

**QUARTERLY
ACCOUNTS**
March 31,
2016



**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

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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 NINE MONTHS ENDED MARCH 31, 2016

On behalf of the Board of Directors of the Company, I am pleased to present the un-audited financial statements of the Company for the nine months ended March 31, 2016. The summary of the financial results are as follows:

	Nine months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000	
Sales - net	1,547,276	1,572,225
Cost of goods sold	(1,159,860)	(1,181,651)
Gross profit	387,416	390,574
GP Ratio	25.04%	24.84%
Other income	14,449	99,858
Selling, marketing and distribution expenses	(240,208)	(241,008)
Administrative expenses	(26,915)	(53,083)
Other operating expenses	(11,751)	(5,306)
Bank charges	(16)	(88)
Profit before tax	122,975	190,947
BT Ratio	7.95%	12.15%
Income tax expense	(85,424)	(86,554)
Profit after tax	37,551	104,393
AT Ratio	2.4%	6.6%
	Rupees	
Earning per share - basic and diluted	1.96	5.44

Statement under section 218 of the Companies Ordinance, 1984:

In the meeting of directors held on April 25, 2016, the Board of the Company, on recommendation of Human Resource and Remuneration Committee, has approved an increment of 19.88% in salary of Mr. Adnan Mudassar, Head of Internal Audit of the Company with effect from April 01, 2016, with no changes in any other benefits. His revised base salary would be Rs. 133,118 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. The Board would also like to thank our shareholders for their continued support.

On behalf of the Board,

Adeel Ahmed
Chief Executive

Karachi
April 25, 2016



Condensed Interim Balance Sheet (Unaudited)

As at March 31, 2016

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
.....Rupees in '000.....			
ASSETS			
Non-current assets			
Long-term deposits		616	616
Current assets			
Stock-in-trade	6	605,292	650,445
Trade debts		176,254	241,018
Loans and advances		1,860	471
Trade deposits		327	277
Interest receivable on term deposits		234	1,432
Other receivables		22,229	21,560
Other financial assets	10	405,692	435,409
Sales tax refundable		33,673	35,306
Taxation - net		39,979	44,937
Cash and bank balances	10	14,006	166,576
		1,299,546	1,597,431
Total assets		1,300,162	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		587,650	646,099
		779,650	838,099
Total equity		779,650	838,099
LIABILITIES			
Non-current liabilities			
Deferred liability - gratuity scheme		5,407	4,360
Current liabilities			
Trade and other payables		515,105	755,588
		1,300,162	1,598,047
Total equity and liabilities		1,300,162	1,598,047
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Adeel Ahmed
Chief ExecutiveSyed Jawaid Iqbal
Director

**Condensed Interim Profit and Loss Account (Unaudited)**
For the nine months period ended March 31, 2016

		Nine Months Ended		Quarter Ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Note	Rupees in '000			
Sales - net	8	1,547,276	1,572,225	550,876	599,052
Cost of goods sold		(1,159,860)	(1,181,651)	(446,605)	(414,356)
Gross profit		387,416	390,574	104,271	184,696
Other income		14,449	99,858	7,320	52,636
Selling, marketing and distribution expenses		(240,208)	(241,008)	(83,670)	(104,428)
Administrative expenses		(26,915)	(53,083)	(7,513)	(23,604)
Other operating expenses		(11,751)	(5,306)	(9,690)	(3,567)
Bank charges		(16)	(88)	-	(7)
Profit before tax		122,975	190,947	10,718	105,726
Income tax expense		(85,424)	(86,554)	(31,763)	(31,808)
Profit after tax		37,551	104,393	(21,045)	73,918

	Rupees			
Earning per share - basic and diluted	1.96	5.44	(1.10)	3.85

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Adeel Ahmed
Chief Executive

Syed Jawaid Iqbal
Director



Condensed Interim Statement of Comprehensive Income (Unaudited)

For the nine months period ended March 31, 2016

	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Rupees in '000				
Profit for the period	37,551	104,393	(21,045)	73,918
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	37,551	104,393	(21,045)	73,918

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Adeel Ahmed
Chief Executive

Syed Jawaid Iqbal
Director

Condensed Interim Cash Flow Statement - (Unaudited)

For the nine months period ended March 31, 2016

		Nine months ended	
		March 31, 2016	March 31, 2015
	Note	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(34,301)	301,835
Income taxes paid		(80,466)	(90,611)
Bank charges paid		(16)	(88)
Net cash generated from / (used in) operating activities		(114,783)	211,136
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		15,335	23,052
Net cash from investing activities		15,335	23,052
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(82,839)	-
Net cash used in financing activities		(82,839)	-
Net (decrease)/increase in cash and cash equivalents		(182,287)	234,188
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	419,698	728,783

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Adeel Ahmed
Chief Executive

Syed Jawaid Iqbal
Director

**Condensed Interim Statement of Changes In Equity (Unaudited)**
For the nine months period ended March 31, 2016

	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	-	104,393	104,393
- Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	104,393	104,393
Balance as at March 31, 2015	192,000	632,254	824,254
Balance as at July 01, 2015	192,000	646,099	838,099
- Profit for the period	-	37,551	37,551
- Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	37,551	37,551
Transaction with owners			
Final dividend for the year ended June 30, 2015 (Rs. 5 per share)	-	(96,000)	(96,000)
Balance as at March 31, 2016	192,000	587,650	779,650

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Adeel Ahmed
Chief Executive

Syed Jawaid Iqbal
Director



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the nine months period ended March 31, 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, Pakistan and the Company is listed on Pakistan Stock Exchange. 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 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 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, 2015.
- 2.2** The comparative balance sheet presented in the 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 changes in equity have been taken from un-audited condensed financial information for the nine months period ended March 31, 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, 2015. Certain new IFRSs and amendment to existing IFRSs are effective for periods beginning on or after July 1, 2015, which do not have any impact on this condensed interim financial information.

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 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.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the nine months period ended March 31, 2016

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, except as follows:

During the period, the Company in line with other group entities has changed the method of calculation of age of inventory for calculating variances on closing stock from average number of days of holding of stock to average stock turnover days. Had there been no change in the method of calculation of age of inventory, cost of goods sold for the period would have been higher by Rs 12.39 million and stock-in-trade and profit before tax would have been lower by Rs 12.39 million.

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, 2015. During the period, the company has adopted IFRS 13 "Fair Value Measurement" which does not have any impact on this condensed interim financial information as the company considered that the carrying values of all assets and liabilities approximate their fair values, therefore, application of IFRS 13 has not resulted in any additional disclosure.

6. STOCK-IN-TRADE

Stock in trade includes goods costing Rs. 54.612 million (June 30, 2015: 39.740 million) written down by Rs. 12.108 million to net realizable value amounting to Rs. 42.504 million (June 30, 2015: 29.918 million).

7. CONTINGENCIES AND COMMITMENTS

- 7.1 The status of the contingencies and commitments which were reported in note 12 to the annual financial statements of the Company for the year ended June 30, 2015 have not changed materially except that during the year, in respect of assesment years 2000-01 and 2001-02, the company received order from the tax authorities where the company's position with regard to certain items were not accepted. The management has filed an appeal in the High Court of Sindh against this decision and expects a favourable decision on it.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the nine months period ended March 31, 2016

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 the annual audited financial statements for the year ended June 30, 2015 and are as follows:

	Segment revenue		Segment profit/(loss)	
	March 31, 2016 (Unaudited)	March 31, 2015	March 31, 2016 (Unaudited)	March 31, 2015
	Rupees in '000			
Shave care	1,523,355	1,500,811	170,081	153,045
Braun products	17,921	71,414	(22,873)	(3,479)
	1,547,276	1,572,225	147,208	149,566
Other income			14,449	99,858
Administrative expenses			(26,915)	(53,083)
Other operating expenses			(11,751)	(5,306)
Bank charges			(16)	(88)
Profit before tax			122,975	190,947

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

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.

Accounting policies of the reportable segments are the same as the company's accounting policies as described in note 2 of the annual audited financial statements for the year ended June 30, 2015. Segment profit represents the profit earned by each segment without allocation of other income, administrative expense, other operating expenses, bank charges and income tax expense. This is the measure which is reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the nine months period ended March 31, 2016

	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
Rupees in '000		
8.2 Segment assets and liabilities		
Segment assets		
Shave care	743,299	749,444
Braun products	38,247	142,019
	781,546	891,463
Unallocated corporate assets	518,616	706,584
	1,300,162	1,598,047
Segment liabilities		
Shave care	328,860	582,928
Braun products	8,900	59,824
	337,760	642,752
Unallocated corporate liabilities	182,752	117,196
	520,512	759,948

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.

	Note	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
Rupees in '000			
9. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		122,975	190,947
Adjustment for non-cash charges and other items:			
Provision for post retirement benefits		2,783	23,213
Stock-in-trade written down to net realizable value	6	12,108	16,311
Provision for slow moving stock-in-trade		3,836	-
Interest income on term deposits and saving accounts		(14,137)	(24,013)
Bank charges		16	88
Working capital changes	9.1	(161,882)	95,289
		(34,301)	301,835



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the nine months period ended March 31, 2016

March 31,
2016
(Unaudited)

March 31,
2015
(Unaudited)

Rupees in '000

9.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stock-in-trade	29,209	56,050
Trade debts	64,764	(49,452)
Loans and advances	(1,389)	(2,034)
Trade deposits	(50)	258
Interest receivable on term deposits	1,198	(961)
Other receivables	(669)	2,396
Sales tax refundable	1,633	21,216

94,696 27,473

(Decrease)/ Increase in current liabilities:

Trade and other payables	(256,578)	67,816
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(161,882) 95,289

March 31,
2016
(Unaudited)

June 30,
2015
(Audited)

March 31,
2015
(Unaudited)

Rupees in '000

10. CASH AND CASH EQUIVALENTS

Cash and bank balances	14,006	166,576	65,044
Other financial assets	405,692	435,409	663,739
	419,698	601,985	728,783



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the nine months period ended March 31, 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:

			Nine months period ended	
			March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
Name	Relationship with the Company	Nature of transaction	Rupees in '000	
Procter and Gamble International Operations	Associate	Purchases of finished goods	<u>1,070,413</u>	<u>1,143,956</u>
Procter and Gamble Pakistan (Private) Limited	Associate	Services received	<u>54,188</u>	<u>48,266</u>
		Services rendered	<u>19,655</u>	<u>14,230</u>
Procter and Gamble International Operations SA ROHQ	Associate	Services received	<u>1,465</u>	<u>712</u>
Procter and Gamble US Business Services	Associate	Services received	<u>900</u>	<u>1,564</u>
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	<u>1,127</u>	<u>1,147</u>
Gillette Pakistan Pension Fund	Retirement benefit plan	Expense recognized	<u>1,736</u>	<u>22,122</u>
Key Management Personnel	-	Salaries and benefits	<u>24,549</u>	<u>23,157</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the nine months period ended March 31, 2016

11.1 Amounts due to related parties are shown as under:

Name	Relationship with the Company	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		Rupees in '000	
Procter and Gamble International Operations	Associate	(345,743)	(569,775)
Procter and Gamble Pakistan (Private) Limited	Associate	(18,957)	(15,950)
Procter and Gamble International Operations SA ROHQ	Associate	(634)	(1,074)
Procter and Gamble US Business Services	Associate	(176)	(235)
Gillette Pakistan Pension Fund	Retirement benefit plan	(1,736)	(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 April 25, 2016.

13. GENERAL

Figures have been rounded off to the nearest thousand rupee.

Adeel Ahmed
Chief Executive

Syed Jawaid Iqbal
Director

