



QUARTERLY
ACCOUNTS
September 30,
2016



**Gillette
Pakistan
Limited**



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Omer Iqbal Awan
Khalid Ahmed Farid
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

Khalid Ahmed Farid

CFO & COMPANY SECRETARY

Mehr Alwy Malik

AUDITORS

Deloitte Yousuf Adil,
Chartered Accountants

LEGAL ADVISORS

Surridge & Beecheno
Mandviwalla & Zafar

BANKERS

Citibank, N.A.
Habib Bank Limited
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

For the quarter ended September 30, 2016

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, 2016. The summary of the financial results are as follows:

		JAS 2016	JAS 2015
Sales - net	PKR in 000	412,055	492,660
Gross profit	PKR in 000	139,122	153,969
GP %	%	33.8%	31.3%
Profit before tax	PKR in 000	46,477	53,589
Profit before tax %	%	11.3%	10.9%
Profit after tax	PKR in 000	24,749	24,336
Profit after tax %	%	6.0%	4.9%
EPS	PKR	1.29	1.27

After a challenging year last year, we see a significant improvement in sales after revising our pricing strategy in the market. The management is confident sales growth will continue as we focus on our base business coupled with new innovation while offering our consumers better value across our portfolio.

The gross margins for the quarter were significantly stronger than last corresponding period on a company wide basis and consequently, bottom line profitability has been better for the quarter as well.

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,

Khalid Ahmed Farid
Chief Executive

Karachi
October 26, 2016

**Condensed Interim Balance Sheet**

As at September 30, 2016

	Note	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
Rupees in '000-----			
ASSETS			
Non-current assets			
Long-term deposits		616	616
Current assets			
Stock-in-trade	6	621,975	565,767
Trade debts		216,206	192,618
Loans and advances		2,044	9,664
Trade deposits		326	327
Interest receivable on term deposits		286	197
Other receivables		23,722	24,175
Other financial assets	10	294,709	186,538
Sales tax refundable		13,539	27,024
Taxation - net		45,930	45,206
Cash and bank balances	10	14,147	13,920
		<u>1,232,884</u>	<u>1,065,436</u>
Total assets		<u>1,233,500</u>	<u>1,066,052</u>
EQUITY			
Share capital and reserves			
Authorized			
20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital		192,000	192,000
Unappropriated profit		549,334	524,585
Total equity		<u>741,334</u>	<u>716,585</u>
LIABILITIES			
Non-current liabilities			
Deferred liability - gratuity scheme		4,987	6,080
Current liabilities			
Trade and other payables		487,179	343,387
Contingencies and commitments	7	-	-
Total equity and liabilities		<u>1,233,500</u>	<u>1,066,052</u>

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

Khalid Ahmed Farid
Chief ExecutiveSyed Jawaid Iqbal
Director



Condensed Interim Profit and Loss Account - (Unaudited)

For the quarter ended September 30, 2016

	Note	July to September 30, 2016	July to September 30, 2015
Rupees in '000			
Sales - net		412,055	492,660
Cost of goods sold		(272,933)	(338,691)
Gross profit		139,122	153,969
Other income		3,076	6,261
Selling, marketing and distribution expenses		(78,799)	(78,120)
Administrative expenses		(12,949)	(11,433)
Other operating expenses	8	(3,967)	(17,080)
Bank charges		(6)	(8)
Profit before tax		46,477	53,589
Income tax expense		(21,728)	(29,253)
Profit after tax		24,749	24,336
Rupees			
Earning per share - basic and diluted		1.29	1.27

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

Khalid Ahmed Farid
Chief Executive

Syed Jawaid Iqbal
Director



Condensed Interim Statement of Comprehensive Income - (Unaudited)
For the quarter ended September 30, 2016

	July to September 30, 2016	July to September 30, 2015
	----- Rupees in '000 -----	
Profit for the period	24,749	24,336
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	-	-
Total items that will not be reclassified to profit and loss account	-	-
Total comprehensive income for the period	<u>24,749</u>	<u>24,336</u>

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

Khalid Ahmed Farid
Chief Executive

Syed Jawaid Iqbal
Director



Condensed Interim Cash Flow Statement- (Unaudited)

For the quarter ended September 30, 2016

	Note	July to September 30, 2016	July to September 30, 2015
----- Rupees in '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	9	127,871	(26,294)
Income taxes paid		(22,452)	(30,052)
Bank charges paid		(6)	(8)
Net cash generated from / (used in) operating activities		105,413	(56,354)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		2,985	5,717
Net cash from investing activities		2,985	5,717
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	-
Net cash used in financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		108,398	(50,637)
Cash and cash equivalents at the beginning of the period		200,458	601,985
Cash and cash equivalents at the end of the period	10	308,856	551,348

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

Khalid Ahmed Farid
Chief Executive

Syed Jawaid Iqbal
Director



Condensed Interim Statement of Changes In Equity - (Unaudited)

For the quarter ended September 30, 2016

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
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
Balance as at July 01, 2016	192,000	524,585	716,585
- Profit for the period	-	24,749	24,749
- Other comprehensive income	-	-	-
Total comprehensive income for the period	-	24,749	24,749
Balance as at September 30, 2016	192,000	549,334	741,334

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

Khalid Ahmed Farid
Chief Executive

Syed Jawaid Iqbal
Director



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2016

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 Pakistan Stock Exchange (formerly 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, 2016 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, 2016.
- 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, 2016 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, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2016.

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, 2016.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2016

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, 2016.

6. STOCK IN TRADE

Stock-in-trade includes goods costing Rs. 67.321 million (June 30, 2016: 29.063 million) written down by Rs. 14.806 million (June 30, 2016: Rs. 5.238 million) to net realizable value amounting to Rs. 52.515 million (June 30, 2016: 23.825 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, 2016 have not changed materially.

8. OTHER OPERATING EXPENSE

This includes net exchange loss made by the company on account of exchange rate differences on foreign currency liabilities amounting to Rs.3.363 million (Sep 2015: Exchange loss on Rs. 15.986 million).

9. CASH FLOWS FROM OPERATIONS

	Note	September 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)
----- Rupees in '000 -----			
Profit before taxation		46,477	53,589
Adjustment for non-cash charges and other items:			
Provision for retirement benefits		(1,093)	890
Stock-in-trade written down to net realizable value		14,806	8,050
Provision for slow moving stock-in-trade		-	3,176
Interest income on term deposits and saving accounts		(3,074)	(6,259)
Bank charges		6	8
Working capital changes	9.1	70,749	(85,748)
		<u>127,871</u>	<u>(26,294)</u>

Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2016

September 30, 2016
(Unaudited)

September 30, 2015
(Unaudited)

----- Rupees in '000 -----

9.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stock-in-trade	(71,014)	(99,358)
Trade debts	(23,588)	28,165
Loans and advances	7,620	(1,143)
Trade deposits	1	-
Sales tax refundable	13,485	15,054
Other receivables	453	(1,814)
Interest receivable on term deposits	-	(542)

(73,043) (59,638)

Increase/ (decrease) in current liabilities:

Trade and other payables	143,792	(26,110)
	<u>70,749</u>	<u>(85,748)</u>

September 30, 2016
(Unaudited)

June 30, 2016
(Audited)

September 30, 2015
(Unaudited)

----- Rupees in '000 -----

10. CASH AND CASH EQUIVALENTS

Cash and bank balances	14,147	13,920	254,363
Term deposits	<u>294,709</u>	<u>186,538</u>	<u>296,985</u>
	<u>308,856</u>	<u>200,458</u>	<u>551,348</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2016

11. 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. Significant transactions with related parties are as follows:

Name	Relationship with the Company	Nature of transaction	September 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)
			Rupees in '000	
Procter and Gamble International Operations	Associate	Purchases of finished goods	352,851	561,646
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services received	13,716	18,063
		Services rendered	6,549	6,552
Procter and Gamble International Operations SA FOHQ	Associate	Services received	181	301
Procter and Gamble US Business Services	Associate	Services received	-	348
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to Provident Fund	368	388
Gillette Pakistan Pension Fund	Retirement benefits plan	Expense Recognized	620	579
Key management personnel -		Salaries and benefits	4,476	8,925



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2016

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

September 30,
2016
(Unaudited)

June 30,
2016
(Audited)

..... Rupees in '000

Name	Relationship with the Company		
Procter and Gamble International Operations	Associate	(326,591)	(208,740)
Procter and Gamble Pakistan (Pvt) Limited	Associate	(9,725)	(11,100)
Procter and Gamble International Operations SA ROHQ	Associate	(9)	(785)
Procter and Gamble US Business Services	Associate	-	(94)
Gillette Pakistan Pension Fund	Retirement benefits plan	(26,706)	(26,086)

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, 2016.

13. GENERAL

Figures have been rounded off to the nearest thousand rupee.

Khalid Ahmed Farid
Chief Executive

Syed Jawaid Iqbal
Director

