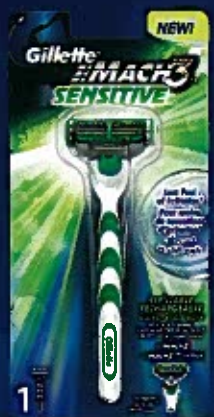


QUARTERLY
ACCOUNTS
September 30, 2013



**Gillette
Pakistan
Limited**



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BOARD OF DIRECTORS

CHAIRMAN

Al Abdulmalek Rajwani

MEMBERS

Saad Amanullah Khan - CEO

Muhammad Noor-e-Arshi Khan - CFO

Kashif Maqsood Abbasi

Bahroz Hussain Abbas

Amjad Ali Qureshi

Tariq Iqbal Khan

AUDIT COMMITTEE

CHAIRMAN

Tariq Iqbal Khan

MEMBERS

Kashif Maqsood Abbasi

Bahroz Hussain Abbas

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

Adnan Mudassar

INTERNAL AUDITOR

Ernst & Young Ford Rhodes Sidat Hyder

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN

Al Abdulmalek Rajwani

MEMBERS

Kashif Maqsood Abbasi

Bahroz Hussain Abbas



DIRECTORS' REPORT

For the three months period ended September 30, 2013

On behalf of the Board of Directors of Gillette Pakistan Limited ('the Company'), I am pleased to present the un-audited financial statements of the Company for the three months ended September 30, 2013. The summary of the financial results are as follows:

	JAS 2013	JAS 2012 (Restated)
	Rupees in '000	
Sales - net	552,738	434,996
Cost of goods sold	(377,263)	(266,468)
Gross profit	175,475	168,528
GP ratio	31.7%	38.7%
Other income	7,626	10,414
Selling, marketing and distribution expenses	(81,040)	(73,469)
Administrative expenses	(13,542)	(11,909)
Other operating expenses	(30,734)	(2,239)
Bank charges	(6)	(16)
Profit before tax	57,779	91,309
PBT Ratio	10.5%	21.0%
Income tax expense	(24,185)	(19,197)
Profit for the period	33,594	72,112
PAT Ratio	6.1%	16.6%
EPS (Rs.)	1.75	3.76

There has been strong increase in top line sales by 27% during the quarter as compared to corresponding quarter of last fiscal year. The increased cost of purchase due to increased supply prices and significant PKR devaluation against Euro has resulted in erosion of gross margins by 7% and hence gross margins for the current quarter closed at 31.7%.

The Company continued to have strong controls on other cost buckets and there was 10% increase in selling, marketing and distribution expenses while administrative expenses increased by 14% verses corresponding quarter. Part of the impact of foreign exchange devaluation is also visible in "Other operating expenses" where the Company booked an exchange loss of Rs. 28.55 million in the three months ended September 30, 2013 as compared to an exchange loss of Rs. 21.92 million booked in entire fiscal year ended June 30, 2013. Based on the erosion in gross margins and other impacts as discussed, the Company closed with an after tax profit of 6.1% and an EPS of Rs. 1.75 per share.

The Company also adopted Revised IAS 19- Employee Benefits in fiscal year started July 01, 2013, which has resulted in recognition of actuarial gains and losses in "Other comprehensive income" and due to this change, prior period financial statements have been restated, wherever required.

The Company has received a notice from Procter & Gamble International Operations, Company's sole supplier, regarding termination of its distribution agreement with the Company with respect to Oral Care category in Pakistan effective February 01, 2014. The Company sales for Oral Care category for the year ended June 30, 2013 was Rs. 97.35 million (June 30, 2012: Rs 50.56 million). The management considers that this will not have a significant impact on the profitability of the Company as the volume of Oral Care category is not materially significant to the entire business.

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 period. We would also like to thank our shareholders for their continued support.

On behalf of the Board,

SAAD AMANULLAH KHAN
Chief Executive

October 30, 2013
Karachi



Condensed Interim Balance Sheet

As at September 30, 2013

	Note	September 30, 2013 (Unaudited)	June 30, 2013 (Audited) (Restated)
Rupees in '000			
ASSETS			
Non-current assets			
Long-term deposits		438	438
Current assets			
Stock-in-trade		545,734	450,545
Trade debts		271,722	144,539
Loans and advances		942	169
Trade deposits		725	1,325
Interest receivable on term deposits		1,151	2,318
Prepayments		-	2,055
Other receivables		6,653	6,925
Other financial assets		458,773	375,420
Sales tax refundable		50,949	44,948
Taxation - net		35,372	34,031
Cash and bank balances		646	149,071
		1,372,667	1,211,346
Total assets		1,373,105	1,211,784
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		192,000	192,000
Unappropriated profit		506,754	473,793
Total equity		698,754	665,793
LIABILITIES			
Non-current Liabilities			
Defined benefit obligations		10,933	9,428
Current liabilities			
Trade and other payables		663,418	536,563
Contingencies and commitments			
Total equity and liabilities	6	1,373,105	1,211,784

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Condensed Interim Profit and Loss Account - Unaudited

For the three month period ended September 30, 2013

	Note	July to September 30, 2013	July to September 30, 2012 (Restated)
Rupees in '000			
Sales - net	7	552,738	434,996
Cost of goods sold		(377,263)	(266,468)
Gross profit		175,475	168,528
Other income		7,626	10,414
Selling, marketing and distribution expenses		(81,040)	(73,469)
Administrative expenses		(13,542)	(11,909)
Other operating expenses	8	(30,734)	(2,239)
Bank charges		(6)	(16)
Profit before tax		57,779	91,309
Income tax expense		(24,185)	(19,197)
Profit for the period		33,594	72,112
			(Restated)
Earnings per share - basic and diluted		1.75	3.76

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Condensed Interim Statement of Comprehensive Income - Unaudited
For the three month period ended September 30, 2013

July to
September 30,
2013

July to
September 30,
2012

Rupees in '000

Profit / (loss) for the period

33,594

72,112

Other comprehensive income

Remeasurement of defined benefit obligations

(633)

(8,657)

Total comprehensive income for the period

32,961

63,455

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements



Condensed Interim Cash Flow Statement - (Unaudited)

For the three month period ended September 30, 2013

	Note	July to September 30, 2013	July to September 30, 2012 (Restated)
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from operations	9	(48,334)	124,148
Bank charges paid		(6)	(16)
Income taxes paid		(25,526)	(6,078)
Net cash (used in) / from operating activities		(73,866)	118,054
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		8,794	7,708
Net cash from investing activities		8,794	7,708
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	-
Net cash used in financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(65,072)	125,762
Cash and cash equivalents at the beginning		524,491	281,279
Cash and cash equivalents at the ending	10	459,419	407,041

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Condensed Interim Statement of Changes In Equity -Unaudited

For the three month period ended September 30, 2013

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
Balance as at June 30, 2012 - as previously reported	192,000	234,322	426,322
Effect of remeasurement of defined benefit obligations	-	24,215	24,215
Balance as at July 01, 2012 - Restated	192,000	258,537	450,537
Effect of remeasurement of defined benefit obligations	-	(34,625)	(34,625)
Profit for the year - Restated	-	249,881	249,881
Total Comprehensive income for the year - Restated	-	215,256	215,256
Balance as at June 30, 2013 - Restated	192,000	473,793	665,793
Balance as at July 01, 2013 - Restated	192,000	473,793	665,793
Total Comprehensive income for the period	-	32,961	32,961
Balance as at September 30, 2013	192,000	506,754	698,754

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the three month period ended September 30, 2013

1. STATUS AND NATURE OF BUSINESS

- 1.1 Gillette Pakistan Limited ("the Company") was incorporated on December 9, 1986 as a public limited company under the Companies Ordinance, 1984 and is a subsidiary of The Series Acquisition B.V. Netherlands (which is a wholly owned subsidiary of The P&G Company, USA). The registered office of the Company is situated at 11th Floor, The Harbour Front, Dolmen City, HC-3, Block-4, Marine Drive, Clifton, Karachi-75600, Pakistan and the Company is listed on Karachi and Lahore Stock Exchanges. The principal activities of the Company include marketing and selling of blades and razors, personal care products, beauty care appliances and oral care products.
- 1.2 The Company has received a notice dated October 10, 2013, from Procter & Gamble International Operations (PGIO), regarding termination of its distribution agreement with the Company with respect to Oral Care category in Pakistan. The effective date of this termination notice is February 01, 2014. This termination notice however allows the Company to sell all the remaining stocks in hand for this category to its distributor in Pakistan during the notice period. The Company sales for Oral Care category for the year ended June 30, 2013 was Rs. 97.35 million (June 30, 2012: Rs 50.56 million).

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the three month period ended September 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail. These interim financial statements are in condensed form and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013.
- 2.2 The comparative balance sheet presented in these condensed interim financial statements have been extracted from the annual financial statements of the Company for the year ended June 30, 2013, as restated, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are stated from un-audited condensed interim financial statements for the three month period ended September 30, 2012, as restated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2013 except as follows:

During the fiscal year started July 01, 2013, the Company has adopted IAS-19 (Revised) - Employee benefits, as it became effective for the Company. Under the IAS -19 (Revised), there is a change in accounting of defined benefit plans. The option to defer recognition of actuarial gains and losses (i.e. the corridor approach) has now been removed. As a result, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income/ (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account. The revised standard has certain additional disclosure requirements as well. Consequently the Company now recognizes all actuarial gains and losses directly in other comprehensive income with no subsequent recycling through the profit and loss account. Had the said change not been made, the Company's equity as at September 30, 2013 would have been higher by Rs.11.04 million (June 30, 2013: Rs.10.41 million), profit after tax for the quarter ended September 30, 2013 would have been higher by Rs.0.279 million and earnings per share would have been higher by Rs.0.01.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the three month period ended September 30, 2013

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2013.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

6. CONTINGENCIES AND COMMITMENTS

The status of the contingencies and commitments which were reported to the annual financial statements of the Company for the year ended June 30, 2013 have not changed materially.

7. SEGMENT RESULTS

7.1 Segment revenues and results

The principal categories of customer for the goods are distributors. The Group's reportable segments under IFRS 8 remain the same as reported in financial statements for the year ended June 30, 2013 and are as follows:

	Segment revenue		Segment profit	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Unaudited)		(Unaudited)	
	Rupees in '000'			
Blades and Razors	425,985	369,062	78,626	98,556
Braun products	60,016	42,033	11,601	6,087
Others	66,737	23,901	4,208	(9,584)
	<u>552,738</u>	<u>434,996</u>	<u>94,435</u>	<u>95,059</u>
Other income			7,626	10,414
Administrative expenses			(13,542)	(11,909)
Other operating expense			(30,734)	(2,239)
Bank charges			(6)	(16)
Profit before taxation			<u>57,779</u>	<u>91,309</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the three month period ended September 30, 2013

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

7.2 Segment assets and liabilities

Following are the segment assets and liabilities as at September 30, 2013:

	Blades and razors	Braun	Others
	Rupees in '000'		
Segment Assets	<u>676,191</u>	<u>38,581</u>	<u>102,684</u>
Segment Liabilities	<u>472,590</u>	<u>69,285</u>	<u>88,554</u>

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

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

8. OTHER OPERATING EXPENSES

This include exchange loss made by the Company on account of exchange rate differences on foreign currency liabilities amounting to Rs. 28.55 million (Sept 2012: Exchange gain of Rs. 3.37 million).

	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited) (Restated)
	Rupees in '000'	

9. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit / (Loss) before taxation		57,779	91,309
Adjustments for non cash charges and other items:			
Depreciation		-	537
Stock-in-trade written down to net realizable value		50,111	17,676
Interest income		(7,626)	(7,946)
Bank charges		6	16
Provision for retirement benefits		635	-
Working capital changes	9.1	(149,239)	22,556
		<u>(48,334)</u>	<u>124,148</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)
For the three month period ended September 30, 2013

	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited) (Restated)
Note		
 Rupees in '000	
9.1 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stock-in-trade	(145,300)	(96,071)
Trade debts	(127,183)	(61,531)
Loans and advances	(773)	17,587
Trade deposits	600	(310)
Prepayments	2,055	-
Other receivable	272	12,561
Sales tax refundable	(6,001)	(24,658)
	<u>(276,330)</u>	<u>(152,422)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	127,091	174,978
	<u>(149,239)</u>	<u>22,556</u>
10. CASH AND CASH EQUIVALENTS		
Cash and bank balances	646	36,441
Other financial assets - term deposits	458,773	370,600
	<u>459,419</u>	<u>407,041</u>

11. RELATED PARTY TRANSACTIONS

The related parties of the Company and valuation method for transactions with them, remain the same as disclosed in note 30 and 31 to the annual financial statements of the Company for the year ended June 30, 2013, and following are the transactions with them:



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the three month period ended September 30, 2013

Name	Relationship with the Company	Nature of transaction	September 30, 2013	September 30, 2012 (Restated)
		 Rupees in '000	
Procter and Gamble International Operations	Associate	Purchase of finished goods	504,363	250,372
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services received	17,309	7,404
Procter and Gamble International Operations SA ROHQ	Associate	Services received	353	415
Procter and Gamble Gulf FZE	Associate	Services rendered	-	292
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services rendered	4,526	8,007
Procter and Gamble US Business Services	Associate	Services received	388	184
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to Provident Fund	432	351
Gillette Pakistan Pension Fund	Retirement benefits plan	Expense recognized	1,268	(632)
Key management personnel	-	Salaries and benefits	7,602	6,534

11.1 Amounts due from / (due to) related parties are shown as under:

Name	Relationship with the Company	September 30, 2013 (Unaudited)	June 30, 2012 (Audited) (Restated)
	 Rupees in '000	
Procter and Gamble International Operations	Associate	(522,725)	(458,838)
Procter and Gamble Pakistan (Pvt) Limited	Associate	(12,783)	(25,357)
Procter and Gamble International Operations SA ROHQ	Associate	(202)	(500)
Procter and Gamble US Business Services	Associate	(140)	(34)
Gillette Pakistan Pension Fund	Retirement benefits plan	(8,171)	(6,903)



Notes to the Condensed Interim Financial Statements - (Unaudited)
For the three month period ended September 30, 2013

12. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Shareholders of the Company in their annual general meeting held on October 23, 2013 have approved payment of a final cash dividend at the rate of 5% i.e. Rs. 0.5 per share for the year ended June 30, 2013 (2012: Nil), amounting to Rs. 9.6 million (2012: Nil). This was proposed by the Board of Directors in their meeting held on September 30, 2013.

These interim financial statements do not include the effect of approved final cash dividend which will be accounted for in the financial statements for the half year ending December 31, 2013.

13. DATE OF AUTHORIZATION FOR ISSUE

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

14. GENERAL

Figures have been rounded off to the nearest thousand rupee.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



CORPORATE DATA

Company Secretary

Muhammad Noor-e-Arshi Khan

Auditors

M. Yousuf Adil Saleem & Co.

Legal Advisors

Surridge & Beecheno

Mandviwalla & Zafar

Bankers

Citibank, N.A.

Barclays Bank Pakistan

Standard Chartered Bank

Registrar & Share Registration Office

FAMCO Associates (Pvt.) Ltd.

Management Consultants,

8-F, Next to Hotel Faran, Nursery,

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

Shahra-e-Faisal, Karachi

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