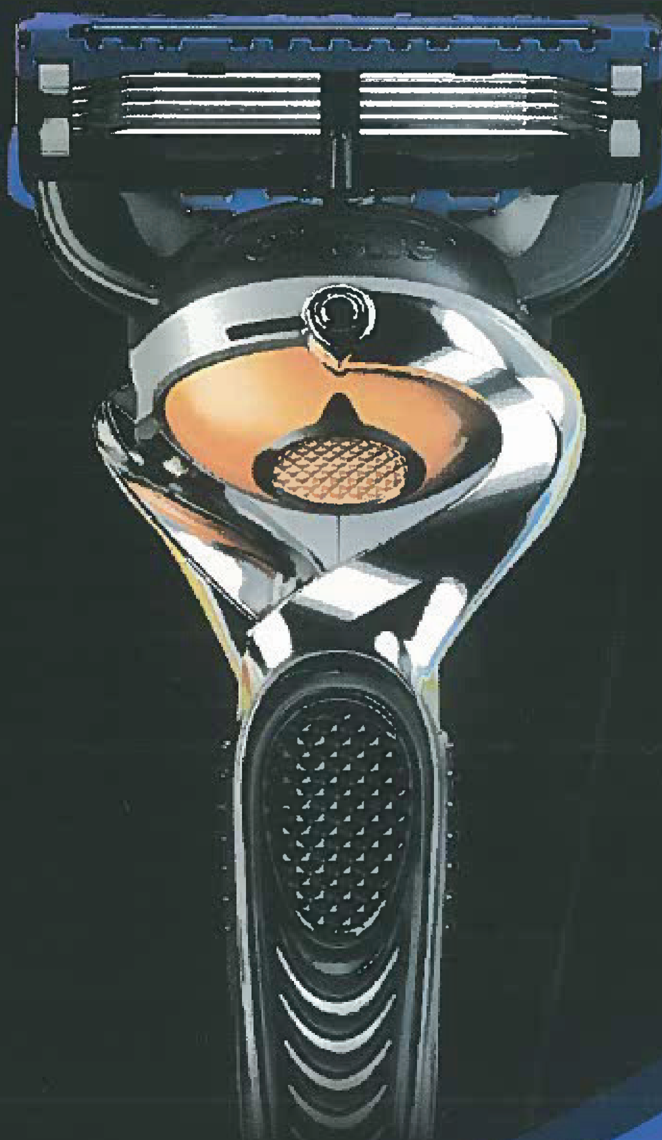
ANNUAL ACCOUNTS June 2015



Gillette
Pakistan
Limited

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	
CHAIRMAN	Sami Ahmed
MEMBERS	Adeel Ahmed Omer Iqbal Awan Adrian Mark Janjua Faredoun Arjani Samar Hayat Tariq Iqbal Khan
AUDIT COMMITTEE	
CHAIRMAN	Tariq Iqbal Khan
MEMBERS	Omer Iqbal Awan Adrian Mark Janjua
HEAD OF INTERNAL AUDIT & SECRETARY TO THE AUDIT COMMITTEE	Adnan Mudassar
HUMAN RESOURCE & REMUNERATION COMMITTEE	
CHAIRMAN	Sami Ahmed
MEMBERS	Omer Iqbal Awan Adrian Mark Janjua
CHIEF EXECUTIVE	Adeel Ahmed
CFO & COMPANY SECRETARY	Muhammad Noor-e-Arshi Khan
AUDITORS	Deloitte Yousuf Adil, Chartered Accountants
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, 2015, along with the auditors' report thereon.

Business overview:

The top line sales of the Company showed significant progress and it grew by 11.2% versus year ago, excluding Oral-B. In this growth, growth for Shave care segment was 14.1%. As disclosed in financial statements for the year ended June 30, 2014, the Company had discontinued sales of Oral-B category in Pakistan, due to termination of distribution agreement with Procter & Gamble International Operations (PGIO), effective February 01, 2014. Based on termination of Oral B distribution, the management, last year, had re-assigned its segments and merged personal care business with previously reported "Blades and Razors" segment and renamed it as "Shave Care" while Braun continues to be reported as usual.

The company continues to launch new innovations while maintains continuous focus to strengthen the base portfolio. This year we launched Mach3 Turbo System Razor which is our best 3-bladed system available globally. We continued to offer our consumers better value promo packs across portfolio. We continued the journey to make our products more widely available by increasing country wide numeric distribution of entire portfolio and focused distribution efforts in whitespace geographies and trade channels. The Company continues to support distribution drives across customer segments and direct to consumer activities where the Company wants the consumer to trade in to its portfolio and also trade up to premium products for better shaving experience.

Segment wise business results of the Company are as follows:

	Segment revenue		Segment profit		Segment profit %		Revenue Common Size	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
	---------- Rupees in '000 ----------				%	%	%	%
Shave care	**1,945,972**	1,704,989	**242,777**	141,566	12.5%	8.3%	93.6%	82.8%
Braun products	**133,818**	164,508	**(27,869)**	41,963	-20.8%	25.5%	6.4%	8.0%
	2,079,790	1,869,497	**214,908**	183,529	10.3%	9.8%	100.0%	90.7%
Others - Oral B	**-**	190,805	**-**	(12,139)	-	-6.4%	0.0%	9.3%
	2,079,790	2,060,302	**214,908**	171,390	10.3%	8.3%	100.0%	100.0%

The profitability of Shave Care segment has increased by 420 bps, however the Company has incurred a segment loss in Braun segment of 20.8%. The segment loss in Braun business is primarily due to higher purchase price and lack of ability to increase selling price across all products, due to competitive product prices in the market. In order to be structurally profitable, the Company though, has increased selling prices on few of its Braun key Shelf Keeping Units (SKUs), however, it has impacted volume demand and this is visible in the decline of sales revenue for this business segment.

Financial Results:

Following are the financial results of the Company for the year ended June 30, 2015:

		FY13/14	FY14/15
Net Sales	Rs. in '000	2,060,302	2,079,790
Cost of Goods Sold	Rs. in '000	(1,600,903)	(1,551,442)
Gross Profit	**Rs. in '000**	**459,399**	**528,348**
GP Ratio	%	22.3%	25.4%
Other income	Rs. in '000	54,141	80,390
Selling, marketing and distribution expense	Rs. in '000	(288,009)	(313,440)
Administrative expenses	Rs. in '000	(56,525)	(58,328)
Other operating expenses	Rs. in '000	(5,452)	(4,470)
Bank Charges	Rs. in '000	(45)	(95)
Profit before tax	**Rs. in '000**	**163,509**	**232,405**
PBT Ratio	%	7.9%	11.2%
Income tax expense	Rs. in '000	(105,798)	(115,808)
Profit after tax	**Rs. in '000**	**57,711**	**116,597**
PAT Ratio	%	2.8%	5.6%
EPS	(Rs./share)	3.01	6.07

The above financial results show an improved gross margin from last year on account of better purchase price as well as increased sales prices of products in Shave Care business segment. There has been an increase of 8.5% in selling, marketing and distribution expenses from previous year which is less than the increase in top line sales of 11.2% (Shave care and Braun). On top of this, there was increase of 3.1% in administrative expenses as compared to last year, however, the administrative expenses were still 2.8% of the net sales which is in line with last year ratio.

During the year, the Board of Directors of the Company on January 19, 2015 approved certain changes in the principal trust deed and rules of the Company's pension fund. These changes pertain to changes in retirement age, early retirement pension options, removal of cap of 25 years of service for the computation of pension and removal of requirement of mandatory 25 years of service to get commutation in case of employees falling under the category of deferred pensioners and early retirement pensioners. These changes in the principal trust deed and fund are effective from January 01, 2014 and apply to all current eligible employees including those who retire after the effective date. The amended trust deed was approved by Income Tax authorities having jurisdiction of the fund on 11 March 2015. The financial impact of the change in defined benefit plan amounting to Rs. 20.763 million has been included as a past service expense in these financial statements.

Other income in the above financial results shows an increase of 48.5% against year ago. It includes a significant exchange gain on foreign currency liabilities amounting to Rs. 44.6 million. There was no significant change in interest income earned on surplus cash available in the Company as compared to last year.

The current inventory at the balance sheet date holds certain SKUs costing Rs. 39.74 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. 9.822 million. The quantum of net realizable value hurt is significantly lesser than the amount which was booked in last year. 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.

Dividend:

The Board reviewed the financial results of the Company along with the financial position for the year ended June 30, 2015 and have decided to announce a dividend of Rs. 5 per share (50% of the face value) which shall be presented for approval of the shareholders in the annual general meeting, being held on October 22, 2015 in Karachi.

Board of Directors:

In August 2014, Mr. Al Abdulmalek Rajwani had resigned as Chairman and director and hence Mr. Sami Ahmed was appointed as Chairman and director on the Board for remainder of the Board term. Later during the year, a new Board was elected for a term of next three years under section 178 of the Companies Ordinance, 1984, in the extra ordinary general meeting held on June 23, 2015. The term of outgoing directors ended on June 28, 2015. The details of incoming as well as outgoing directors are as follows:

Category	Names of Incoming directors	Names of outgoing directors
Independent Director	Mr. Tariq Iqbal Khan	Mr. Tariq Iqbal Khan
Executive Directors	Mr. Adeel Ahmed	Mr. Adeel Ahmed and Mr. Muhammad Noor-e-Arshi Khan
Non-Executive Directors	Mr. Sami Ahmed Mr. Faredoun Arjani Mr. Adrian Mark Janjua, Mr. Samar Hayat Mr. Omer Iqbal Awan	Mr. Sami Ahmed, Mr. Kashif Maqsood Abbasi, Mr. Amjad Ali Qureshi and Mr. Bahroz Hussain Abbas

The independent director on the Board met the criteria of independence under clause i (b) of the Code.

Subsequent to the year end, Mr. Sami Ahmed has resigned as Chairman and Director on the Board with effect from August 24, 2015 and Mrs. Ghazala Nadeem has been appointed as Director in his place. Further, Mr. Tariq Iqbal Khan has also resigned from the Board effective August 29, 2015. The Company is in the process to find a replacement for the independent director on the Board.

Code of Conduct:

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

Code of Corporate Governance:

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Board is ultimately responsible for the Company's system of Internal Control and its effectiveness. Such a system is designed to minimize the risk of any material misstatement or loss rather than eliminate the same. The Company maintains sound internal control system considering the size and nature of the business which gives reasonable assurance against any material misstatement or loss. The Internal Control system is regularly reviewed and has been formalized by the Board's Audit Committee and is updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The Company is a subsidiary of The Series Acquisition B.V., Netherlands which is a subsidiary of P&G, USA. The parent company holds 91.39% shares of the Company.
- The earnings per share of the Company are disclosed in the financial statements.
- Key operating and financial data for six years in summarized form is 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, 2015 amounts to Rs 4.462 million and Rs. 71.905 million respectively.
- Details and attendance of directors in 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, 2015 is in "Annexure C" to the directors' report.
- The Board, in earlier years, had arranged orientation courses for its outgoing directors to apprise them of their roles and responsibilities. The outgoing Board had four directors who were already certified under director training programs from institutions approved by SECP. The Board now plans to hold orientation courses for the new incoming directors in the ensuing financial year and the new directors would also be certified under director training programs as prescribed by the CCG.
- No trade in the shares of the Company was carried out by any executive of the Company.
- We confirm that all other material principles enshrined in the CCG have been complied with in all aspect.
- 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:

A statement in compliance with section 218 of the Companies Ordinance, 1984 is in "Annexure D" of the directors' report.

External auditors:

M/s. Deloitte Yousuf Adil, Chartered Accountants retire and being eligible have offered themselves for re-appointment as statutory auditors of the Company for the year ending June 30, 2016.

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 21, 2015

Key operating and financial data

Annexure "A"

INCOME STATEMENT		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Net Sales	Rs. in '000	796,671	1,032,769	1,408,301	1,769,225	2,060,302	2,079,790
Cost of Goods Sold	Rs. in '000	(550,743)	(768,631)	(1,017,362)	(1,143,145)	(1,600,903)	(1,551,442)
Gross Profit	Rs. in '000	245,928	264,138	390,939	626,080	459,399	528,348
GP Ratio	%	30.9%	25.6%	27.8%	35.4%	22.3%	25.4%
Other income	Rs. in '000	42,521	51,998	26,397	39,850	54,141	80,390
Selling, marketing and distribution expense	Rs. in '000	(186,207)	(218,669)	(253,704)	(257,467)	(288,009)	(313,440)
Administrative expenses	Rs. in '000	(43,756)	(35,248)	(33,056)	(47,379)	(56,525)	(58,328)
Other operating expenses	Rs. in '000	-	(19,491)	(2,691)	(29,373)	(5,452)	(4,470)
Bank charges	Rs. in '000	(25)	(311)	(314)	(50)	(45)	(95)
Profit before tax	Rs. in '000	58,461	42,417	127,571	331,661	163,509	232,405
PBT Ratio	%	7.3%	4.1%	9.1%	18.7%	7.9%	11.2%
Income tax expense	Rs. in '000	(32,577)	(66,982)	(65,981)	(81,780)	(105,798)	(115,808)
Profit after tax	Rs. in '000	25,884	(24,565)	61,590	249,881	57,711	116,597
PAT Ratio	%	3.2%	-2.4%	4.4%	14.1%	2.8%	5.6%
EPS	(Rs./share)	1.35	(1.28)	3.21	13.01	3.01	6.07
Dividends	(Rs./share)	Nil	Nil	Nil	0.50	Nil	5.00

BALANCE SHEET		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
Cash & cash equivalents	Rs. in '000	209,788	122,207	281,279	524,491	494,595	601,985
Trade debts	Rs. in '000	126,089	135,032	149,678	144,539	165,317	241,018
Other receivables	Rs. in '000	18,371	21,186	24,245	6,925	29,099	21,560
Inventory	Rs. in '000	196,761	355,182	256,824	450,545	596,236	650,445
Property, Plant & Equipment	Rs. in '000	527	5,282	7,335	-	-	-
Other assets	Rs. in '000	41,252	83,039	62,321	85,284	99,523	83,039
Total Assets	Rs. in '000	**592,788**	**721,928**	**781,682**	**1,211,784**	**1,384,770**	**1,598,047**
Trade payables	Rs. in '000	120,420	296,402	248,782	458,838	587,578	605,665
Other payables	Rs. in '000	83,071	60,794	106,578	84,628	73,510	149,923
Deferred liability	Rs. in '000	-	-	-	2,525	3,821	4,360
Equity	Rs. in '000	389,297	364,732	426,322	665,793	719,861	838,099
Total Liability and Equity	Rs. in '000	**592,788**	**721,928**	**781,682**	**1,211,784**	**1,384,770**	**1,598,047**
Current ratio	Times	2.91	2.01	2.18	2.23	2.09	2.11
Quick ratio (inventory excluded)	Times	1.94	1.01	1.46	1.40	1.19	1.25
Book value per share	Rs. Per share	20.28	19.00	22.20	34.68	37.49	43.65
Receivable days	Days	57.77	47.72	38.79	29.82	29.29	42.30
Inventory days	Days	130.40	168.67	92.14	143.86	135.94	153.03
Payable days	Days	79.81	140.75	89.26	146.50	133.97	142.49

Annexure "B"

Directors' attendance in meetings

During the year ended June 30, 2015, four meetings of the Board of Directors and Audit Committee were held. These were held on September 12, 2014, October 29, 2014, February 23, 2015 and April 27, 2015. The meetings were attended by the directors as under:

Board of Directors' meetings:

Name of Directors	Meeting held during the tenure	Meetings attended
Mr. Al Abdulmalek Rajwani - Chairman	-	-
Mr. Adeel Ahmed	4	4
Mr. Muhammad Noor-e-Arshi Khan	4	4
Mr. Kashif Maqsood Abbasi	4	4
Mr. Bahroz Hussain Abbas	4	-
Mr. Amjad Ali Qureshi	4	-
Mr. Tariq Iqbal Khan	4	4
Mr. Sami Ahmed	4	3

Audit Committee Meetings:

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

Human Resource and Remuneration Committee:

In addition to above, one meeting of Human Resource and Remuneration Committee was held on November 24, 2014 and this meeting was attended by directors as under:

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

Annexure "C"

Pattern of Shareholding:

No. of Sharesholders	Shareholding From	To	Total Shares Held
416	1	100	28,843
157	101	500	46,448
26	501	1,000	21,535
26	1,001	5,000	52,589
7	5,001	10,000	58,600
7	10,001	15,000	90,749
2	15,001	20,000	34,300
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	81,700
2	45,001	50,000	94,800
2	50,001	55,000	107,900
1	195,001	200,000	196,385
1	645,001	650,000	649,800
1	17,500,000	17,600,000	17,548,571
657			**19,200,000**

Shareholding by major category:

Shareholders Category	No. of Shareholders	No. of Shares	%
Individuals	646	779,193	4.06
Investment Companies	1	200	0.00
Insurance Companies	-	-	-
Joint Stock Companies	5	652,051	3.40
Financial Institutions	1	1,000	0.01
Modarabas and Mutual Funds	1	196,385	1.02
Associated Companies undertaking & related parties	1	17,548,571	91.40
Foreigners	2	22,600	0.12
Total:	**657**	**19,200,000**	**100.00**

Name wise shareholding by category:

Shareholder Category	Number of Shareholders	Number of Shares held
Associated Companies, Undertakings and Related Parties (name wise Details)		
Series Acquisition B.V.	1	17,548,571
Mutual Funds (name wise detail)	Nil	Nil
Directors, CEO and their spouse(s) and minor children (name wise details)		
Mr. Tariq Iqbal Khan	1	100
Executives		
Mr. Muhammad Noor-e-Arshi Khan	1	1
Public Sector Companies and Corporations	Nil	Nil
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension funds.	2	197,385
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

In the meeting of directors held on September 21, 2015, the Board of the Company, on recommendation of Human Resource and Remuneration Committee, has approved following changes in compensation structure of Chief Executive and CFO & Company Secretary, effective September 01, 2015:

- an increment of 15.44% in base salary of Mr. Adeel Ahmed, Chief Executive with no changes in any other benefits. His revised base salary would be Rs. 461,882 per month.
- an increment of 12.10% in base salary of Mr. Muhammad Noor-e-Arshi Khan, CFO & Company Secretary with no changes in any other benefits. His revised base salary would be Rs. 446,765 per month.

Both of the above executives would continue to receive all other allowances and benefits as applicable to them and as fully disclosed in note 2.12, note 26.1 and 26.2 of the financial statements of the Company for the year ended June 30, 2015.

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

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2015

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). In August 2014, Mr. Al Abdulmalek Rajwani had resigned as Chairman and director and hence Mr. Sami Ahmed was appointed as Chairman and director on the Board for remainder of the Board term. Later during the year, a new Board was elected for a term of next three years under section 178 of the Companies Ordinance, 1984, in the extra ordinary general meeting held on June 23, 2015. The term of outgoing directors ended on June 28, 2015. The details of incoming as well as outgoing directors are as follows:

Category	Names of Incoming directors	Names of outgoing directors
Independent Director	Mr. Tariq Iqbal Khan	Mr. Tariq Iqbal Khan
Executive Directors	Mr. Adeel Ahmed	Mr. Adeel Ahmed and Mr.Muhammad Noor-e-Arshi Khan
Non-Executive Directors	Mr. Sami Ahmed Mr. Faredoun Arjani Mr. Adrian Mark Janjua, Mr. Samar Hayat Mr. Omer Iqbal Awan.	Mr. Sami Ahmed, Mr. Kashif Maqsood Abbasi, Mr. Amjad Ali Qureshi and Mr. Bahroz Hussain Abbas

   The independent director on the Board met the criteria of independence under clause i (b) of the Code.

   Subsequent to the year end, Mr. Sami Ahmed has resigned as Chairman and Director on the Board with effect from August 24, 2015 and Mrs. Ghazala Nadeem has been appointed as Director in his place. Further, Mr. Tariq Iqbal Khan has also resigned from the Board effective August 29, 2015. The Company is in the process to find a replacement for the independent 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 occurred on the Board during the year in August 2014 and the same 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, in earlier years, had arranged orientation courses for its outgoing directors to apprise them of their roles and responsibilities. The outgoing Board had four directors who were already certified under director training programs from institutions approved by SECP. The Board now plans to hold orientation courses for the new incoming directors in the ensuing financial year and the new directors would also be certified under director training programs as prescribed by the CCG.

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 chairperson of the committee is an independent director. Subsequent to the year end, Mr. Tariq Iqbal Khan, who was also the chairperson of the Audit Committee, has resigned from the Board wef August 29, 2015. The Company is in the process to find a replacement for the independent director. As soon as the new independent director is appointed on the Board, he or she will also be appointed as chairperson of the Audit Committee as well.

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, Chartered Accountants, 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 in all respect.

Adeel Ahmed
Chief Executive

Karachi
September 21, 2015

Deloitte.

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

Deloitte Yousuf Adil
Chartered Accountants
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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, 2015 to comply with the respective listing regulations 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 and report if it does not and to highlight any non-compliance with the requirements 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this 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, 2015.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Naresh Kumar

Date: September 21, 2015
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Deloitte Yousuf Adil
Chartered Accountants
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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, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Naresh Kumar

Date: September 21, 2015
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Balance Sheet

As at June 30, 2015

	Note	June 30, 2015	June 30, 2014
		-------------Rupees in '000-------------	
ASSETS			
Non-current assets			
Long-term deposits	3	616	616
Current assets			
Stock-in-trade	4	650,445	596,236
Trade debts	5	241,018	165,317
Loans and advances		471	72
Trade deposits		277	535
Interest receivable on term deposits		1,432	1,351
Other receivables	6	21,560	29,099
Other financial assets	7	435,409	318,036
Sales tax refundable		35,306	56,698
Taxation - net		44,937	40,251
Cash and bank balances	8	166,576	176,559
		1,597,431	1,384,154
Total assets		1,598,047	1,384,770
EQUITY			
Share capital and reserves			
Authorized			
- 20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital	9	192,000	192,000
Unappropriated profit		646,099	527,861
Total equity		838,099	719,861
LIABILITIES			
Non-current liabilities			
Deferred liability - gratuity scheme	28	4,360	3,821
Current liabilities			
Trade and other payables	11	755,588	661,088
Total equity and liabilities		1,598,047	1,384,770
Contingencies and commitments	12		

The annexed notes 1 to 31 form an integral part of these financial statements.

ADEEL AHMED
CHIEF EXECUTIVE

OMER IQBAL AWAN
DIRECTOR

Profit and Loss Account

For the year ended June 30, 2015

	Note	June 30, 2015	June 30, 2014
		-----------Rupees in '000-----------	
Sales - net	14	2,079,790	2,060,302
Cost of goods sold	15	(1,551,442)	(1,600,903)
Gross profit		528,348	459,399
Other income	16	80,390	54,141
Selling, marketing and distribution expenses	17	(313,440)	(288,009)
Administrative expenses	18	(58,328)	(56,525)
Other operating expenses	19	(4,470)	(5,452)
Bank charges		(95)	(45)
Profit before tax		232,405	163,509
Income tax expense	20	(115,808)	(105,798)
Profit after tax		116,597	57,711
		-----------------Rupees-----------------	
Earning per share - basic and diluted	21	6.07	3.01

The annexed notes 1 to 31 form an integral part of these financial statements.

ADEEL AHMED
CHIEF EXECUTIVE

OMER IQBAL AWAN
DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2015

	June 30, 2015	June 30, 2014
	-----------Rupees in '000-----------	
Profit for the year	**116,597**	57,711
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	**1,641**	5,957
Total items that will not be reclassified to profit and loss account	**1,641**	5,957
Total comprehensive income for the year	**118,238**	63,668

The annexed notes 1 to 31 form an integral part of these financial statements.

ADEEL AHMED
CHIEF EXECUTIVE

OMER IQBAL AWAN
DIRECTOR

Cash Flow Statement

For the year ended June 30, 2015

	Note	June 30, 2015	June 30, 2014
		----------Rupees in '000----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	23	214,022	54,402
Income taxes paid		(120,494)	(112,018)
Defined benefits paid	28	(20,756)	-
Net cash generated from / (used in) operating activities		72,772	(57,616)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		-	532
Long-term deposits made		-	(178)
Interest income received		34,618	36,966
Net cash from investing activities		34,618	37,320
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(9,600)
Net cash used in financing activities		-	(9,600)
Net increase / (decrease) in cash and cash equivalents		107,390	(29,896)
Cash and cash equivalents at the beginning of the year		494,595	524,491
Cash and cash equivalents at the end of the year	22	601,985	494,595

The annexed notes 1 to 31 form an integral part of these financial statements.

ADEEL AHMED
CHIEF EXECUTIVE

OMER IQBAL AWAN
DIRECTOR

Statement of Changes in Equity
For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
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**
- Profit for the year	-	**116,597**	**116,597**
- Other comprehensive income	-	**1,641**	**1,641**
Total Comprehensive Income for the year ended June 30, 2015	-	**118,238**	**118,238**
Balance as at June 30, 2015	**192,000**	**646,099**	**838,099**

The annexed notes 1 to 31 form an integral part of these financial statements.

ADEEL AHMED
CHIEF EXECUTIVE

OMER IQBAL AWAN
DIRECTOR

Notes to the Financial Statements

For the year ended June 30, 2015

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 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 (IASB) 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, 2015. 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	July 1, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

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 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 1, 2016
IAS 27 (Revised 2011) – Separate Financial Statements	January 1, 2015 IAS 27 (Revised 2011) will concurrently apply with IFRS 10
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 1, 2015
IFRS 10 – Consolidated Financial Statements	January 1, 2015 Earlier adoption is encouraged
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

Certain annual improvements have also been made to a number of IFRSs.

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.

Impairment losses are recognised in profit and loss account and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on impaired assets continues to be recognised through unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

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.

During the year, the Board of Directors of the Company on January 19, 2015 approved certain changes in the principal trust deed and rules of the Company's pension fund. These changes pertained to changes in retirement age, early retirement pension options, removal of cap of 25 years of service for the computation of pension and removal of requirement of mandatory 25 years of service to get commutation in case of employees falling under the category of deferred pensioners and early retirement pensioners. These changes in the principal trust deed and fund are effective from January 01, 2014 and apply to all current eligible employees including those who retire after the effective date. The amended trust deed was approved by Income Tax authorities having jurisdiction of the fund on March 11, 2015. The financial impact of the change in defined benefit plan amounting to Rs. 20.763 million has been included as a past service expenses in these financial statements.

Details of the schemes are given in note 28 to these financial statements.

Unfunded Gratuity Scheme

Effective from July 01, 2012, the Company 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.

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, discontinued from the last year)

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 and note 4);
ii) Provision / (reversal) for doubtful debts (note 2.10 and note 5);
iii) Assumptions and estimates used in accounting for defined benefits plan (note 2.12 and note 28);
iv) Provision for taxation (note 2.11 and note 20); and
v) Contingencies and commitments (note 12).

	June 30, 2015	June 30, 2014
	---------Rupees in '000---------	
3. LONG-TERM DEPOSITS		
Central Depository Company Limited - registration deposit	37	37
Employee medical insurance deposit	101	101
Marine insurance	300	300
Others	178	178
	616	616

	Note	June 30, 2015	June 30, 2014
4 STOCK-IN-TRADE		---------Rupees in '000---------	
4.1 Breakup of Stock-in-trade is as follows:			
Finished goods			
- on hand	4.2 & 4.3	475,913	468,857
- in transit		182,565	128,961
Stock-in-trade before provision		658,478	597,818
Provision due to slow-moving and non-performing inventory	4.4	(8,033)	(1,582)
		650,445	596,236

4.2 Stock-in-trade includes goods costing Rs. 39.740 million (June 30, 2014: 183.823 million) written down by Rs. 9.822 million (June 30, 2014: Rs. 66.787 million) to net realizable value amounting to Rs. 29.918 million (June 30, 2014: 117.036 million).

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

4.4 Movement of provision due to slow-moving and non-performing inventory is as follows:

	June 30, 2015	June 30, 2014
	---------Rupees in '000---------	
Opening	1,582	514
Charged during the year	6,451	1,068
Closing	8,033	1,582

5 TRADE DEBTS		
Unsecured - considered good	241,018	165,317

5.1 Trade receivables are non-interest bearing and the credit period on sale of goods is 96 days for Braun products and 25 days for Blades & Razors and others (June 30, 2014: 88 days for Braun products and 25 days for Blade & Razors and others).

5.2 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.

5.3 Aging of trade debts

	1 - 25 days	26 - 96 days	Above 96 days
June 30, 2015		Rupees in '000	
Neither due nor impaired	137,525	92,680	-
Past due but not impaired	-	10,795	18
Past due and impaired	-	-	-

	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	-	-	-

		Note	June 30, 2015	June 30, 2014
			----------Rupees in '000----------	
6.	**OTHER RECEIVABLES**			
	Receivable from related party		-	7,660
	Duties refundable	6.1	13,820	13,820
	Others		7,740	7,619
			21,560	29,099

6.1 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, 2015	June 30, 2014
7.	**OTHER FINANCIAL ASSETS**		----------Rupees in '000----------	
	Term deposits - held-to-maturity	7.1	435,409	318,036

7.1 This represents term deposits, having maturity period of one month to three months and effective interest rates are in range from 4.75% to 9.2% (June 30, 2014: 7% to 8.85%) per annum.

		Note	June 30, 2015	June 30, 2014
			----------Rupees in '000----------	
8.	**CASH AND BANK BALANCES**			
	Current account		625	18,153
	Savings account	8.1	165,951	158,406
			166,576	176,559

8.1 These are balances maintained with commercial banks. The effective interest rate on the account ranges from 4.5% to 7% (June 30, 2014: 7% to 8.85%) per annum.

9. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
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 in cash	32,640	32,640
19,200,000	19,200,000		192,000	192,000

9.1 The Series Acquisition B.V., Netherlands, and its nominees held 17,548,574 (June 30, 2014: 17,548,574) ordinary shares of Rs. 10 each of the Company.

9.2 The Company has one class of ordinary shares which carry no right to fixed income. The holders of the shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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

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

10. CAPITAL RISK MANAGEMENT

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

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The capital structure of the Company consists of equity comprising issued share capital and unappropriated profit. The Company's overall strategy remains unchanged from 2014.

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

11. TRADE AND OTHER PAYABLES

	Note	June 30, 2015	June 30, 2014
		Rupees in '000	
Trade creditors	11.1	605,665	587,578
Payable to pension fund	28.1.2	25,015	3,152
Accrued liabilities	11.2 & 11.3	124,304	69,754
Unclaimed dividend		604	604
		755,588	661,088

11.1 This includes payable to related party, Procter and Gamble International Operations (PGIO) amounting to Rs. 569.775 million (June 30, 2014: Rs. 536.418 million).

11.2 This includes payable to following related parties:

	June 30, 2015	June 30, 2014
	----------Rupees in '000----------	
Procter & Gamble Pakistan (Private) Limited	**15,950**	-
Procter & Gamble International Operations SA-ROHQ	**1,074**	968
The Procter & Gamble US Business Services Company	**235**	370
	17,259	1,338

11.3 This includes payable in respect of Workers Welfare Fund amounting to Rs. 4.47 million (June 30, 2014: Rs. 3.32 million). Movement of the payable is as follows:

	June 30, 2015	June 30, 2014
	----------Rupees in '000----------	
Opening balance	**3,320**	6,824
Payments made	**(3,320)**	(6,841)
Provision for the year	**4,470**	3,337
Closing Balance	**4,470**	3,320

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 The income tax assessments of the Company have been completed up to and including tax year 2014 (i.e. year ended on June 30, 2014). The tax returns for the tax years from 2003 to 2014 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.

12.1.2 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.

12.1.3 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.

12.1.4 During the year 2014, 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. However in the Company's appeal the Appellate Tribunal Inland Revenue remanded the case back to the department which is pending for readjudication.

12.2 Commitments

	June 30, 2015	June 30, 2014
	----------Rupees in '000----------	
Rental due under operating lease arrangements in respect of vehicles:		
Not later than one year	1,781	841
Later than one year but not later than five years	2,818	187
	4,599	1,028

These represent vehicles acquired under operating lease. The effective financing rate used as discounting factor is per annum 14.32% which is linked with 6 months KIBOR and revised every 6 months (June 30, 2014: 14.66% per annum). The leases are for a period of 4 years.

13. SEGMENT RESULTS

13.1

	Segment revenue		Segment profit	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Rupees in '000			
Shave care	1,945,972	1,704,989	242,777	141,566
Braun products	133,818	164,508	(27,869)	41,963
Others - Oral B	-	190,805	-	(12,139)
	2,079,790	2,060,302	214,908	171,390
Other income			80,390	54,141
Administrative expenses			(58,328)	(56,525)
Other operating expenses			(4,470)	(5,452)
Bank charges			(95)	(45)
Profit before tax			232,405	163,509

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 and marketing expenses to the segments. This include expenses directly attributable to the segment as well as those that were allocated on the basis of net sales of the segment.

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

	June 30, 2015	June 30, 2014
13.2 Segment assets and liabilities	---------Rupees in '000---------	
Segment assets		
Shave care	749,444	646,194
Braun products	142,019	115,359
	891,463	761,553
Unallocated corporate assets	706,584	623,217
	1,598,047	1,384,770
Segment liabilities		
Shave care	582,928	587,673
Braun products	59,824	51,110
	642,752	638,783
Unallocated corporate liabilities	117,196	26,126
	759,948	664,909

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

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

	June 30, 2015	June 30, 2014
	---------Rupees in '000---------	
13.3 Revenue from major products		
Shave care	1,945,972	1,704,989
Braun	133,818	164,508
Others - Oral B	-	190,805
	2,079,790	2,060,302

13.4 The Company sells primarily to one distributor and sales amount to Rs. 2,079.79 million (June 30, 2014: Rs. 2,047.49 million) against sale of major products of the Company.

13.5 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, 2015	June 30, 2014
		---------Rupees in '000---------	
14. SALES - net			
Gross sales		2,730,632	2,600,186
Trade discounts		(245,819)	(161,497)
Sales tax		(405,023)	(378,387)
		2,079,790	2,060,302

	Note	June 30, 2015	June 30, 2014
		----------Rupees in '000----------	
15. COST OF GOODS SOLD			
Opening stock of finished goods		596,236	450,545
Purchases of finished goods		1,605,651	1,746,594
		2,201,887	2,197,139
Closing stock of finished goods		(650,445)	(596,236)
	15.1	1,551,442	1,600,903

15.1 Finished goods have been written down to net realizable value by Rs. 9.822 million (June 30, 2014: Rs. 66.787 million) and are charged to cost of goods sold.

	June 30, 2015	June 30, 2014
16. OTHER INCOME	----------Rupees in '000----------	
16.1 Income from financial assets		
Interest income on term deposits and saving accounts	34,699	35,999
	34,699	35,999
16.2 Income other than financial assets		
Exchange gain	44,649	-
Gain on disposal of property, plant and equipment	-	532
Capital Compensation against Oral Care distribution termination	-	11,896
Others	1,042	5,714
	45,691	18,142
	80,390	54,141

	June 30, 2015	June 30, 2014
17. SELLING, MARKETING AND DISTRIBUTION EXPENSES	----------Rupees in '000----------	
Advertising and sales promotion	216,415	214,526
Warehousing and transportation	54,195	41,209
Salaries, wages and other benefits	39,005	30,185
Traveling and conveyance	2,970	1,121
Others	855	968
	313,440	288,009

	Note	June 30, 2015	June 30, 2014
		----------Rupees in '000----------	
18. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		35,562	31,274
Legal and outsourced professional services		10,654	13,777
Rent, rates and taxes		7,068	6,775
Auditors' remuneration	18.1	1,299	1,182
Traveling and conveyance		786	1,650
Donation	18.2	-	110
Others		2,959	1,757
		58,328	56,525

18.1 Auditors' remuneration

	June 30, 2015	June 30, 2014
Audit fee	790	708
Half yearly review	459	424
Review of compliance with Code of Corporate Governance	28	28
Out of pocket expenses	22	22
	1,299	1,182

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

Payee	June 30, 2015	June 30, 2014
Health Oriented Preventive Education (HOPE) Address: Plot #B-40, Street # 28, Sector # 32-A, Korangi Industrial Area, Karachi.	-	100
American Business Council - (ABC) Address: F-30, Block 7, KDA Scheme 5, Kehkashan, Clifton, Karachi.	-	10
	-	110

	Note	June 30, 2015	June 30, 2014
		----------Rupees in '000----------	
19. OTHER OPERATING EXPENSES			
Workers Welfare Fund		4,470	3,337
Exchange loss		-	1,556
Others		-	559
		4,470	5,452
20. INCOME TAX EXPENSE			
Current			
- for the year	20.1	115,808	105,798

	Note	June 30, 2015	June 30, 2014
		----------Rupees in '000----------	
20.1 The tax charge for the year includes the following:			
- tax under Final Tax Regime on commercial imports		104,357	93,558
- tax under Normal Tax Regime on interest income		11,451	12,240
		115,808	105,798
20.2 Relationship between tax expense and accounting profit			
Accounting profit for the year		232,405	163,509
Tax rate		33%	34%
Tax charge		76,694	55,593
Effect of taxes paid under Final Tax Regime		39,114	50,205
		115,808	105,798
21. EARNINGS PER SHARE - basic and diluted			
Profit for the year		116,597	57,711
		-------Number of shares-------	
Weighted average number of ordinary shares outstanding during the year		19,200,000	19,200,000
Earnings per share - basic and diluted		6.07	3.01

	Note	June 30, 2015	June 30, 2014
		----------Rupees in '000----------	
22. CASH AND CASH EQUIVALENTS			
Cash and bank balances	8	166,576	176,559
Term deposits	7	435,409	318,036
		601,985	494,595

	Note	June 30, 2015	June 30, 2014
		----------Rupees in '000----------	
23. CASH FLOWS FROM OPERATIONS			
Profit before taxation		232,405	163,509
Adjustment for non-cash charges and other items:			
Expense recognized on employee benefits - pension		23,074	2,539
Expense recognized on employee benefits - gratuity	28.1.5	1,439	962
Stock-in-trade written down to net realizable value	4.2	9,822	66,787
Provision for slow moving stock-in-trade	4.1	6,451	1,582
Gain on disposal of property, plant and equipment		-	(532)
Interest income on term deposits and saving accounts	16.1	(34,699)	(35,999)
Working capital changes	24	(24,470)	(144,446)
		214,022	54,402
24. Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(70,482)	(214,060)
Trade debts		(75,701)	(20,778)
Loans and advances		(399)	97
Trade deposits		258	790
Sales tax refundable		21,392	(11,750)
Other receivables		7,539	(22,174)
Prepayments		-	2,055
		(117,393)	(265,280)
Increase in current liabilities:			
Trade and other payables		92,923	121,374
		(24,470)	(144,446)

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

Name	Relationship with the Company	Nature of transaction	June 30, 2015	June 30, 2014
			----------Rupees in '000----------	
Procter & Gamble International Operations	Associate	Purchases of finished goods	1,526,815	1,502,783
		Purchase returns	-	17,462
			1,526,815	1,520,245
Procter & Gamble Pakistan (Private) Limited	Associate	Services received	80,111	68,950
		Services rendered	20,832	20,260
Procter & Gamble International Operations SA	Associate	Services received	2,351	2,365
The Procter & Gamble US Business Services	Associate	Services received	1,534	1,649
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	1,506	1,784
Gillette Pakistan Pension Fund	Retirement benefit plan	Expense from Pension Fund	23,074	2,539

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

26.1 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, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014
	Rupees in '000					
Base salary	4,440	5,865	4,782	4,133	5,743	7,628
Bonus	-	1,279	594	421	-	-
Housing allowance	1,998	2,639	2,152	1,860	2,584	3,432
Utilities allowance	444	587	478	413	574	763
Leave fare assistance allowance	666	880	717	620	861	1,144
Retirement benefits	444	587	478	413	513	763
Others	31	2,451	5	-	2,190	1,253
	8,023	14,288	9,206	7,860	12,465	14,983
Number of persons during the year	1	1	1	1	6	7

	June 30, 2015	June 30, 2014
Number of employees as at	7	9
Average number of employees during the year	8	10

26.2 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.

26.3 The aggregate amount of fees paid to one non-executive director was Rs. Nil (June 30, 2014: one non-executive directors Rs. 40,000).

26.4 The above remuneration of chief executive and executives also include amounts recovered from associated companies under the service sharing agreement."

26.5 Remuneration of Director represents remuneration paid to CFO & Company Secretary who was also a Director on the Board of the Company till June 28, 2015.

27. FINANCIAL RISK MANAGEMENT

27.1 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, 2015	June 30 2014	**June 30, 2015**	June 30, 2014
	---Rupees in '000---			
Assets as per balance sheet				
Long-term deposits	**-**	-	**616**	616
Trade debts	**-**	-	**241,018**	165,317
Loans and advances	**-**	-	**471**	72
Trade deposits	**-**	-	**277**	535
Interest receivable on term deposits	**-**	-	**1,432**	1,351
Other receivables	**-**	-	**7,740**	15,279
Other financial assets	**435,409**	318,036	**-**	-
Cash and bank balances	**-**	-	**166,576**	176,559
	435,409	318,036	**418,130**	359,729

	Financial liabilities at amortized cost	
	June 30, 2015	June 30, 2014
	---Rupees in '000---	
Liabilities as per balance sheet		
Trade and other payables	**726,103**	654,616

27.2 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.

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

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, 2015		
	USD	**EURO**	**Total**
	Rupees in '000		
Trade and other payables	**(1,309)**	**(569,775)**	**(571,084)**
Net Exposure	**(1,309)**	**(569,775)**	**(571,084)**

	June 30, 2014		
	USD	EURO	Total
	Rupees in '000		
Trade and other payables	(1,338)	(536,418)	(537,756)
Net Exposure	(1,338)	(536,418)	(537,756)

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**	
	2015	2014	**2015**	2014
	Rupees in '000			
Rupees per				
USD	**101.80**	102.89	**101.85**	98.81
EURO	**114.25**	139.94	**113.59**	134.84

Foreign currency sensitivity analysis

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

	Change in rate	Effect on PBT		
		USD	EURO	Total
		Rupees in '000		
June 30, 2015	**+10%**	**(131)**	**(56,977)**	**(57,108)**
	-10%	**131**	**56,977**	**57,108**
June 30, 2014	+10%	(134)	(53,642)	(53,776)
	-10%	134	53,642	53,776

27.2.2 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, 2015	June 30, 2014
	Rupees in '000	
Long-term deposits	**616**	616
Trade debts	**241,018**	165,317
Loans and advances	**471**	72
Trade deposits	**277**	535
Interest receivable on term deposits	**1,432**	1,351
Other receivables	**7,740**	15,279
Other financial assets	**435,409**	318,036
Bank balances	**166,576**	176,559
	853,539	677,765

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

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

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

Name of bank	**Rating agency**	**Credit rating**	
		Short-term	**Long-term**
Barclays Bank PLC, Pakistan	Standard & Poor's	A-1	A
Citi Bank, N.A.	Moody's	P-1	A2
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

27.2.3 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, 2015							
Trade and other payables	**726,103**	**(726,103)**	**(120,438)**	**(605,665)**	-	-	-
June 30, 2014							
Trade and other payables	654,616	(654,616)	(67,038)	(587,578)	-	-	-

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

27.3 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.

27.3.1 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 from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2015, the Company does not hold any financial instrument, which can be categorised in any of the above levels.

28. STAFF RETIREMENT BENEFITS

28.1 Funded post retirement pension and unfunded gratuity schemes

28.1.1 The actuarial valuation of pension plan was carried out at June 30, 2015. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:

	June 30, 2015		June 30, 2014	
	Pension	**Gratuity**	Pension	Gratuity
- Discount rate - per annum compound	**9.25%**	**9.25%**	13.25%	13.25%
- Expected rate of increase in salaries - per annum	**9.25%**	**9.25%**	13.25%	13.25%
- Expected rate of return on plan assets - per annum	**9.25%**	-	13.25%	-
- Pension indexation rate - per annum	**7.50%**	-	9.50%	-

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

	June 30, 2015		June 30, 2014	
	Pension	**Gratuity**	Pension	Gratuity
28.1.2 Balance sheet reconciliation	-----------------------Rupees in '000-----------------------			
Fair value of plan assets	(71,905)	-	(78,767)	-
Present value of defined benefit obligation	96,920	4,360	81,919	3,821
Liability carried forward in the balance sheet	25,015	4,360	3,152	3,821
28.1.3 Movement in fair value of plan assets				
Fair value at beginning of the year	78,766	-	75,102	-
Interest income	9,093	-	8,637	-
Remeasurement on post retirement benefits	4,331	-	(2,812)	-
Benefits paid	(20,285)	-	(2,160)	-
Contribution by the Company	-	-	-	-
Fair value at the end of the year	71,905	-	78,767	-
28.1.4 Movement in defined benefit obligation				
Obligation at beginning of the year	81,918	3,821	82,005	2,526
Current service cost	1,894	964	1,745	671
Interest cost	9,510	475	9,431	291
Past service cost - vested	20,763	-	-	-
Remeasurement on post retirement benefits	3,120	(429)	(9,102)	333
Benefits paid	(20,285)	(471)	(2,160)	-
Obligation at the end of the year	96,920	4,360	81,919	3,821
28.1.5 Charge to profit and loss account				
Current service cost	1,894	964	1,745	671
Past service cost - vested	20,763	-	-	-
Curtailment gain	-	-	-	-
Net interest cost	417	475	794	291
	23,074	1,439	2,539	962
28.1.6 Record in statement of other comprehensive income				
Remeasurement due to:				
Demographic assumptions	-	-	6,217	(710)
Financial assumptions	18,316	-	(1,051)	-
Experience adjustment	(19,528)	(429)	(11,456)	1,043
	(1,212)	(429)	(6,290)	333

	June 30, 2015 Pension	June 30, 2015 Gratuity	June 30, 2014 Pension	June 30, 2014 Gratuity
	---Rupees in '000---			
28.1.7 Actual return on plan assets is as follows:				
Interest income	9,093	-	8,637	-
Remeasurement on post retirement benefits	4,331	-	(2,812)	-
Actual return on plan assets	13,424	-	5,825	-
28.1.8 Detail of plan assets				
Pakistan Investment Bonds	52,811	-	44,099	-
Term Deposit Receipts	7,788	-	32,079	-
Units of Mutual Funds	2,228	-	2,061	-
Cash at bank	9,078	-	528	-
	71,905	-	78,767	-

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

		Impact on obligation of change in assumption			
		Pension		Gratuity	
	Changes in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(12,542)	15,448	(603)	750
Salary increase	1%	13,045	(10,967)	766	(626)
Mortality age	1 year	(2,972)	3,255	(1)	2

	June 30, 2015 Pension	June 30, 2015 Gratuity
28.1.10 Weighted average plan duration	5.43 years	5.43 years

28.1.11 The number of employees covered under the pension fund and gratuity fund are 9 and 7 respectively.

28.1.12 The company expects to make a contribution of Rs. 2.314 million to the defined benefit plans during the next financial year.

	June 30, 2015	June 30, 2014
28.2 Defined contribution plan - Recognized provident fund*	----------Rupees in '000----------	
The Company maintains the fund of provident fund in a separate trust.		
Size of provident fund - Net assets	9,256	9,882
Cost of investments made	4,116	9,543
Percentage of investments made	44%	97%
Fair value of investment	4,462	10,354
Break-up of fair value investments:		
- Balance in savings accounts		
Amount of investment	148	2,195
Percentage of size of investment	2%	22%
- Term deposit receipts		
Amount of investment	3,300	6,680
Percentage of size of investment	36%	68%
- Shares of listed companies		
Amount of investment	1,014	1,479
Percentage of size of investment	11%	15%

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

28.2.1 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.

28.2.2 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.

29. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

29.1 The Board of Directors of the Company in their meeting held on September 21, 2015 have proposed a final cash dividend at the rate of 50% i.e. Rs. 5 per share for the year ended June 30, 2015 (2014: Rs. Nil per share), amounting to Rs. 96 million (2014: Rs. Nil) for approval of the members at the annual general meeting to be held on October 22, 2015.

These financial statements do not include the effect of the final cash dividend which will be accounted for in the subsequent financial statements.

29.2 The Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. As per Institute of Chartered Accountants of Pakistan's circular no. 06/2015 dated July 31, 2015, liability in respect of such income tax, if any, is recognized when the prescribe time period for distribution of dividend expires.

30. 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 21, 2015.

31. GENERAL

Figures have been rounded off to the nearest thousand rupee.

ADEEL AHMED
CHIEF EXECUTIVE

OMER IQBAL AWAN
DIRECTOR

Notice of the Annual General Meeting

Notice is hereby given that the 28th annual general meeting of the Company will be held on October 22, 2015 at The ICAP House, Chartered Accountants Avenue, Karachi at 10:30 am to transact the following business:

1. To confirm the minutes of extra ordinary general meeting of the Company held on June 23, 2015.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2015, together with the reports of directors and auditors thereon.
3. To appoint auditors for the year ending June 30, 2016 and fix their remuneration. Messrs. Deloitte Yousuf Adil, Chartered Accountants, the present auditors have retired and being eligible have offered themselves for reappointment.
4. To approve a final dividend of Rs. 5 per share (50% of face value) for the year ended June 30, 2015 and as proposed by the Board of Directors of the Company.
5. Any other business with the permission of the Chair.

By Order of the Board

Muhammad Noor-e-Arshi Khan
Company Secretary

Karachi
September 30, 2015

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 12, 2015 till October 22, 2015 (both days inclusive). Transfer received in order by the Company's Share Register, FAMCO Associates (Pvt) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi-75600 up to close of business on October 11, 2015 will be eligible for any entitlement, if any.
2. A member entitled to attend, speak and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights with respect to attending, speaking and voting at the Meeting as are available to Member. CDC shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Card, Account and Participant's ID Number, for identification purpose, and in case of proxy, to enclose an attested copy of his/her CNIC.
3. The instrument of appointing a proxy together with the power of attorney (if any) or other authority, under which it is signed or a notarially certified copy thereof should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Members are requested to communicate to the Company's Registrar any change in their addresses.
5. Shareholders are requested to submit details of their CNIC along with its copy to our share registrar in order to comply with the requirements of SRO 831 (1) 2012 dated July 02, 2012.
6. Shareholders are requested to provide option for dividend mandate to our share registrar in order to comply with the requirements of Circular 18 of 2012 dated June 05, 2012.
7. Shareholders are requested to share their email address with our share registrar so that the Company can send Financial Statements & Notice of Shareholders' meetings via electronic transmission.
8. Shareholders are requested to provide their National Tax Number to our share registrar in order to comply with the requirements of Circular No. 19/2014 dated October 24, 2014.

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 28th Annual General Meeting of the Company to be held on October 22, 2015 and at any adjournment thereof.

As witness my hand this ____________________ day of ____________ 2015

Signed by the said ____

____

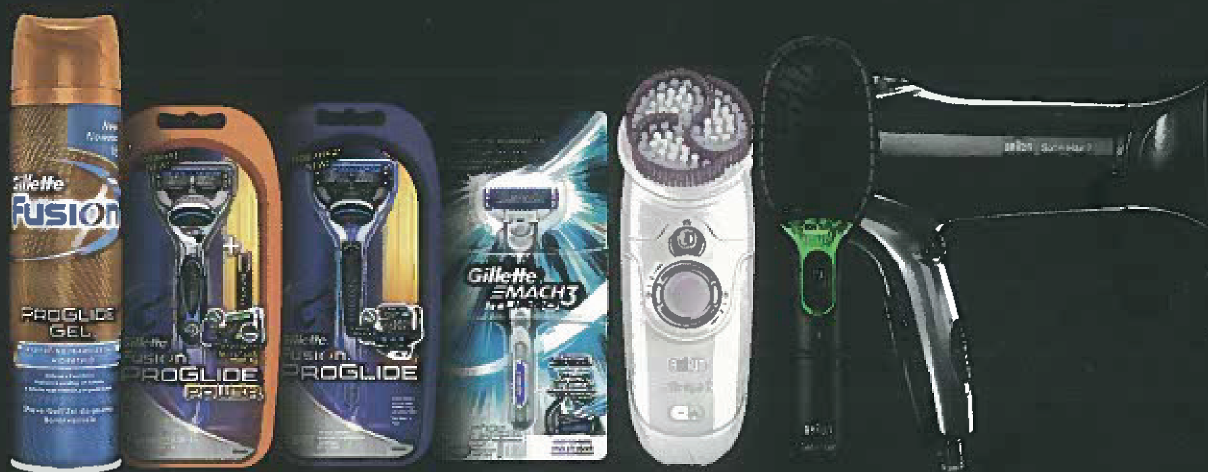
in the presence of ____

____

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
Gillette Fusion PROGLIDE
Gillette Fusion PROGLIDE
Gillette MACH3