



HALF YEARLY
ACCOUNTS
DECEMBER 31, 2019



CONTENTS

Corporate Information	02
Directors' Report	03
Independent Auditors' Report	07
Condensed Interim Statement of Financial Position	08
Condensed Interim Profit and Loss Account	09
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Statement of Cash Flow	11
Condensed Interim Statement of Changes in Equity	12
Notes to the Condensed Interim Financial Information	13



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Muhammad Arsalan Siddique
Khalid Ahmed Farid
Syed Danish Hussain Shah
Abdullah Saleh
Anam Parekh
Syed Jawaid Iqbal
Sheikh Adil Hussain

AUDIT COMMITTEE

CHAIRMAN
MEMBERS

Syed Jawaid Iqbal
Muhammad Arsalan Siddique
Abdullah Saleh

HEAD OF INTERNAL AUDIT

Saad Un Nabi Khan

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN
MEMBERS

Sheikh Adil Hussain
Khalid Ahmed Farid
Muhammad Arsalan Siddique

CHIEF EXECUTIVE OFFICER

Khalid Ahmed Farid

CHIEF FINANCIAL OFFICER

Syed Irshad Hassan

COMPANY SECRETARY & SECRETARY TO THE AUDIT COMMITTEE

Moosa Haroon

AUDITORS

Deloitte Yousuf Adil, Chartered Accountants

LEGAL ADVISORS

Surrige & Beecheno

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

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



DIRECTORS REPORT

For the Half Year Ended December 31, 2019

On behalf of the Board of Directors of Gillette Pakistan Limited ('the Company'), We are pleased to present the un-audited financial statements for the half year ended Dec 31, 2019. The summary of financial results are as follows:

		Half Year Ended	
		December 31, 2019	December 31, 2018
Sales - net	PKR in '000	984,574	864,833
Gross profit	PKR in '000	387,395	248,740
GP	%	39.35%	28.76%
Profit before tax	PKR in '000	288,938	58,489
Profit before tax	%	29.35%	6.76%
Profit after tax	PKR in '000	204,197	17,943
Profit after tax	%	20.74%	2.07%
Earnings per share	PKR	10.64	0.93

We have had a strong start to fiscal year with H1 delivering sales at 14% growth vs. year ago. While Q2 is flat vs. year ago behind Days of Cover adjustments at distributor, Q2 has grown 7% vs. Q1 showing a healthy trend on business contributed by 'Disposables'. The Company will continue to focus on investing in consumer centric touch points with an aim to maximize shareholder's return.

While the topline was growing, the Company also remained focused for bottom line growth. The management has placed special emphasis to curtail overall marketing spend pool by optimization without impacting the business growth. The administrative expenses were in-line with comparative period. Key challenge for H2 of the fiscal year will be negotiating prices with supplier which are expected to go up.

Changes in the Board of Directors:

Three of the Directors including Chairman have submitted their resignation to the Board. Subsequently, Board appointed new Directors w.e.f. January 31, 2020 to carry out the operations of the Board.

Directors resigned from the Board:

Saqib Zia	Director/Chairman
Sumika Farooqui	Director
Sunnia Anwer	Director

Directors Joined the Board:

M Arsalan Siddique	Director/Chairman
Anam Parekh	Director
Abdullah Saleh	Director

Board of Directors:

M Arsalan Siddique	Chairman
Khalid Ahmed Farid	CEO
Syed Danish Hussain Shah	Director
Abdullah Saleh	Director
Anam Parekh	Director
Syed Jawaid Iqbal	Independent Director
Sheikh Adil Hussain	Independent Director

Audit Committee:

Syed Jawaid Iqbal	Chairman
M Arsalan Siddique	Member
Abdullah Saleh	Member

HR & Remuneration Committee:

Sheikh Adil Hussain	Chairman
M Arsalan Siddique	Member
Khalid Ahmed Farid	Member



On behalf of the Board of Directors, we would like to express appreciation to our Shareholders for their absolute confidence, our valued Customers for their un-paralleled reliance in Company's illustrious product line and the Regulators and other stakeholders for their understanding and support. We would accordingly, put on thanks to the Board of Directors for their contribution, the management and employees for their persistent and untiring commitment, arduous work and co-operation throughout the year.

On behalf of the Board,

KHALID AHMED FARID
Chief Executive Officer

SYED DANISH HUSSAIN SHAH
Director

February 20, 2020
Karachi



اس تبدیلی کے بعد بورڈ اور ڈائریکٹیو کی شکل اس طرح سے ہوگی۔

بورڈ کے ڈائریکٹرز:

چیمبر مین	سید جاوید اقبال	ڈائریکٹر / چیمبر مین	محمد ارسلان صدیقی
ممبر	محمد ارسلان صدیقی	سی ای او	خالد احمد فرید
ممبر	عبداللہ صالح	ڈائریکٹر	سید دانش حسین شاہ
	ہوٹل ریسورس اینڈ ریکروٹمنٹ کمیٹی:	ڈائریکٹر	عبداللہ صالح
چیمبر مین	شیخ عادل حسین	ڈائریکٹر	انعم پارکھی
ممبر	محمد ارسلان صدیقی	خود مختار ڈائریکٹر	سید جاوید اقبال
ممبر	خالد احمد فرید	خود مختار ڈائریکٹر	شیخ عادل حسین

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے شیئر ہولڈرز کے ہم پر بھرپور اعتماد، اپنے معزز صارفین کے کمپنی کی معروف پروڈکٹ لائن پر مکمل اطمینان اور ریگولیشنز اور دیگر اسٹیک ہولڈرز کے ادراک اور تعاون کیلئے بے حد شکرگزار ہیں۔ اس کے ساتھ ہم بورڈ آف ڈائریکٹرز کی ہدایات و رہنمائی کیلئے اور پورے سال میں انتظامیہ اور ملازمین کے مسلسل اور مضبوط عزم، ہمت و محنت اور تعاون کیلئے شکر یہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

خالد احمد فرید

چیف ایگزیکٹو آفیسر

سید دانش حسین شاہ
ڈائریکٹر

20 فروری 2020

کراچی



ڈائریکٹرز رپورٹ

برائے ششماہی مختتمہ 31 دسمبر 2019

جلیبٹ پاکستان لمیٹڈ ("دی کمپنی") کے بورڈ آف ڈائریکٹرز کی جانب سے ہم بمسرت کمپنی کے غیر آڈٹ شدہ مالیاتی اسٹیٹمنٹس برائے ششماہی مختتمہ 31 دسمبر 2019 پیش کرتے ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

Half Year Ended

December 31, 2018	December 31, 2019		
864,833	984,574	PKR in '000	سیلز - خالص
248,740	387,395	PKR in '000	مجموعی منافع
28.76%	39.35%	%	مجموعی منافع کی شرح
58,489	288,938	PKR in '000	نفع قبل از ٹیکس
6.76%	29.35%	%	نفع قبل از ٹیکس کی شرح
17,943	204,197	PKR in '000	نفع بعد از ٹیکس
2.07%	20.74%	%	نفع بعد از ٹیکس کی شرح
0.93	10.64	PKR	ای پی ایس

ہمارے مالی سال کا آغاز اچھے انداز سے ہوا اور پہلی ششماہی میں ہماری سیلز گزشتہ سال کے مقابلے میں 14% بڑھ گئی۔ جب کہ ڈسٹری بیوٹر کے ساتھ Days of Cover کی ایڈجسٹمنٹ کی وجہ سے گزشتہ سال کے مقابلے میں دوسری سہ ماہی میں کوئی پیش رفت نظر نہیں آئی۔ تاہم پہلی سہ ماہی کے مقابلے میں دوسری سہ ماہی میں 7% اضافہ ریکارڈ کیا گیا جس کی وجہ 'ڈسپوزا بلز' کی سیلز میں اضافہ ہے۔ کمپنی سٹیئر ہولڈرز کو زیادہ سے زیادہ آمدنی کا فائدہ پہنچانے کے مقصد کے تحت صارفین کی اہم بنیادی ضروریات پر توجہ کو زبردستی لائے گا۔ ٹاپ لائن میں اضافہ کے ساتھ ساتھ کمپنی دیگر اخراجات میں بھی کمی پر توجہ دے رہی ہے۔ انتظامیہ نے کاروبار میں اضافہ کو متاثر کئے بغیر مجموعی طور پر مارکیٹنگ کے مشن کو اخراجات کو کم سے کم رکھنے پر خصوصی زور دیا ہے۔

انتظامی اخراجات گزشتہ متعلقہ مدت کے مساوی رہے۔ مالی سال کی دوسری ششماہی کا بنیادی چیلنج سپلائرز کے ساتھ قیمتوں پر گفٹ و شدید ہے، جسکی وجہ قیمتوں میں کمنا اضافہ ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلی:

تین ڈائریکٹرز بشمول چیئرمین نے بورڈ کو اپنا استعفیٰ پیش کر دیا ہے۔ اس کے نتیجے میں بورڈ کے امور کی انجام دہی کیلئے بورڈ نے 31 جنوری 2020 سے تین نئے ڈائریکٹرز کا تقرر کیا ہے۔

بورڈ میں شامل ہونے والے نئے ڈائریکٹرز:

محمد ارسلان صدیقی ڈائریکٹر / چیئرمین
انعم پارکھ ڈائریکٹر
عبداللہ صالح ڈائریکٹر

بورڈ سے استعفیٰ دینے والے ڈائریکٹرز:

غائب ضیاء ڈائریکٹر / چیئرمین
سمیر کا فاروقی ڈائریکٹر
سنیا انور ڈائریکٹر

INDEPENDENT AUDITORS' REPORT

To the Members of Gillette Pakistan Limited Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Gillette Pakistan Limited (the Company) as at December 31, 2019, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

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 statement 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 interim financial statements as of and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousof Adil.



Chartered Accountants

Date: February 26, 2020

Place: Karachi



Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Right of use asset	7	40,262	-
Long-term deposits		616	616
		40,878	616
Current assets			
Stock-in-trade	8	346,705	326,792
Trade debts		197,996	156,356
Trade deposits		16,531	9,493
Other receivables and prepayments		128,352	81,130
Other financial assets		643,505	557,312
Sales tax refundable		-	27,192
Advance tax		-	25,479
Bank balances		15,576	5,625
		1,348,665	1,189,379
Total Assets		1,389,543	1,189,995
EQUITY			
Share capital and reserves			
Authorized Capital 20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up share capital 19,200,000 ordinary shares of Rs.10/- each		192,000	192,000
Unappropriated profit		586,911	449,914
Total Equity		778,911	641,914
LIABILITIES			
Non-current liabilities			
Lease liability		32,101	-
Deferred liability - gratuity scheme		14,249	11,572
		46,350	11,572
Current liabilities			
Trade and other payables		402,495	449,186
Contract liabilities		115,760	82,943
Current portion of lease liability		10,155	-
Income tax payable		15,527	-
Sales tax payable		6,709	-
Unclaimed dividend		13,636	4,380
		564,282	536,509
Total Equity and Liabilities		1,389,543	1,189,995
Contingencies and commitments			
	9		

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Profit And Loss Account - (Unaudited)

For the Half Year Ended December 31, 2019

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in '000)				
Revenue from contract with customers	984,574	864,833	510,523	510,664
Cost of goods sold	(597,179)	(616,093)	(282,880)	(366,096)
Gross profit	387,395	248,740	227,643	144,568
Selling, marketing and distribution expenses	(132,129)	(166,072)	(60,908)	(102,183)
Administrative expenses	(14,363)	(15,535)	(4,528)	(3,244)
Other operating expenses	(4,809)	(7,667)	(4,688)	(5,602)
Finance cost	(2,214)	(7,406)	(2,156)	(1,524)
	(153,515)	(196,680)	(72,280)	(112,553)
Other income	55,058	6,429	13,120	5,822
Profit before tax	288,938	58,489	168,483	37,837
Income tax expense	(84,741)	(40,546)	(55,400)	(20,579)
Profit after tax	204,197	17,943	113,083	17,258
(Rupees)				
Earnings per share - basic and diluted	10.64	0.93	5.89	0.90

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Statement of Comprehensive Income - (Unaudited)

For the Half Year Ended December 31, 2019

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)			
Profit after tax	204,197	17,943	113,083	17,258
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	204,197	17,943	113,083	17,258

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Statement of Cash Flow - (Unaudited)

For the Half Year Ended December 31, 2019

Note	December 31, 2019	December 31, 2018
	----- (Rupees in '000) -----	
Profit before tax	288,938	58,489
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments for non-cash charges and other items:		
Depreciation on right of use asset	5,260	-
Stock-in-trade written down to net realizable value	442	792
Provision for slow moving stock-in-trade	21	16
Stock written off	4,687	2,574
Interest income	(28,987)	(6,468)
Expense recognized on employee benefits - gratuity	-	1,016
Expense charged / reversed on employee benefits - pension	901	(1,802)
Finance Cost	2,108	7,406
	(15,568)	3,534
Working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	(25,063)	148,967
Trade debts	(41,640)	(6,895)
Other receivables and prepayments	(46,249)	56,602
Other financial assets	5,000	-
Trade deposits	(7,037)	(3,892)
Sales tax refundable	27,192	44,632
	(87,797)	239,414
Increase / (decrease) in current liabilities:		
Trade and other payables	(46,691)	272,156
Contract liabilities	32,817	-
Sales tax payable	6,709	9,550
	(7,165)	281,706
Net cash generated from operations	178,408	583,143
Defined benefits (paid) / withdrawal	1,776	26,876
Finance cost paid	(2,108)	(7,406)
Income taxes paid	(43,735)	(29,387)
Net cash generated from operating activities	134,341	573,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	28,014	6,555
Net cash generated from investing activities	28,014	6,555
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(57,945)	(38)
Principal repayment	(3,266)	-
Net cash used in financing activities	(61,211)	(38)
Net increase in cash and cash equivalents	101,144	579,743
Cash and cash equivalent at the beginning of the period	557,937	(143,682)
Cash and cash equivalents at the end of the period	659,081	436,061

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Statement of Changes in Equity - (Unaudited)

For the Half Year Ended December 31, 2019

	Issued, sub- scribed and paid- up capital	Unappropriated profit	Total
	----- (Rupees in '000) -----		
Balance as at July 01, 2018	192,000	340,350	532,350
Impact of change in accounting policy	-	(31,291)	(31,291)
Other comprehensive income	-	-	-
Balance as at July 01, 2018 as restated	192,000	309,059	501,059
Profit after taxation for the half year ended December 31, 2018	-	17,943	17,943
Other comprehensive income for the half year ended December 31, 2018	-	-	-
Total comprehensive income for the half year ended December 31, 2018	-	17,943	17,943
Transaction with owners :			
Interim dividend @ Rs 1.25 per share	-	(24,000)	(24,000)
Balance as at December 31, 2018	<u>192,000</u>	<u>303,002</u>	<u>495,002</u>
Balance as at July 01, 2019	192,000	449,914	641,914
Profit after taxation for the half year ended December 31, 2019	-	204,197	204,197
Other comprehensive income for the half year ended December 31, 2019	-	-	-
Total comprehensive income for the half year ended December 31, 2019	-	204,197	204,197
Transaction with owners			
Interim dividend @ Rs 3.5 per share	-	(67,200)	(67,200)
Balance as at December 31, 2019	<u>192,000</u>	<u>586,911</u>	<u>778,911</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Half Year Ended December 31, 2019

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 repealed Companies Ordinance, 1984 (now Company's Act, 2017) 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim statement of financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

- 2.2 These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements have been performed by the external auditors of the Company in accordance with the requirements of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

- 2.3 The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019, whereas comparative condensed interim statement of profit or loss and statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial statements for the half year ended December 31, 2018 except for the balances in the statement of changes in equity due to restatement for the year ended June 30, 2018. Condensed interim statement of profit or loss and condensed interim statement of comprehensive income for quarter ended December 31, 2019 was not subject to review by external auditors.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.



2.5 Accounting Convention

These condensed interim financial statements have been prepared under the historical cost convention, except staff retirement benefits which have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

2.6 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 for the year ended June 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019, except for the impact of IFRS-16 (note 3.2).

3.2 Changes in accounting policies - IFRS 16

3.2.1 Adoption of IFRS-16 - Leases

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as premised under the specific transitional provisions in the standard. The impact of adoption of this standard is therefore recognized in the opening statement of financial position on July 1, 2019.

On adoption of IFRS 16, the Company recognized lease liability which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. This liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019. The lessee's incremental borrowing rate applied to the lease liability on July 1, 2019 was 11.48%.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees, if any;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Half Year Ended December 31, 2019

The lease payments are to be discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

From July 1, 2019, leases are recognized as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The effect of this change in accounting policy is as follows:

3.2.2 Impact on statement of financial position :

Increase in fixed assets - right-of-use assets
Increase in other liabilities - lease liability
(Decrease) / increase in net assets

**December 31,
2019** **July 01,
2019**
----- Rupees in '000 -----

36,512	3,750
(38,506)	(3,750)
(1,994)	-

**July 2019 to
December
2019**
Rupees in '000

3.2.3 Impact on profit and loss account :

Increase in mark-up expense
(Increase) / decrease in administrative expenses:
- Depreciation on right of use assets
- Rent expense
Decrease in profit

(2,108)
(5,260)
5,374
(1,994)

4 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2019.



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Half Year Ended December 31, 2019

5. FAIR VALUE ESTIMATE

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 Measurement". However, fair values of other financial assets and liabilities approximate their carrying values.

6. Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation and tax paid on presumptive basis. Income tax paid at import stage has been changed by Finance Act, 2019 from Final Tax Regime to Minimum Tax Regime (MTR).

Deferred

Deferred tax asset is not recognized by the Company as timing of availability of sufficient taxable profit can not be determined.

7. RIGHT OF USE ASSETS

The right of use assets comprise of lease of employees' cars from Deinfra Motors (Private) Limited.

8. STOCK-IN-TRADE

Stock-in-trade includes goods costing Rs. 1.369 million (June 30, 2019: Nil) written down by Rs. 0.442 million (June 30, 2019: Nil) to net realizable value amounting to Rs. 0.927 million (June 30, 2019: Nil).

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The status of the contingencies which were reported in note 16.1 to the annual audited financial statements of the Company for the year ended June 30, 2019 have not changed materially in the current period.

December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
---- Rupees in '000 ----	

9.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

Not later than one year	-	3,612
Later than one year but not later than five years	-	9,807
	-	13,419

There is no commitment in the current period because of the adoption of IFRS 16 (note 3.2) due to which all the operating leases are recognized as finance lease with the corresponding right of use asset.



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Half Year Ended December 31, 2019

10. CASH AND CASH EQUIVALENTS

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)	December 31, 2018 (Unaudited)
	----- Rupees in '000 -----		
Bank balances	15,576	5,625	1,890
Term deposits having maturity upto 3 months	643,505	552,312	434,171
	<u>659,081</u>	<u>557,937</u>	<u>436,061</u>

11. 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:

11.1 Significant transactions with related parties are as follows:

Name	Relationship with the Company	Nature of transaction	Half Year Ended	
			Decemehr 31, 2019 (Unaudited)	Decemehr 31, 2018 (Unaudited)
			----- Rupees in '000 -----	
Procter and Gamble International Operations SA, Lancy	Associate due to common parent Company	Purchase of finished goods	534,477	449,212
Procter and Gamble Pakistan (Private) Limited	Associate due to common parent Company	Expenses reimbursed to	(29,237)	(46,386)
		Expenses reimbursed from	32,122	10,931
Procter and Gamble International Operations SA, ROHQ	Associate due to common parent Company	Services received	4,927	1,794
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to provident fund	761	675
Gillette Pakistan Pension Fund	Retirement benefits plan	Income from pension fund	(357)	(1,802)
Key management personnel		Short term compensation	10,518	13,272



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Half Year Ended December 31, 2019

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

Name	Relationship with the Company	December 31,	June 30,
		2019 (Unaudited)	2019 (Audited)
		----- Rupees in '000 -----	
Procter and Gamble International Operations SA, Lancy	Associate due to common parent Company	<u>(248,923)</u>	<u>(235,245)</u>
Procter and Gamble Pakistan (Private) Limited	Associate due to common parent Company	<u>(13,750)</u>	<u>(23,684)</u>
Procter and Gamble International Operations SA, ROHQ	Associate due to common parent Company	<u>(12,764)</u>	<u>(9,848)</u>
Series Acquisition BV	Holding company	<u>(12,011)</u>	<u>(3,161)</u>
Gillette Pakistan Pension Fund	Retirement benefits plan	<u>5,282</u>	<u>4,924</u>

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements was authorized for issue by the Board of Directors of the Company on February 20, 2020.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director

