

QUARTERLY  
**ACCOUNTS**  
March 31, **2015**



**Gillette  
Pakistan  
Limited**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

CHAIRMAN  
MEMBERS

Sami Ahmed  
Adeel Ahmed  
Muhammad Noor-e-Arshi Khan  
Kashif Maqsood Abbasi  
Bahroz Hussain Abbas  
Amjad Ali Qureshi  
Tariq Iqbal Khan

### AUDIT COMMITTEE

CHAIRMAN  
MEMBERS

Tariq Iqbal Khan  
Kashif Maqsood Abbasi  
Bahroz Hussain Abbas

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

Adnan Mudassar

### HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN  
MEMBERS

Sami Ahmed  
Kashif Maqsood Abbasi  
Bahroz Hussain Abbas

### CHIEF EXECUTIVE

Adeel Ahmed

### CFO & 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

### 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  
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Web: [www.gillettepakistan.com](http://www.gillettepakistan.com)





## DIRECTORS' REPORT

For the nine months period ended March 31, 2015

On behalf of the Board of Directors of Gillette Pakistan Limited ('the Company'), I am pleased to present un-audited financial statements of the company for the nine months period ended March 31, 2015. The summary of the financial results are as follows:

	Nine Months ended	
	31-Mar-15	31-Mar-14
	Rupees in '000	
Sales - net	1,572,225	1,631,151
Cost of goods sold	(1,181,651)	(1,259,607)
Gross profit	<b>390,574</b>	<b>371,544</b>
GP ratio	24.8%	22.8%
Other operating income	99,858	59,718
Selling, marketing and distribution expenses	(241,008)	(232,298)
Administrative expenses	(53,083)	(35,989)
Other operating expenses	(5,306)	(3,015)
Bank charges	(88)	(29)
Profit before tax	<b>190,947</b>	<b>159,931</b>
PBT Ratio	12.1%	9.8%
Income tax expense	(86,554)	(85,761)
Profit for the period	<b>104,393</b>	<b>74,170</b>
Profit ratio	6.6%	4.5%
Earnings per share - basic and diluted	5.44	3.86

The above financial statements summary show a decline in top line sales by 4% vs. corresponding last year period which included Oral B sales of 190.8 million, which was discontinued effective Feb, 2014. Excluding sales of Oral B, top line sales increased by 9% vs. corresponding period of last year.

Gross profit ratio improved by 2 % in current period vs. corresponding period of last year primarily due to rupee value appreciation vs. Euro which is the prime currency of product purchase. Part of the rupee appreciation is also reflected in other operating income as well which has increased by 67% vs. corresponding period of last year and includes an exchange gain of Rs. 74.65 million. It is to be noted that a significant part of this exchange gain is un-realized gain; conversion of which into realized gain is dependent on the actual exchange rates at the time of payment of the corresponding foreign currency liability.

Selling, marketing and distribution expenses are 15.33% of sales vs. 14.24% of sales in corresponding period of last year while administrative expenses are 3.38% of sales vs 2.21% of sales in corresponding period of last year. These expenses include a charge on account of change in defined benefit plan as explained in note no. 13 of the financial statements. Based on these, the profit for the year closed at Rs. 104 million which is significantly higher than the corresponding reported period.

The Board would like to take this opportunity to express its appreciation to the employees of the Company and distributor teams for the commitment and hard work throughout the period. We would also like to thank our shareholders for their continued support.

**Adeel Ahmed**  
Chief Executive

April 27, 2015  
Karachi

**Condensed Interim Balance Sheet**

As at March 31, 2015

	Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
<b>Rupees in '000</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Long-term deposits		<u>616</u>	<u>616</u>
		<b>616</b>	<b>616</b>
<b>Current assets</b>			
Stock-in-trade	6	<b>523,875</b>	596,236
Trade debts		<b>214,769</b>	165,317
Loans and advances		<b>2,106</b>	72
Trade deposits		<b>277</b>	535
Interest receivable on term deposits		<b>2,312</b>	1,351
Other receivables		<b>26,703</b>	29,099
Other financial assets	11	<b>663,739</b>	318,036
Sales tax refundable		<b>35,482</b>	56,698
Taxation - net		<b>36,194</b>	40,251
Cash and bank balances	11	<b>65,044</b>	176,559
		<u><b>1,570,501</b></u>	<u>1,384,154</u>
<b>Total Assets</b>		<u><b>1,571,117</b></u>	<u><b>1,384,770</b></u>
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized			
20,000,000 ordinary shares of Rs.10/- each		<u><b>200,000</b></u>	<u>200,000</u>
Issued, subscribed and paid-up share capital		<u><b>192,000</b></u>	192,000
Unappropriated profit		<u><b>632,254</b></u>	527,861
<b>Total equity</b>		<u><b>824,254</b></u>	719,861
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred liability - gratuity scheme		<u><b>5,861</b></u>	3,821
<b>Current liabilities</b>			
Trade and other payables		<u><b>741,002</b></u>	661,088
<b>Total liabilities</b>		<u><b>746,863</b></u>	664,909
<b>CONTINGENCIES AND COMMITMENTS</b>	7	<u>-</u>	-
<b>Total equity and liabilities</b>		<u><b>1,571,117</b></u>	<u><b>1,384,770</b></u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Adeel Ahmed**  
Chief Executive

**Tariq Iqbal Khan**  
Director



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

For the nine month period ended March 31, 2015

		Nine Months Ended		Quarter Ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Note	Rupees in '000			
Sales - net	8	1,572,225	1,631,151	599,052	555,401
Cost of goods sold		(1,181,651)	(1,259,607)	(414,356)	(497,666)
Gross profit		390,574	371,544	184,696	57,735
Other operating income	9	99,858	59,718	52,636	42,305
Selling, marketing and distribution expenses		(241,008)	(232,298)	(104,428)	(63,646)
Administrative expenses		(53,083)	(35,989)	(23,604)	(11,668)
Other operating expenses		(5,306)	(3,015)	(3,567)	25,299
Bank charges		(88)	(29)	(7)	(6)
Profit before tax		190,947	159,931	105,726	50,019
Income tax expense		(86,554)	(85,761)	(31,808)	(30,951)
Profit for the period		104,393	74,170	73,918	19,068
Earnings per share - basic and diluted (PKR)		5.44	3.86	3.85	0.99

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Adeel Ahmed**  
Chief Executive

**Tariq Iqbal Khan**  
Director



**Condensed Interim Statement of Comprehensive Income - (Unaudited)**  
For the nine month period ended March 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rupees in '000			
<b>Profit for the period</b>	<b>104,393</b>	74,170	<b>73,918</b>	19,068
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	-	(1,899)	-	(633)
- Impact of tax	-	-	-	-
	-	(1,899)	-	(633)
<b>Total comprehensive income for the period</b>	<b>104,393</b>	<b>72,271</b>	<b>73,918</b>	<b>18,435</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Adeel Ahmed**  
Chief Executive

**Tariq Iqbal Khan**  
Director





## Condensed Interim Cash Flow Statement - (Unaudited)

For the nine month period ended March 31, 2015

	Note	Nine months ended	
		March 31, 2015	March 31, 2014
Rupees in '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	301,835	117,970
Bank charges paid		(88)	(29)
Income taxes paid		(90,611)	(91,028)
Net cash generated from operating activities		211,136	26,913
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		-	532
Interest income received		23,052	27,952
Net cash generated from investing activities		23,052	28,484
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(9,600)
Net cash used in financing activities		-	(9,600)
Net increase in cash and cash equivalents		234,188	45,797
Cash and cash equivalents at the beginning of the period		494,595	524,491
Cash and cash equivalents at the end of the period	11	728,783	570,288

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Adeel Ahmed**  
Chief Executive

**Tariq Iqbal Khan**  
Director





## Condensed Interim Statement of Changes In Equity - (Unaudited)

For the nine month period ended March 31, 2015

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
<b>Balance as at July 01, 2013 - Restated</b>	192,000	473,793	665,793
- Profit for the period	-	74,170	74,170
- Other comprehensive income	-	(1,899)	(1,899)
Total comprehensive income for the period	-	72,271	72,271
<b>Transaction with owners</b>			
Final dividend for the year ended June 30, 2013 (Rs. 0.5 per share)	-	(9,600)	(9,600)
<b>Balance as at March 31, 2014</b>	<b>192,000</b>	<b>536,464</b>	<b>728,464</b>
<b>Balance as at July 01, 2014</b>	192,000	527,861	719,861
- Profit for the period	-	104,393	104,393
- Other comprehensive income	-	-	-
Total comprehensive income for the period	-	104,393	104,393
<b>Balance as at March 31, 2015</b>	<b>192,000</b>	<b>632,254</b>	<b>824,254</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Adeel Ahmed**  
Chief Executive

**Tariq Iqbal Khan**  
Director

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

For the nine month period ended March 31, 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, 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 and beauty care appliances.
- 1.2 This financial information has 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 of the Company for the nine months period ended March 31, 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, 2014.
- 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, 2014 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 nine months period ended March 31, 2014.

### 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, 2014.

### 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, 2014.



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

For the nine month period ended March 31, 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, 2014.

### 6. STOCK IN TRADE

Stock in trade includes goods costing Rs. 66.453 million (June 30, 2014: Rs. 183.823 million) which have been written down by Rs. 16.311 million (June 30, 2014: Rs. 66.787 million) to net realizable value amounting to Rs. 50.141 million (June 30, 2014: Rs. 117.036 million).

### 7. CONTINGENCIES AND COMMITMENTS

The status of the contingencies and commitments which were reported in note 13 to the annual financial statements of the Company for the year ended June 30, 2014 have not changed materially.

## 8. SEGMENT RESULTS

### 8.1 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, 2014 and are as follows:

	Segment revenue		Segment profit	
	March 31, 2015 (Unaudited)	March 31, 2014	March 31, 2015 (Unaudited)	March 31, 2014
	Rupees in '000			
Shave care	1,500,811	1,314,951	153,045	125,761
Braun products	71,414	125,395	(3,479)	25,624
Others - Oral B	-	190,805	-	(12,139)
	<u>1,572,225</u>	<u>1,631,151</u>	<u>149,566</u>	<u>139,246</u>
Other operating income			99,858	59,718
Administrative expenses			(53,083)	(35,989)
Other operating expense			(5,306)	(3,015)
Bank charges			(88)	(29)
Profit before taxation			<u>190,947</u>	<u>159,931</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period.

For the purpose of segmental profit calculation, the Company has allocated selling, marketing and distribution 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.

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

For the nine month period ended March 31, 2015

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	Rupees in '000	
<b>8.2 Segment assets and liabilities</b>		
<b>Segment assets</b>		
Shave care	637,935	646,194
Braun products	100,709	115,359
	<u>738,644</u>	<u>761,553</u>
Unallocated corporate assets	832,473	623,217
	<u>1,571,117</u>	<u>1,384,770</u>
<b>Segment liabilities</b>		
Shave care	566,409	587,673
Braun products	61,947	51,110
	<u>628,356</u>	<u>638,783</u>
Unallocated corporate liabilities	118,507	26,126
	<u>746,863</u>	<u>664,909</u>

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

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

## 9. OTHER OPERATING INCOME

This includes net exchange gain made by the Company on account of exchange rate differences on foreign currency liabilities amounting to Rs. 74.656 million (Mar 2014: Exchange gain of Rs. 22.096 million).

	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)
	Rupees in '000	
<b>10. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	<b>190,947</b>	159,931
Adjustments for non cash charges and other items:		
Stock-in-trade written down to net realizable value	<b>16,311</b>	56,952
Gain on disposal of property, plant and equipment	-	(532)
Interest income	<b>(24,013)</b>	(26,140)
Bank charges	<b>88</b>	29
Provision for post retirement benefits	<b>23,213</b>	2,615
Working capital changes	<b>95,289</b>	(74,885)
	<u><b>301,835</b></u>	<u>117,970</u>

Note

10.1





**Notes to the Condensed Interim Financial Statements - (Unaudited)**  
For the nine month period ended March 31, 2015

	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)
..... Rupees in '000 .....		
<b>10.1 WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets:		
Stock-in-trade	<b>56,050</b>	(203,379)
Trade debts	<b>(49,452)</b>	(52,812)
Loans and advances	<b>(2,034)</b>	(601)
Trade deposits	<b>258</b>	570
Interest receivable on term deposits	<b>(961)</b>	2,055
Other receivables	<b>2,396</b>	(5,707)
Sales Tax refundable	<b>21,216</b>	(27,287)
	<b>27,473</b>	(287,161)
Increase in current liabilities:		
Trade and other payables	<b>67,816</b>	212,276
	<b>95,289</b>	(74,885)

March 31, 2015 (Unaudited)	June 30, 2014 (Unaudited)	March 31, 2014 (Unaudited)
..... Rupees in '000 .....		

**11 CASH AND CASH EQUIVALENTS**

Cash and bank balances	<b>65,044</b>	176,559	10,128
Other financial assets - term deposits	<b>663,739</b>	318,036	560,160
	<b>728,783</b>	494,595	570,288

**12 RELATED PARTY TRANSACTIONS**

The related parties of the Company and valuation method for transactions with them, remain the same as disclosed in note no. 26 to the annual financial statements of the Company for the year ended June 30, 2014, and following are the transactions with them:



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

For the nine month period ended March 31, 2015

Name	Relationship with the Company	Nature of transaction	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)
			Rupees in '000	
Procter and Gamble International Operations	Associate	Purchase of finished goods	1,143,956	1,224,290
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services received	48,266	43,066
Procter and Gamble International Operations SA ROHQ	Associate	Services received	712	1,597
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services rendered	14,230	14,144
Procter and Gamble US Business Services	Associate	Services received	1,564	1,302
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to Provident Fund	1,147	1,355
Gillette Pakistan Pension Fund	Retirement benefits plan	Expense Recognized	22,122	3,804
Key management personnel	-	Salaries and benefits	23,157	20,013

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

Name	Relationship with the Company	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
		Rupees in '000	
Procter and Gamble International Operations	Associate	(532,552)	(587,578)
Procter and Gamble Pakistan (Pvt) Limited	Associate	(19,564)	7,660
Procter and Gamble International Operations SA ROHQ	Associate	(173)	(968)
Procter and Gamble US Business Services	Associate	(181)	(370)
Gillette Pakistan Pension Fund	Retirement benefits plan	(25,274)	(3,152)



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

For the nine month period ended March 31, 2015

### 13. CHANGE IN DEFINED BENEFIT PLAN

During the current financial period, the Board of Directors of the Company on January 19, 2015 have approved certain changes in the principal trust deed and rules of the Company's pension fund. These changes pertain to changes in retirement age, early retirement pension options, removal of cap of 25 years of service for the computation of pension and removal of requirement of mandatory 25 years of service to get commutation in case of employees falling under the category of deferred pensioners and early retirement pensioners. These changes in the principal trust deed and fund are effective from January 01, 2014 and apply to all current eligible employees including those who retire after the effective date. The amended trust deed was approved by Income Tax authorities having jurisdiction of the fund on 11 March 2015. The financial impact of the change in defined benefit plan amounting to Rs. 20.763 million has been included as an expenses in these financial results.

### 14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on April 27, 2015.

### 15. GENERAL

Figures have been rounded off to the nearest thousand rupee.



