



**HALF YEARLY**  
**ACCOUNTS**  
**December 31,**  
**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**

### **CFO & COMPANY SECRETARY**

Khalid Ahmed Farid

### **AUDITORS**

Mehr Alwy Malik

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,  
Abdul Sattar Edhi Avenue, Clifton,  
Karachi - 75600, Pakistan.  
Tel: + (92 21) 3520 5088  
Fax: + (92 21) 3529 6150  
Web: [www.gillettepakistan.com](http://www.gillettepakistan.com)



# DIRECTORS' REPORT

## FOR THE HALF YEAR ENDED DECEMBER 31, 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 half year ended December 31, 2016. The summary of the financial results are as follows:

		Half Year Ended	
		December 31, 2016	December 31, 2015
Sales - net	PKR in '000	967,278	996,400
Gross profit	PKR in '000	230,300	283,145
GP Ratio	%	23.81%	28.42%
Profit before taxation	PKR in '000	55,551	112,257
PBT Ratio	%	5.74%	11.27%
Profit for the period	PKR in '000	3,719	58,596
PAT Ratio	%	0.38%	5.88%
EPS	PKR	0.19	3.05

The business is showing early signs of recovery after a challenging last year. We see sales growth but at a steady rate. The key driver of slow performance is primarily the pricing strategy in the market which has been revised. In addition, the management has intervened to ensure a balanced portfolio between our disposables (low-tier) and system blades (mid-tier) coupled with more awareness and reach programs, greater distribution and more visibility in store. The management is confident that the new strategy will help achieve sales growth while offering our consumers better value across our portfolio.

The gross margins for the quarter were lower vs. last corresponding period on a company wide basis and consequently, bottom line profitability is showing a decline; however in light of management interventions, we expect to see a turnaround in the future.

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  
February 22, 2017

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

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### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Gillette Pakistan Limited** (the Company) as at December 31, 2016, 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 to the accounts 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 the 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, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

### 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, 2016, is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

*Yousuf Adil*

**Chartered Accountants**

### Engagement Partner

**Naresh Kumar**

**Date:** February 22, 2017

**Place:** Karachi

Member of

**Deloitte Touche Tohmatsu Limited**

# Condensed Interim Balance Sheet

AS AT DECEMBER 31, 2016

	Note	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
.....Rupees in '000.....			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Long-term deposits		616	616
<b>Current assets</b>			
Stock-in-trade	6	551,922	565,767
Trade debts		368,135	192,618
Loans and advances		3,829	9,664
Trade deposits		327	327
Interest receivable on term deposits		413	197
Other receivables		8,304	24,175
Other financial assets		205,000	186,538
Sales tax refundable		1,636	27,024
Taxation - net		40,852	45,206
Cash and bank balances		68,688	13,920
		<u>1,248,906</u>	<u>1,065,436</u>
<b>TOTAL ASSETS</b>		<u>1,249,522</u>	<u>1,066,052</u>
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized			
20,000,000 ordinary shares of Rs.10/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up share capital			
19,200,000 ordinary shares of Rs.10/- each		<u>192,000</u>	<u>192,000</u>
Unappropriated profit		<u>528,304</u>	<u>524,585</u>
<b>TOTAL EQUITY</b>		<u>720,304</u>	<u>716,585</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred liability - gratuity scheme		5,194	6,080
<b>Current liabilities</b>			
Trade and other payables		524,024	343,387
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,249,522</u>	<u>1,066,052</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Khalid Ahmed Farid**  
Chief Executive

**Syed Jawaid Iqbal**  
Director



## Condensed Interim Profit and Loss Account - (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Rupees in '000				
Sales - net	967,278	996,400	555,223	503,740
Cost of goods sold	(736,978)	(713,255)	(464,045)	(374,564)
<b>Gross profit</b>	<b>230,300</b>	<b>283,145</b>	<b>91,178</b>	<b>129,176</b>
Selling, marketing and distribution expenses	(172,607)	(156,538)	(93,808)	(78,418)
Administrative expenses	(18,427)	(19,402)	(5,478)	(7,969)
Other operating expenses	(1,303)	(2,061)	2,664	15,019
Bank charges	(10)	(16)	(4)	(8)
	(192,347)	(178,017)	(96,626)	(71,376)
Other income	17,598	7,129	14,522	868
<b>Profit before tax</b>	<b>55,551</b>	<b>112,257</b>	<b>9,074</b>	<b>58,668</b>
Income tax expense	(51,832)	(53,661)	(30,104)	(24,408)
<b>Profit / (loss) for the period</b>	<b>3,719</b>	<b>58,596</b>	<b>(21,030)</b>	<b>34,260</b>
Rupees				
<b>Earnings / (loss) per share-basic and diluted</b>	<b>0.19</b>	<b>3.05</b>	<b>(1.10)</b>	<b>1.78</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Khalid Ahmed Farid**  
Chief Executive

**Syed Jawaid Iqbal**  
Director

**Condensed Interim Statement of Comprehensive Income - (Unaudited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<b>Half Year Ended</b>		<b>Quarter Ended</b>	
	<b>December 31, 2016</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
	<b>Rupees in '000</b>			
<b>Profit / (loss) for the period</b>	<b>3,719</b>	<b>58,596</b>	<b>(21,030)</b>	<b>34,260</b>
Other comprehensive income for the period	-	-	-	-
Items that may be reclassified subsequently to profit and loss account	-	-	-	-
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,719</b>	<b>58,596</b>	<b>(21,030)</b>	<b>34,260</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Khalid Ahmed Farid**  
Chief Executive

**Syed Jawaid Iqbal**  
Director



**Condensed Interim Cash Flow Statement - (Unaudited)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	Half Year Ended	
		December 31, 2016	December 31, 2015
		Rupees in '000	
Profit before taxation		55,551	112,257
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Adjustments for non cash charges and other items:			
Stock-in-trade written down to net realizable value		10,499	9,552
Provision for slow moving stock in trade		4,835	4,371
Provision for custom duties refundable		6,652	-
Interest income		(6,540)	(10,867)
Provision for post retirement benefits		2,179	1,855
		17,625	4,911
<b>WORKING CAPITAL CHANGES</b>			
(Increase) / decrease in current assets:			
Stock-in-trade		(1,489)	(44,066)
Trade debts		(175,517)	13,547
Loans and advances		5,835	(13,565)
Trade deposits		-	(320)
Other receivables		9,219	(10,731)
Sales tax refundable		25,388	(3,933)
		(136,564)	(59,068)
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		179,398	(189,554)
<b>Net cash generated from / (used in) operations</b>		116,010	(131,454)
Gratuity paid		(1,826)	-
Income taxes paid		(47,278)	(61,964)
<b>Net cash generated from / (used in) operating activities</b>		66,906	(193,418)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income received		6,324	12,238
<b>Net cash generated from investing activities</b>		6,324	12,238
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(82,664)
<b>Net cash used in financing activities</b>		-	(82,664)
<b>Net increase / (decrease) in cash and cash equivalents</b>		73,230	(263,844)
<b>Cash and cash equivalents at the beginning of the period</b>		200,458	601,985
<b>Cash and cash equivalents at the end of the period</b>	8	273,688	338,141

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Khalid Ahmed Farid  
Chief ExecutiveSyed Jawaid Iqbal  
Director



## Condensed Interim Statement of Changes In Equity - (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
<b>Balance as at July 01, 2015</b>	192,000	646,099	838,099
Profit for the period	-	58,596	58,596
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	58,596	58,596
<b>Transaction with owners</b>			
Final dividend for the year ended June 30, 2015 (Rs. 5 per share)	-	(96,000)	(96,000)
<b>Balance as at December 31, 2015</b>	<b>192,000</b>	<b>608,695</b>	<b>800,695</b>
<b>Balance as at July 01, 2016</b>	<b>192,000</b>	<b>524,585</b>	<b>716,585</b>
Profit for the period	-	3,719	3,719
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	3,719	3,719
<b>Balance as at December 31, 2016</b>	<b>192,000</b>	<b>528,304</b>	<b>720,304</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Khalid Ahmed Farid**  
Chief Executive

**Syed Jawaid Iqbal**  
Director



## Notes to the Condensed Interim Financial Statements - (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

### **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, Harbour Front, Dolmen City, HC-3, Block 4, Abdul Sattar Edhi Avenue, Clifton, Karachi-75600, Pakistan and the Company is listed on Pakistan Stock Exchange Limited. The principal activities of the Company include marketing and selling of blades and razors, personal care products and beauty care appliances.
- 1.2** This condensed interim 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 audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2016.
- 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, 2016 whereas the comparative presented in 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, 2015.

### **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, 2016. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2016, which do not have any impact on this condensed interim financial information.
- 3.2** The Company does not hold any financial instruments, which can be categorized using fair value hierarchy as per the requirements of IFRS 13 "Fair Value Measurements". However, fair values of other financial assets and liabilities approximate their carrying values.



## Notes to the Condensed Interim Financial Statements - (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this 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, 2016.

### 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2016.

### 6. STOCK-IN-TRADE

Stock-in-trade includes goods costing Rs. 51.087 million (June 30, 2016: Rs. 29.063 million) written down by Rs. 10.499 million (June 30, 2016: Rs. 5.238 million) to net realizable value amounting to Rs. 40.588 million (June 30, 2016: Rs. 23.825 million).

### 7. CONTINGENCIES AND COMMITMENTS

#### 7.1 Contingencies

The status of the contingencies which were reported in note 12 to the annual audited financial statements of the Company for the year ended June 30, 2016 have not changed materially in the current period.

#### 7.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

Not later than one year  
Later than one year but not later than five years

December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
Rupees in '000	

573	758
907	-
<b>1,480</b>	<b>758</b>

## Notes to the Condensed Interim Financial Statements - (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)	December 31, 2015 (Unaudited)
	Rupees in '000		
<b>8. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	68,688	13,920	183,156
Other financial assets	205,000	186,538	154,985
	<b>273,688</b>	<b>200,458</b>	<b>338,141</b>

## 9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the parent company (The Series Acquisition B.V., Netherlands), the ultimate parent company (The Procter and Gamble Company USA), related group companies, companies in which directors are interested, staff retirement benefit plans, 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:

Name	Relationship with the Company	Nature of transaction	Half Year Ended	
			December 31, 2016 (Unaudited)	December 31, 2015 (Unaudited)
			Rupees in '000	
Procter and Gamble International Operations	Associate	Purchase of finished goods	645,926	768,954
Procter and Gamble Pakistan (Private) Limited	Associate	Services received	27,805	36,125
Procter and Gamble International Operations SA	Associate	Services received	882	742
Procter and Gamble Pakistan (Private) Limited	Associate	Services rendered	8,182	13,103
Procter and Gamble US Business Services	Associate	Services received	-	587
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to Provident Fund	747	750
Gillette Pakistan Pension Fund	Retirement benefits plan	Expense recognized	1,239	1,156
Key management personnel	-	Short term compensation	14,415	16,542



# Notes to the Condensed Interim Financial Statements - (Unaudited)

## FOR THE HALF YEAR ENDED DECEMBER 31, 2016

### 9.1 Amounts due from / (due to) related parties as at period end are shown as under:

Name	Relationship with the Company	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
		Rupees in '000	
Procter and Gamble International Operations	Associate	(318,133)	(208,740)
Procter and Gamble Pakistan (Private) Limited	Associate	(9,924)	(11,100)
Procter and Gamble International Operations SA ROHQ	Associate	(479)	(785)
Procter and Gamble US Business Services	Associate	-	(94)
Gillette Pakistan Pension Fund	Retirement benefits plan	(27,325)	(26,085)

### 10. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 22, 2017.

### 11. GENERAL

Figures have been rounded off to the nearest thousand rupee.

Khalid Ahmed Farid  
Chief Executive

Syed Jawad Iqbal  
Director

