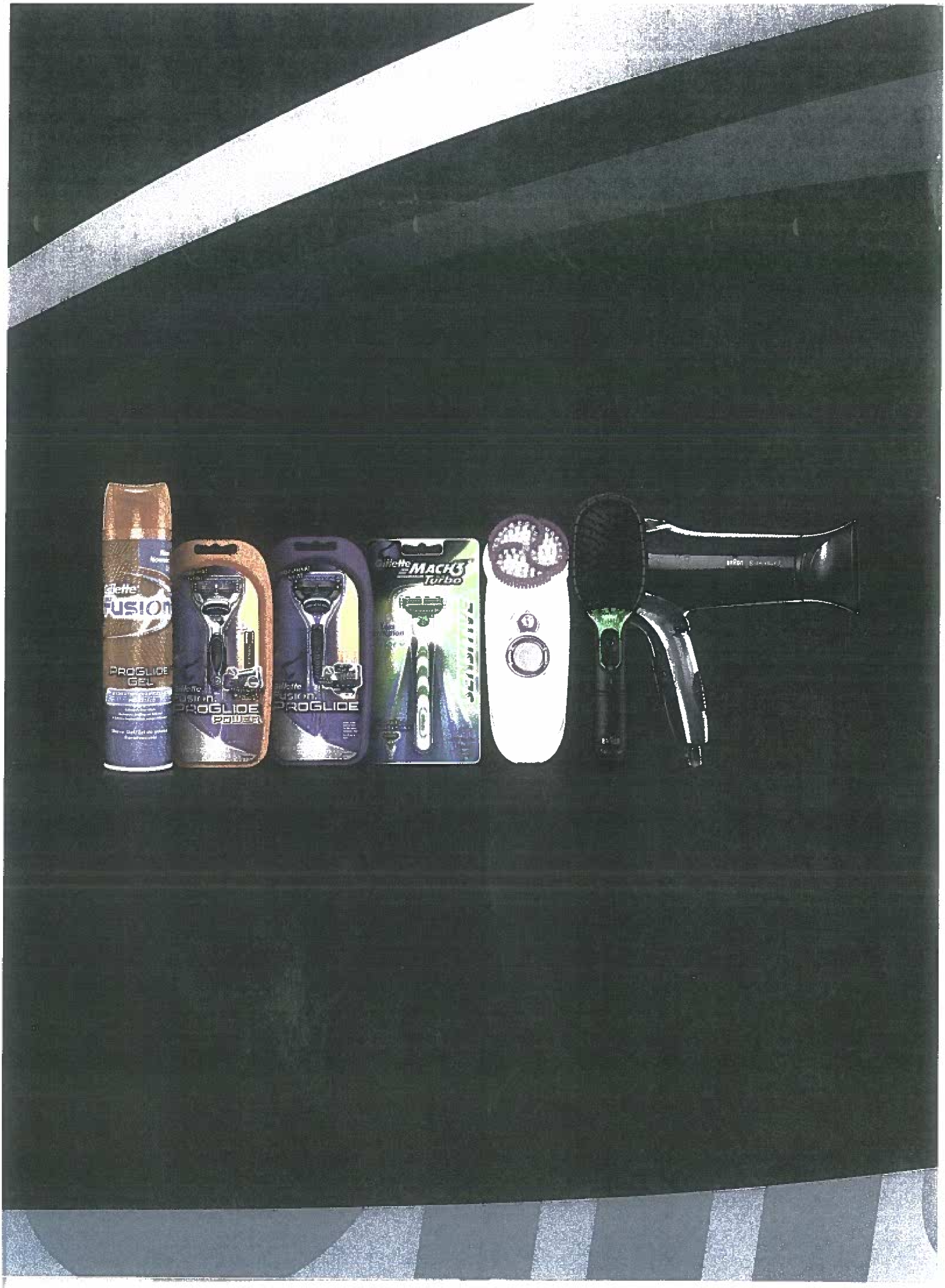
____

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.


Gillette Fusion
PROGLIDE GEL
Fusion PROGLIDE POWER
Fusion PROGLIDE
Gillette MACH3 Turbo
SENSITIVE