

QUARTERLY
ACCOUNTS
September 30,
2015



Gillette
Pakistan
Limited



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Omer Iqbal Awan
Adeel Ahmed
Ghazala Nadeem
Adrian Mark Janjua
Faredoun Arjani
Samar Hayat
Syed Jawaid Iqbal

AUDIT COMMITTEE

CHAIRMAN
MEMBERS

Syed Jawaid Iqbal
Omer Iqbal Awan
Adrian Mark Janjua

HEAD OF INTERNAL AUDIT & SECRETARY TO THE AUDIT COMMITTEE

Adnan Mudassar

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN
MEMBERS

Ghazala Nadeem
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.
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,
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Tel: + (92 21) 3520 5088
Fax: + (92 21) 3529 6150
Web: www.gillettepakistan.com



DIRECTORS' REPORT

For the quarter ended September 30, 2015

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 quarter ended September 30, 2015. The summary of the financial results are as follows:

		JAS 2015	JAS 2014
Sales - net	PKR in 000	492,660	470,993
Gross profit	PKR in 000	153,969	108,851
GP %	%	31.3%	23.1%
Profit before tax	PKR in 000	53,589	39,361
Profit before tax %	%	10.9%	8.4%
Profit after tax	PKR in 000	24,336	12,383
Profit after tax %	%	4.94%	2.63%
EPS	PKR	1.27	0.64

The company has been able to grow top line sales by 4.6% in current quarter vs. corresponding quarter of last year, primarily behind slowdown in sales of Braun segment. Profitability of Braun segment has also eroded as a result of drop in top line sales of this segment and hence the current quarter is showing a loss. The gross margins for the quarter were, though, significantly stronger than last corresponding period on a company wide basis and consequently, bottom line profitability has been better for the quarter as well.

Statement under section 218 of the Companies Ordinance, 1984: *

In the meeting of directors held on October 26, 2015, the Board of the Company, on recommendation of Human Resource and Remuneration Committee, has approved an increment of 17.9% in salary of Mr. Adnan Mudassar, Head of Internal Audit of the Company with effect from October 01, 2015, with no changes in any other benefits. His revised base salary would be Rs. 111,047 per month. The Head of Internal Audit would continue to receive all other allowances and benefits as applicable to him 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.

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,

Adeel Ahmed
Chief Executive

Karachi
October 26, 2015



Condensed Interim Balance Sheet

As at September 30, 2015

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
Rupees in '000			
ASSETS			
Non-current assets			
Long-term deposits		616	616
Current assets			
Stock-in-trade	6	738,578	650,445
Trade debts		212,853	241,018
Loans and advances		1,614	471
Trade deposits		277	277
Interest receivable on term deposits		1,974	1,432
Other receivables		23,374	21,560
Other financial assets		296,985	435,409
Sales tax refundable		20,252	35,306
Taxation - net		45,736	44,937
Cash and bank balances		254,363	166,576
		1,596,006	1,597,431
Total assets		1,596,622	1,598,047
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		574,435	646,099
Total equity		766,435	838,099
LIABILITIES			
Non-current liabilities			
Deferred liability - gratuity scheme		4,709	4,360
Current liabilities			
Trade and other payables		825,478	755,588
Contingencies and commitments	7	-	-
Total equity and liabilities		1,596,622	1,598,047

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Adeel Ahmed
Chief Executive

Omer Iqbal Awan
Director



Condensed Interim Profit and Loss Account - (Unaudited)

For the quarter ended September 30, 2015

	Note	July to September 30, 2015	July to September 30, 2014
Rupees in '000			
Sales - net	8	492,660	470,993
Cost of goods sold		(338,691)	(362,142)
Gross profit		153,969	108,851
Other income		6,261	22,864
Selling, marketing and distribution expenses		(78,120)	(76,806)
Administrative expenses		(11,433)	(15,199)
Other operating expenses		(17,080)	(342)
Bank charges		(8)	(7)
Profit before tax		53,589	39,361
Income tax expense		(29,253)	(26,978)
Profit after tax		24,336	12,383

	Rupees
Earning per share - basic and diluted	1.27
	0.64

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Condensed Interim Statement of Comprehensive Income - (Unaudited)
For the quarter ended September 30, 2015

	July to September 30, 2015	July to September 30, 2014
	Rupees in '000	
Profit for the period	24,336	12,383
Other comprehensive income for the period - 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	-	1,489
Total items that will not be reclassified to profit and loss account	-	1,489
Total comprehensive income for the period	24,336	13,872

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Condensed Interim Cash Flow Statement - (Unaudited)

For the quarter ended September 30, 2015

	Note	July to September 30, 2015	July to September 30, 2014
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	9	(26,294)	(100,249)
Income taxes paid		(30,052)	(32,071)
Bank charges paid		(8)	(7)
Net cash used in operating activities		(56,354)	(132,327)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		5,717	8,663
Net cash from investing activities		5,717	8,663
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	-
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(50,637)	(123,664)
Cash and cash equivalents at the beginning of the period		601,985	494,595
Cash and cash equivalents at the end of the period	10	551,348	370,931

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Condensed Interim Statement of Changes In Equity - (Unaudited)

For the quarter ended September 30, 2015

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
Balance as at July 01, 2014	192,000	527,861	719,861
- Profit for the period	-	12,383	12,383
- Other comprehensive income	-	1,489	1,489
Total comprehensive income for the quarter ended September 30, 2014	-	13,872	13,872
Balance as at September 30, 2014	192,000	541,733	733,733
Balance as at July 01, 2015	192,000	646,099	838,099
- Final dividend @ Rs. 5 per ordinary share for the year ended June 30, 2015	-	(96,000)	(96,000)
- Profit for the period	-	24,336	24,336
- Other comprehensive income	-	-	-
Total comprehensive income for the quarter ended September 30, 2015	-	24,336	24,336
Balance as at September 30, 2015	192,000	574,435	766,435

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 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. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the quarter ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' and the 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. This condensed interim financial information does not include all information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2015.
- 2.2 The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2015 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been taken from un-audited condensed interim financial information for the quarter ended September 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2015.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information 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 this condensed interim financial information, 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, 2015.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2015

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, 2015.

6. STOCK IN TRADE

Stock-in-trade includes goods costing Rs. 59.407 million (June 30, 2015: 39.740 million) written down by Rs. 8.050 million (June 30, 2015: Rs. 9.822 million) to net realizable value amounting to Rs. 51.356 million (June 30, 2015: Rs. 29.918 million).

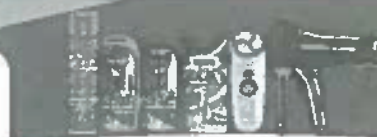
7. CONTINGENCIES AND COMMITMENTS

The status of the contingencies and commitments which are reported in note 12 to the annual financial statements of the Company for the year ended June 30, 2015 have not changed materially.

8. SEGMENT RESULTS

- 8.1 The principal categories of customer for the goods are distributors. The Company's reportable segments under IFRS 8 remain the same as reported in financial statements for the year ended June 30, 2015 and are as follows:

	Segment revenue		Segment profit	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Unaudited)		(Unaudited)	
 Rupees in '000			
Shave care	486,356	451,423	83,770	30,095
Braun products	6,304	19,570	(7,921)	1,950
	<u>492,660</u>	<u>470,993</u>	<u>75,849</u>	<u>32,045</u>
Other income			6,261	22,864
Administrative expenses			(11,433)	(15,199)
Other operating expenses			(17,080)	(342)
Bank charges			(8)	(7)
Profit before tax			<u>53,589</u>	<u>39,361</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2015

	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Rupees in '000	
8.2 Segment assets and liabilities		
Segment assets		
Shave care	884,552	749,444
Braun products	66,879	142,019
	<u>951,431</u>	<u>891,463</u>
Unallocated corporate assets	645,191	706,584
	<u>1,596,622</u>	<u>1,598,047</u>
Segment liabilities		
Shave care	(540,011)	582,928
Braun products	(16,221)	59,824
	<u>(556,232)</u>	<u>642,752</u>
Unallocated corporate liabilities	1,386,419	117,196
	<u>830,187</u>	<u>759,948</u>

	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)
	Rupees in '000	

9. CASH FLOWS FROM OPERATIONS

Profit before taxation	53,589	39,361
Adjustment for non-cash charges and other items:		
Provision for retirement benefits	890	875
Stock-in-trade written down to net realizable value	8,050	20,696
Provision for slow moving stock-in-trade	3,176	-
Interest income on term deposits and saving accounts	(6,259)	(8,331)
Bank charges	8	7
Working capital changes	(85,748)	(152,857)
	<u>(26,294)</u>	<u>(100,249)</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)
For the quarter ended September 30, 2015

September 30, 2015
(Unaudited) September 30, 2014
(Unaudited)

..... Rupees in '000

9.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stock-in-trade
Trade debts
Loans and advances
Trade deposits
Interest receivable on term deposits
Other receivables
Sales tax refundable

(99,358)	21,489
28,165	(4,497)
(1,143)	(88)
-	73
(542)	-
(1,814)	5,286
15,054	3,281

(59,638) 25,544

Decrease in current liabilities:

Trade and other payables

(26,110) (178,401)

(85,748) (152,857)

September 30, 2015
(Unaudited) June 30, 2015
(Audited) September 30, 2014
(Unaudited)

..... Rupees in '000

10. CASH AND CASH EQUIVALENTS

Cash and bank balances
Other financial assets - term deposits

254,363	166,576	10,526
296,985	435,409	360,405
551,348	601,985	370,931



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2015

11. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company and valuation method for transactions with them, remain the same as disclosed in note no. 25 to the annual financial statements of the Company for the year ended June 30, 2015, and following are the transactions with them:

Name	Relationship with the Company	Nature of transaction	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)
			Rupees in '000	
Procter and Gamble International Operations	Associate	Purchases of finished goods	561,646	542,826
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services received	18,063	16,031
		Services rendered	6,552	4,743
Procter and Gamble International Operations SA ROHQ	Associate	Services received	301	284
Procter and Gamble US Business Services	Associate	Services rendered	348	522
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to Provident Fund	388	425
Gillette Pakistan Pension Fund	Retirement benefits plan	Expense Recognized	579	635
Key management personnel -		Salaries and benefits	8,925	8,871



Notes to the Condensed Interim Financial Statements - (Unaudited)
For the quarter ended September 30, 2015

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

September 30, 2015
(Unaudited)

June 30, 2015
(Audited)

..... Rupees in '000

Name	Relationship with the Company		
Procter and Gamble International Operations	Associate	(554,782)	(569,775)
Procter and Gamble Pakistan (Pvt) Limited	Associate	(11,511)	(15,950)
Procter and Gamble International Operations SA ROHQ	Associate	(1,410)	(1,074)
Procter and Gamble US Business Services	Associate	(602)	(235)
Gillette Pakistan Pension Fund	Retirement benefits plan	(25,594)	(25,015)

12. 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 26, 2015.

13. GENERAL

Figures have been rounded off to the nearest thousand rupee.

