

HALF YEARLY
ACCOUNTS
December 31, **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 half year ended December 31, 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 half year ended December 31, 2013. The summary of the financial results are as follows:

| | YTD DEC 2013 | YTD DEC 2012 (Restated) |
|----------------------------------------------|-----------------|---------------------------------|
| | Rupees in '000 | |
| Sales - net | 1,075,750 | 917,151 |
| Cost of goods sold | (761,941) | (572,049) |
| Gross profit | 313,809 | 345,102 |
| GP ratio | 29.2% | 37.6% |
| Other income | 17,413 | 17,203 |
| Selling, marketing and distribution expenses | (168,852) | (124,450) |
| Administrative expenses | (24,321) | (17,924) |
| Other expenses | (28,314) | (27,548) |
| Bank charges | (23) | (26) |
| Profit / (loss) before taxation | 109,912 | 192,357 |
| PBT Ratio | 10.2% | 21.0% |
| Income tax expense | (54,810) | (48,889) |
| Profit / (loss) for the period | 55,102 | 143,468 |
| PAT Ratio | 5.1% | 15.6% |
| | | (Restated) |
| EPS (Rs.) | 2.87 | 7.47 |

The above financial statements summary show a steady growth in top line sales by 17% vs. corresponding half year. This is behind 7% growth in sales volume and rest is due to product pricing. The sales growth has been broad based in all business segments of the Company as detailed in note 9.1 of the financial statements. The product mix coupled with the cost increase has resulted in decrease of gross margins vs. corresponding period and it closed at 29.2%. The Company is continuously spending significant part of the gross margin in selling and marketing expenses and these expenses are incurred in the areas which provide best value for money. The decrease in gross margin has also resulted in decrease in after tax margins which ended up in earnings per share of Rs. 2.87.

As disclosed in the financial statements of the first quarter of the ensuing fiscal year, the Company 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 management of the Company has now entered into a settlement agreement with the supplier which has resulted in sale of the remaining Oral B inventory at the cut-off date to the existing distributor. The settlement agreement also grants the Company an appropriate compensation for the loss of the business which is in line with the business practices as prevalent in the Country. The Company's sales for Oral care category for the period ended December 31, 2013 was Rs. 102.613 million (December 31, 2012: Rs. 49.131 million).

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

February 25, 2014
Karachi

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Gillette Pakistan Limited** (the Company) as at December 31, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement - 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013, is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Nadeem Yousuf Adil

Place: Karachi

Dated: February 25, 2014

**Condensed Interim Balance Sheet**

As at December 31, 2013

| | Note | December 31, 2013 (Unaudited) | June 30, 2013 (Audited) (Restated) |
|----------------------------------------------|------|-------------------------------------|---------------------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 6 | - | - |
| Long-term deposits | | 438 | 438 |
| | | 438 | 438 |
| Current assets | | | |
| Stock-in-trade | 7 | 601,381 | 450,545 |
| Trade debts | | 234,865 | 144,539 |
| Loans and advances | | 1,223 | 169 |
| Trade deposits | | 755 | 1,325 |
| Interest receivable on term deposits | | 4,359 | 2,318 |
| Prepayments | | - | 2,055 |
| Other receivables | | 8,106 | 6,925 |
| Other financial assets | | 403,700 | 375,420 |
| Sales tax refundable | | 52,754 | 44,948 |
| Taxation - net | | 30,708 | 34,031 |
| Cash and bank balances | | 170,421 | 149,071 |
| | | 1,508,272 | 1,211,346 |
| TOTAL ASSETS | | 1,508,710 | 1,211,784 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized | | | |
| 20,000,000 ordinary shares of Rs.10/- each | | 200,000 | 200,000 |
| Issued, subscribed and paid-up share capital | | 192,000 | 192,000 |
| Unappropriated profit | | 518,029 | 473,793 |
| TOTAL EQUITY | | 710,029 | 665,793 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred liability - gratuity scheme | | 2,999 | 2,525 |
| Current liabilities | | | |
| Trade and other payables | | 795,682 | 543,466 |
| TOTAL LIABILITIES | | 798,681 | 545,991 |
| TOTAL EQUITY AND LIABILITIES | | 1,508,710 | 1,211,784 |
| CONTINGENCIES AND COMMITMENTS | | | |

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The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Condensed Interim Profit and Loss Account - (Unaudited)

For the half year ended December 31, 2013

| | Note | Half Year Ended | | Quarter Ended | |
|-----------------------------------------------|------|-------------------|---------------------------------|-------------------|---------------------------------|
| | | December 31, 2013 | December 31, 2012 (Restated) | December 31, 2013 | December 31, 2012 (Restated) |
| | | Rupees in '000 | | | |
| Sales - net | 9 | 1,075,750 | 917,151 | 523,012 | 482,155 |
| Cost of goods sold | | (761,941) | (572,049) | (384,678) | (305,581) |
| Gross profit | | 313,809 | 345,102 | 138,334 | 176,574 |
| Other income | | 17,413 | 17,203 | 9,787 | 6,789 |
| Selling, marketing and distribution expenses | | (168,652) | (124,450) | (87,612) | (50,981) |
| Administrative expenses | | (24,321) | (17,924) | (10,779) | (6,015) |
| Other expenses | | (28,314) | (27,548) | 2,420 | (25,309) |
| Bank charges | | (23) | (26) | (17) | (10) |
| Profit before tax | | 109,912 | 192,357 | 52,133 | 101,048 |
| Income tax expense | | (54,810) | (48,889) | (30,625) | (29,692) |
| Profit after tax | | 55,102 | 143,468 | 21,508 | 71,356 |
| Rupees | | | | | |
| | | (Restated) | | (Restated) | |
| Earnings per share - basic and diluted | | 2.87 | 7.47 | 1.12 | 3.72 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Condensed Interim Statement of Comprehensive Income -(Unaudited)

For the half year ended December 31, 2013

| | Half Year Ended | | Quarter Ended | |
|-----------------------------------------------------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | December 31, 2013 | December 31, 2012 (Restated) | December 31, 2013 | December 31, 2012 (Restated) |
| | Rupees in '000 | | | |
| Profit for the period | 55,102 | 143,468 | 21,508 | 71,356 |
| Other comprehensive income for the period | | | | |
| Items that will be reclassified subsequently to profit and loss account | - | - | - | - |
| Items that will not be reclassified subsequently to profit and loss account | | | | |
| - Remeasurement of defined benefit obligations | (1,266) | - | (633) | - |
| - Impact of tax | - | - | - | - |
| | (1,266) | - | (633) | - |
| Total comprehensive income for the period | 53,836 | 143,468 | 20,875 | 71,356 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Condensed Interim Cash Flow Statement - (Unaudited)

For the half year ended December 31, 2013

| | | Half Year Ended | |
|----------------------------------------------------------|------|----------------------|------------------------------------|
| | Note | December 31, 2013 | December 31, 2012 (Restated) |
| | | Rupees in '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 10 | 95,408 | 196,621 |
| Bank charges paid | | (23) | (26) |
| Income taxes paid | | (51,487) | (57,944) |
| Cash received from pension fund by the Company | | - | 5,935 |
| Net cash generated from operating activities | | 43,898 | 144,586 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income received | | 15,332 | 17,522 |
| Net cash generated from investing activities | | 15,332 | 17,522 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (9,600) | - |
| Net cash used in financing activities | | (9,600) | - |
| Net increase in cash and cash equivalents | | 49,630 | 162,108 |
| Cash and cash equivalents at the beginning of the period | | 524,491 | 281,279 |
| Cash and cash equivalents at the end of the period | 11 | 574,121 | 443,387 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Condensed Interim Statement of Changes In Equity - (Unaudited)

For the half year ended December 31, 2013

| | Issued, subscribed and paid-up capital | Unappropriated profit | Total |
|------------------------------------------------------------------------|----------------------------------------------------|--------------------------|----------------|
| Note | Rupees in '000 | | |
| Balance as at July 01, 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 |
| Other comprehensive income | | | |
| Profit for the period - Restated | - | 143,468 | 143,468 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the period | - | 143,468 | 143,468 |
| Balance as at December 31, 2012 - Restated | 192,000 | 402,005 | 594,005 |
| Balance as at July 01, 2013 - as previously reported | 192,000 | 487,735 | 679,735 |
| Effect of remeasurement of defined benefit obligations 3.1 | - | (13,942) | (13,942) |
| Balance as at July 01, 2013 - Restated | 192,000 | 473,793 | 665,793 |
| Other comprehensive income | | | |
| Profit for the period | - | 55,102 | 55,102 |
| Other comprehensive income | - | (1,266) | (1,266) |
| Total comprehensive income for the period | - | 53,836 | 53,836 |
| Transaction with owners | | | |
| Final dividend for the year ended June 30, 2013 (Rs. 0.5 per share) | - | (9,600) | (9,600) |
| Balance as at December 31, 2013 | 192,000 | 518,029 | 710,029 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

TARIQ IQBAL KHAN
DIRECTOR



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the half year ended December 31, 2013

1. STATUS AND NATURE OF BUSINESS

- 1.1** Gillette Pakistan Limited ("the Company") was incorporated on December 09, 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 received letter dated October 10, 2013, from Procter & Gamble International Operations (PGIO), regarding termination of its distribution agreement with the Company with respect to Oral Care category in Pakistan. The effective date of this termination notice 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. Further, the Company also entered into settlement agreement with PGIO on December 11, 2013 in respect of termination of distribution agreement in respect of Oral Care Products. The carrying value of Oral Care products' stock as at December 31, 2013 is Rs. 55.256 million which have been sold subsequent to the period end. The Company's sales for Oral Care category for the period ended December 31, 2013 was Rs. 102.613 million (December 31, 2012: Rs 49.131 million).
- 1.3** This financial information have been presented in Pak Rupees, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information has 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 audited financial statements of the Company for the year ended June 30, 2013.
- 2.2** This condensed interim financial information is un-audited but subject to limited scope review by the external auditors of the Company and are being submitted to the shareholders in accordance with the section 245 of the Companies Ordinance 1984.
- 2.3** 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, 2013 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 half year ended December 31, 2012.

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, 2013 except as follows:

Notes to the Condensed Interim Financial Statements - (Unaudited)

For the half year ended December 31, 2013

3.1 Change in accounting policies

IAS 1 - Presentation of Financial Statements – Presentation of items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

As a result of amendments in IAS 1, the Company modified the presentation of the item of OCI in its Statement of Comprehensive Income, to present items that would be reclassified to profit and loss in the future separately from those that would never be reclassified to profit and loss account. Comparative information has been re-presented on the same basis.

IAS 19 - Employee Benefits (as revised in 2011)

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

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension and gratuity assets or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or assets. These changes have had an impact on the amounts recognized in the profit and loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduce certain changes in the presentation of the defined benefit cost including more extensive disclosures.

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



Notes to the Condensed Interim Financial Statements - (Unaudited)
For the half year ended December 31, 2013

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

The effect of change in accounting policy, due to adoption of IAS 19 (Revised), on the profit and loss account for the period was immaterial.

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 judgments that affects the application of policies and reported amounts of assets and liabilities and 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.

In preparing this condensed interim financial information, the significant judgments 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.

| | December 31, 2013 (Unaudited) | June 30, 2013 (Audited) |
|--|-------------------------------------|-------------------------------|
| | Rupees in '000' | |

6. PROPERTY AND EQUIPMENT

| | | |
|-------------------------------------------|-------|---------|
| Opening net book value | - | 7,335 |
| Additions | - | - |
| Disposals | - | (5,903) |
| Depreciation charge for the period / year | - | (1,432) |
| Closing net book value | - | - |
| Cost | 511 | 511 |
| Accumulated Depreciation | (511) | (511) |
| Net book value | - | - |



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the half year ended December 31, 2013

7. STOCK-IN-TRADE

Stock in trade includes goods costing Rs. 128.424 million (June 30, 2013: 133.434 million) which have been valued at net realizable value of Rs. 88.782 million (June 30, 2013: 67.542 million).

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

The status of the contingencies which were reported in note 16 to the annual audited financial statements of the Company for the year ended June 30, 2013 have not changed materially except for the following:

- In respect of matter disclosed in note 16.1.3 of the annual audited financial statements for the year ended June 30, 2013, an order has been passed under section 122 (1) (5) wherein an amount of Rs. 2,543,041 has been determined to be payable by the Company. The company has paid the said amount during the period and has filed appeal against the aforesaid order before the Commissioner (Appeals) which is pending for hearing.
- The income tax assessments of the Company have been completed up to and including Tax Year 2013. The tax returns for the Tax Years from 2003 to 2013 are treated as assessment orders under section 120 of the Income Tax Ordinance, 2001 on the date returns were filed, unless amended otherwise.

| December 31, 2013 (Unaudited) | June 30, 2013 (Audited) |
|-------------------------------------|-------------------------------|
| Rupees in '000 | |

8.2 Commitments

Rentals due under operating lease arrangements in respect of vehicles:

Not later than one year

Later than one year but not later than five years

| | |
|--------------|--------------|
| 1,972 | 1,288 |
| 2,877 | 1,018 |
| 4,849 | 2,306 |

9. SEGMENT RESULTS

9.1 Segment revenues and profits

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, 2013 and are as follows:



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the half year ended December 31, 2013

| | Segment revenue | | Segment profit / (loss) | |
|-------------------|-------------------|-------------------|-------------------------|-------------------|
| | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| | (Unaudited) | | (Unaudited) | (Restated) |
| | Rupees in '000' | | | |
| Blades and Razors | 859,128 | 780,786 | 119,353 | 206,005 |
| Braun Products | 97,720 | 79,632 | 31,865 | (4,660) |
| Others | 118,902 | 56,733 | (6,061) | 19,307 |
| | <u>1,075,750</u> | <u>917,151</u> | <u>145,157</u> | <u>220,652</u> |

Reconciliation of segments' profits with the profit before tax of the Company

| | | |
|-------------------------|----------------|----------------|
| Other income | 17,413 | 17,203 |
| Administrative expenses | (24,321) | (17,924) |
| Other expense | (28,314) | (27,548) |
| Bank charges | (23) | (26) |
| Profit before taxation | <u>109,912</u> | <u>192,357</u> |

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (December 31, 2012: Nil).

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.

| | |
|-------------------|---------------|
| December 31, 2013 | June 30, 2013 |
| (Unaudited) | (Audited) |
| | (Restated) |

Rupees in '000'

9.2 Segment assets and liabilities

Segment assets

| | | |
|------------------------------|------------------|------------------|
| Blades and razors | 668,959 | 472,536 |
| Braun products | 46,989 | 44,913 |
| Others | 120,298 | 77,635 |
| | <u>836,246</u> | <u>595,084</u> |
| Unallocated corporate assets | 672,464 | 616,700 |
| | <u>1,508,710</u> | <u>1,211,784</u> |

Segment liabilities

| | | |
|-----------------------------------|----------------|----------------|
| Blades and razors | 603,295 | 429,901 |
| Braun products | 58,920 | 32,454 |
| Others | 97,796 | 35,912 |
| | <u>760,011</u> | <u>498,267</u> |
| Unallocated corporate liabilities | 38,670 | 47,724 |
| | <u>798,681</u> | <u>545,991</u> |

Notes to the Condensed Interim Financial Statements - (Unaudited)

For the half year ended December 31, 2013

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

- Segment Assets consist of stocks-in-trade and trade debts. The amounts related to trade debts are apportioned on the basis of segment sales.
- Segment liabilities consist of trade creditors and accrued liabilities related to selling, marketing and distribution expenses. The amounts related to trade creditors are apportioned on the basis of segment cost of sales.

| | Note | December 31, 2013 (Unaudited) | December 31, 2012 (Unaudited) (Restated) |
|---------------------------------------------------|------|-------------------------------------|---------------------------------------------------|
| Rupees in '000 | | | |
| 10. CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 109,912 | 192,357 |
| Adjustments for non cash charges and other items: | | | |
| Depreciation expense | | - | 1,073 |
| Bank charges | | 23 | 26 |
| Interest income | | (17,373) | (17,233) |
| Provision for post retirement benefits | | 1,744 | 2,514 |
| Working capital changes | 10.1 | 1,102 | 17,884 |
| | | <u>95,408</u> | <u>196,621</u> |
| 10.1 WORKING CAPITAL CHANGES | | | |
| (Increase) / decrease in current assets: | | | |
| Stock-in-trade | | (150,836) | (166,784) |
| Trade debts | | (90,326) | (55,146) |
| Loans and advances | | (1,054) | 21,598 |
| Trade deposits | | 570 | (565) |
| Sales tax refundable | | (7,806) | (8,522) |
| Other receivables | | (1,181) | 9,840 |
| Prepayments | | 2,055 | - |
| | | <u>(248,578)</u> | <u>(199,579)</u> |
| Increase in current liabilities: | | | |
| Trade and other payables | | 249,680 | 217,463 |
| | | <u>1,102</u> | <u>17,884</u> |
| 11. CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 170,421 | 533 |
| Other financial assets | | 403,700 | 442,854 |
| | | <u>574,121</u> | <u>443,387</u> |
| 12. RELATED PARTY TRANSACTIONS | | | |

The related parties comprise the parent company (The Series Acquisition B.V., Netherlands), the ultimate parent company (The P&G Company USA), related group companies, companies in which directors are interested, staff retirement benefits, directors, 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:



Notes to the Condensed Interim Financial Statements - (Unaudited)
For the half year ended December 31, 2013

| | | | Half Year Ended | |
|------------------------------------------------|-------------------------------|--------------------------------|-------------------|-------------------|
| | | | December 31, 2013 | December 31, 2012 |
| | | | (Unaudited) | (Unaudited) |
| ----- Rupees in '000 ----- | | | | |
| Name | Relationship with the Company | Nature of transaction | | |
| Procter and Gamble International Operations | Associate | Purchase of finished goods | 849,697 | 717,539 |
| Procter and Gamble Pakistan (Pvt) Limited | Associate | Services received | 38,176 | 25,861 |
| Procter and Gamble International Operations SA | Associate | Services received | 1,029 | 1,089 |
| Procter and Gamble Pakistan (Pvt) Limited | Associate | Services rendered | 9,053 | 6,828 |
| Procter and Gamble US Business Services | Associate | Services received | 792 | 365 |
| Gillette Pakistan Provident Fund | Retirement benefits plan | Contribution to Provident Fund | 871 | 669 |
| Gillette Pakistan Pension Fund | Retirement benefits plan | Recovery from Pension Fund | - | (5,935) |
| | | Expense / (Income) recognized | 2,536 | (150) |
| Key management personnel | - | Short term compensation | 13,643 | 10,368 |

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

| | | December 31, 2013 (Unaudited) | June 30, 2013 (Audited) (Restated) |
|---------------------------------------------------|----------------------------------|-------------------------------------|---------------------------------------------|
| | | Rupees in '000 | |
| Name | Relationship with the Company | | |
| Procter and Gamble International Operations | Associate | (628,131) | (458,838) |
| Procter and Gamble Pakistan (Pvt) Limited | Associate | (15,905) | (25,357) |
| Procter and Gamble International Operations SA | Associate | (204) | (500) |
| Procter and Gamble US Business Services | Associate | (140) | (34) |
| Gillette Pakistan Pension Fund | Retirement benefits plan | (9,439) | (6,903) |

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 25, 2014.

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

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

