

HALF YEARLY  
**ACCOUNTS**  
December 31, **2014**



**Gillette  
Pakistan  
Limited**



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## 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

Surrige & 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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## DIRECTORS' REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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, 2014. The Company earned an after tax profit of Rs. 30.475 million vs. corresponding period year ago where the Company closed the half year at a profit of Rs. 55.10 million. The top line of the business is showing a decrease from corresponding period primarily due to discontinuation of distribution of Oral Care category and also due to drop in sales volumes for Braun segment post price increases on key products.

Following is the trend of profitability of the business quarter by quarter in current year:

|                     |            | OND 2014     | JAS 2014     | YTD DEC 2014 | YTD DEC 2013 |
|---------------------|------------|--------------|--------------|--------------|--------------|
| Sales               | Rs. in 000 | 502,180      | 470,993      | 973,173      | 1,075,750    |
| Gross Profit        | Rs. in 000 | 97,027       | 108,851      | 205,878      | 313,809      |
| <b>Gross Profit</b> | <b>%</b>   | <b>19.3%</b> | <b>23.1%</b> | <b>21.2%</b> | <b>29.2%</b> |
| Profit Before tax   | Rs. in 000 | 45,859       | 39,362       | 85,221       | 109,912      |
| Profit after tax    | Rs. in 000 | 18,091       | 12,384       | 30,475       | 55,102       |
| <b>%</b>            | <b>%</b>   | <b>3.6%</b>  | <b>2.6%</b>  | <b>3.1%</b>  | <b>5.1%</b>  |
| EPS                 | Rs.        | 0.94         | 0.65         | 1.59         | 2.87         |

The top line sales for the last quarter has increased by approximately 7% vs. previous quarter and this shows a positive trend in sales overall growth. The Company gross margins have reduced as compared to corresponding half year due to supply price changes; though this has been partially offset by the positive exchange rate parity of Euro against PKR which resulted in a significant exchange gain during this half year. The management of the Company continues to control costs in each spent bucket and this is evident from the expenses reported for the half year.

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.

On behalf of the Board,

**Adeel Ahmed**  
Chief Executive

February 23, 2015  
Karachi

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

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### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Gillette Pakistan Limited** (the Company) as at December 31, 2014, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

### 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, 2014, is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*M. Yousuf Adil Saleem - 6*

Chartered Accountants

Engagement Partner

Nadeem Yousuf Adil

Place: Karachi

Date: February 23, 2015

Member of

**Deloitte Touche Tohmatsu Limited**

## Condensed Interim Balance Sheet

As at December 31, 2014

|                                              | Note | December 31,<br>2014<br>(Unaudited) | June 30,<br>2014<br>(Audited) |
|----------------------------------------------|------|-------------------------------------|-------------------------------|
| <b>Rupees in '000</b>                        |      |                                     |                               |
| <b>ASSETS</b>                                |      |                                     |                               |
| <b>Non-current assets</b>                    |      |                                     |                               |
| Long-term deposits                           |      | 616                                 | 616                           |
|                                              |      | <u>616</u>                          | <u>616</u>                    |
| <b>Current assets</b>                        |      |                                     |                               |
| Stock-in-trade                               | 6    | 602,633                             | 596,236                       |
| Trade debts                                  |      | 247,680                             | 165,317                       |
| Loans and advances                           |      | 577                                 | 72                            |
| Trade deposits                               |      | 277                                 | 535                           |
| Interest receivable on term deposits         |      | 1,690                               | 1,351                         |
| Other receivables                            |      | 33,807                              | 29,099                        |
| Other financial assets                       |      | 267,179                             | 318,036                       |
| Sales tax refundable                         |      | 69,060                              | 56,698                        |
| Taxation - net                               |      | 45,614                              | 40,251                        |
| Cash and bank balances                       |      | 81,096                              | 176,559                       |
|                                              |      | <u>1,349,613</u>                    | <u>1,384,154</u>              |
| <b>TOTAL ASSETS</b>                          |      | <u>1,350,229</u>                    | <u>1,384,770</u>              |
| <b>EQUITY AND LIABILITIES</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   |      | 192,000                             | 192,000                       |
| Unappropriated profit                        |      | 558,336                             | 527,861                       |
| <b>TOTAL EQUITY</b>                          |      | <u>750,336</u>                      | <u>719,861</u>                |
| <b>LIABILITIES</b>                           |      |                                     |                               |
| <b>Non-current liabilities</b>               |      |                                     |                               |
| Deferred liability - gratuity scheme         |      | 4,549                               | 3,821                         |
| <b>Current liabilities</b>                   |      |                                     |                               |
| Trade and other payables                     |      | 595,344                             | 661,088                       |
| <b>TOTAL LIABILITIES</b>                     |      | <u>599,893</u>                      | <u>664,909</u>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |      | <u>1,350,229</u>                    | <u>1,384,770</u>              |
| <b>CONTINGENCIES AND COMMITMENTS</b>         |      |                                     |                               |

The annexed notes 1 to 14 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 HALF YEAR ENDED DECEMBER 31, 2014

|                                               | Note | Half Year Ended   |                   | Quarter Ended     |                   |
|-----------------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                               |      | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| <b>Rupees in '000</b>                         |      |                   |                   |                   |                   |
| Sales - net                                   | 8    | 973,173           | 1,075,750         | 502,180           | 523,012           |
| Cost of goods sold                            |      | (767,295)         | (761,941)         | (405,153)         | (384,678)         |
| <b>Gross profit</b>                           |      | <b>205,878</b>    | <b>313,809</b>    | <b>97,027</b>     | <b>138,334</b>    |
| Other income                                  |      | 47,222            | 17,413            | 24,358            | 9,787             |
| Selling, marketing and distribution expenses  |      | (136,580)         | (168,652)         | (59,774)          | (87,612)          |
| Administrative expenses                       |      | (29,479)          | (24,321)          | (14,279)          | (10,779)          |
| Other expenses                                |      | (1,739)           | (28,314)          | (1,398)           | 2,420             |
| Bank charges                                  |      | (81)              | (23)              | (75)              | (17)              |
| <b>Profit before tax</b>                      |      | <b>85,221</b>     | <b>109,912</b>    | <b>45,859</b>     | <b>52,133</b>     |
| Income tax expense                            |      | (54,746)          | (54,810)          | (27,768)          | (30,625)          |
| <b>Profit for the period</b>                  |      | <b>30,475</b>     | <b>55,102</b>     | <b>18,091</b>     | <b>21,508</b>     |
| <b>Rupees in '000</b>                         |      |                   |                   |                   |                   |
| <b>Earnings per share - basic and diluted</b> |      | <b>1.59</b>       | <b>2.87</b>       | <b>0.94</b>       | <b>1.12</b>       |

The annexed notes 1 to 14 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 HALF YEAR ENDED DECEMBER 31, 2014

|                                                                             | Half Year Ended   |                   | Quarter Ended     |                   |
|-----------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                             | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
|                                                                             | Rupees in '000    |                   |                   |                   |
| <b>Profit for the period</b>                                                | <b>30,475</b>     | 55,102            | <b>18,091</b>     | 21,508            |
| Other comprehensive income for the period                                   |                   |                   |                   |                   |
| Items that will be reclassified subsequently to profit and loss account     | -                 | -                 | -                 | -                 |
| Items that will not be reclassified subsequently to profit and loss account |                   |                   |                   |                   |
| - Remeasurement of defined benefit obligations                              | -                 | (1,266)           | -                 | (633)             |
| - Impact of tax                                                             | -                 | -                 | -                 | -                 |
|                                                                             | -                 | (1,266)           | -                 | (633)             |
| <b>Total comprehensive income for the period</b>                            | <b>30,475</b>     | <b>53,836</b>     | <b>18,091</b>     | <b>20,875</b>     |

The annexed notes 1 to 14 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 HALF YEAR ENDED DECEMBER 31, 2014

|                                                          | Note | Half Year Ended   |                   |
|----------------------------------------------------------|------|-------------------|-------------------|
|                                                          |      | December 31, 2014 | December 31, 2013 |
| Rupees in '000                                           |      |                   |                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                   |                   |
| Cash (used in) / generated from operations               | 9    | (100,979)         | 95,408            |
| Bank charges paid                                        |      | (81)              | (23)              |
| Income taxes paid                                        |      | (60,109)          | (51,487)          |
| Net cash (used in) / generated from operating activities |      | (161,169)         | 43,898            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                   |                   |
| Interest income received                                 |      | 14,849            | 15,332            |
| Net cash generated from investing activities             |      | 14,849            | 15,332            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |                   |                   |
| Dividend paid                                            |      | -                 | (9,600)           |
| Net cash used in financing activities                    |      | -                 | (9,600)           |
| Net (decrease) / increase in cash and cash equivalents   |      | (146,320)         | 49,630            |
| Cash and cash equivalents at the beginning of the period |      | 494,595           | 524,491           |
| Cash and cash equivalents at the end of the period       | 10   | 348,275           | 574,121           |

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

**Condensed Interim Statement of Changes In Equity - (Unaudited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

|                                                                        | Issued,<br>subscribed<br>and<br>paid-up<br>capital | Unappropriated<br>profit | Total          |
|------------------------------------------------------------------------|----------------------------------------------------|--------------------------|----------------|
|                                                                        | ----- Rupees in '000 -----                         |                          |                |
| <b>Balance as at July 01, 2013</b>                                     | 192,000                                            | 473,793                  | 665,793        |
| - Profit for the period                                                | -                                                  | 55,102                   | 55,102         |
| - Other comprehensive income                                           | -                                                  | (1,266)                  | (1,266)        |
| Total comprehensive income for the period                              | -                                                  | 53,836                   | 53,836         |
| <b>Transaction with owners</b>                                         |                                                    |                          |                |
| Final dividend for the year ended June 30, 2013<br>(Rs. 0.5 per share) | -                                                  | (9,600)                  | (9,600)        |
| <b>Balance as at December 31, 2013</b>                                 | <u>192,000</u>                                     | <u>518,029</u>           | <u>710,029</u> |
| <b>Balance as at July 01, 2014</b>                                     | 192,000                                            | 527,861                  | 719,861        |
| - Profit for the period                                                | -                                                  | 30,475                   | 30,475         |
| - Other comprehensive income                                           | -                                                  | -                        | -              |
| Total comprehensive income for the period                              | -                                                  | 30,475                   | 30,475         |
| <b>Balance as at December 31, 2014</b>                                 | <u>192,000</u>                                     | <u>558,336</u>           | <u>750,336</u> |

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



## Notes to the Condensed Interim Financial Statements - (Unaudited) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

### **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, 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 has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' and the provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail. This condensed interim financial information does not include all information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2014.
- 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, 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 half year ended December 31, 2013.

### **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 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, 2014.



**Notes to the Condensed Interim Financial Statements - (Unaudited)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

**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. 97.54 million (June 30, 2014: 183.823 million) written down by Rs. 26.458 million to net realizable value amounting to Rs. 71.082 million (June 30, 2014: 117.036 million).

**7. CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

The status of the contingencies and commitments which were reported in note 13 to the annual audited 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    |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
|                         | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
|                         | (Unaudited)       |                   | (Unaudited)       |                   |
|                         | Rupees in '000    |                   |                   |                   |
| Shave care              | 919,782           | 891,725           | 41,971            | 112,900           |
| Braun products          | 53,391            | 97,720            | 27,327            | 31,865            |
| Others - Oral B         | -                 | 86,305            | -                 | 392               |
|                         | <u>973,173</u>    | <u>1,075,750</u>  | <u>69,298</u>     | <u>145,157</u>    |
| Other income            |                   |                   | 47,222            | 17,413            |
| Administrative expenses |                   |                   | (29,479)          | (24,321)          |
| Other expense           |                   |                   | (1,739)           | (28,314)          |
| Bank charges            |                   |                   | (81)              | (23)              |
| Profit before taxation  |                   |                   | <u>85,221</u>     | <u>109,912</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 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.



**Notes to the Condensed Interim Financial Statements - (Unaudited)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

|                                           | December 31,<br>2014<br>(Unaudited) | June 30,<br>2014<br>(Audited) |
|-------------------------------------------|-------------------------------------|-------------------------------|
|                                           | ..... Rupees in '000 .....          |                               |
| <b>8.2 Segment assets and liabilities</b> |                                     |                               |
| <b>Segment assets</b>                     |                                     |                               |
| Shave care                                | 724,670                             | 646,194                       |
| Braun products                            | 142,233                             | 115,359                       |
|                                           | <u>866,903</u>                      | <u>761,553</u>                |
| Unallocated corporate assets              | 483,326                             | 623,217                       |
|                                           | <u>1,350,229</u>                    | <u>1,384,770</u>              |
| <br>                                      |                                     |                               |
|                                           | December 31,<br>2014<br>(Unaudited) | June 30,<br>2014<br>(Audited) |
|                                           | ..... Rupees in '000 .....          |                               |
| <b>Segment liabilities</b>                |                                     |                               |
| Shave care                                | 497,884                             | 587,673                       |
| Braun products                            | 24,769                              | 51,110                        |
|                                           | <u>522,653</u>                      | <u>638,783</u>                |
| Unallocated corporate liabilities         | 77,240                              | 26,126                        |
|                                           | <u>599,893</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.

|                                                      | December 31,<br>2014<br>(Unaudited) | December 31,<br>2013<br>(Unaudited) |
|------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                      | ..... Rupees in '000 .....          |                                     |
| <b>9. CASH (USED IN) / GENERATED FROM OPERATIONS</b> |                                     |                                     |
| Profit before taxation                               | 85,221                              | 109,912                             |
| Adjustments for non cash charges and other items:    |                                     |                                     |
| Bank charges                                         | 81                                  | 23                                  |
| Stock-in-trade written down to net realizable value  | 26,458                              | -                                   |
| Exchange (gain) / loss                               | (34,671)                            | 21,921                              |
| Interest income                                      | (15,188)                            | (17,373)                            |
| Provision for post retirement benefits               | 1,634                               | 1,744                               |
| Working capital changes                              | (164,514)                           | (20,819)                            |
|                                                      | <u>(100,979)</u>                    | <u>95,408</u>                       |

Note 9.1



**Notes to the Condensed Interim Financial Statements - (Unaudited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

|                                               | December 31,<br>2014<br>(Unaudited) | December 31,<br>2013<br>(Unaudited) |
|-----------------------------------------------|-------------------------------------|-------------------------------------|
|                                               | ..... Rupees in '000 .....          |                                     |
| <b>9.1 WORKING CAPITAL CHANGES</b>            |                                     |                                     |
| (Increase) / decrease in current assets:      |                                     |                                     |
| Stock-in-trade                                | (32,855)                            | (150,836)                           |
| Trade debts                                   | (82,363)                            | (90,326)                            |
| Loans and advances                            | (505)                               | (1,054)                             |
| Trade deposits                                | 258                                 | 570                                 |
| Sales tax refundable                          | (12,362)                            | (7,806)                             |
| Other receivables                             | (5,614)                             | (1,181)                             |
| Prepayments                                   | -                                   | 2,055                               |
|                                               | <u>(133,441)</u>                    | <u>(248,578)</u>                    |
| Increase / (decrease) in current liabilities: |                                     |                                     |
| Trade and other payables                      | <u>(31,073)</u>                     | <u>227,759</u>                      |
|                                               | <u>(164,514)</u>                    | <u>(20,819)</u>                     |

|  | December 31,<br>2014<br>(Unaudited) | June 30,<br>2014<br>(Audited) | December 31,<br>2013<br>(Unaudited) |
|--|-------------------------------------|-------------------------------|-------------------------------------|
|  | ..... Rupees in '000 .....          |                               |                                     |

**10 CASH AND CASH EQUIVALENTS**

|                        |                |                |                |
|------------------------|----------------|----------------|----------------|
| Cash and bank balances | 81,096         | 176,559        | 170,421        |
| Other financial assets | 267,179        | 318,036        | 403,700        |
|                        | <u>348,275</u> | <u>494,595</u> | <u>574,121</u> |

**11 RELATED PARTY TRANSACTIONS**

The related parties comprise the parent company (The Series Acquisition B.V., Netherlands), the ultimate parent company (The P&G Company USA), related group companies, companies in which directors are interested, staff retirement benefits, directors, key management personnel and close member of the family of all the aforementioned related parties. The Company carries out transactions with various related parties at agreed terms. Significant transactions with related parties are as follows:



**Notes to the Condensed Interim Financial Statements - (Unaudited)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| Name                                           | Relationship with the Company | Nature of transaction          | December 31, 2014 | December 31, 2013 |
|------------------------------------------------|-------------------------------|--------------------------------|-------------------|-------------------|
|                                                |                               |                                | (Unaudited)       | (Unaudited)       |
| ..... Rupees in '000 .....                     |                               |                                |                   |                   |
| Procter and Gamble International Operations    | Associate                     | Purchase of finished goods     | 867,924           | 849,697           |
| Procter and Gamble Pakistan (Pvt) Limited      | Associate                     | Services received              | 33,134            | 38,176            |
| Procter and Gamble International Operations SA | Associate                     | Services received              | 922               | 1,029             |
| Procter and Gamble Pakistan (Pvt) Limited      | Associate                     | Services rendered              | 9,487             | 9,053             |
| Procter and Gamble US Business Services        | Associate                     | Services received              | 1,294             | 792               |
| Gillette Pakistan Provident Fund               | Retirement benefits plan      | Contribution to Provident Fund | 788               | 871               |
| Gillette Pakistan Pension Fund                 | Retirement benefits plan      | Expense recognized             | 906               | 2,536             |
| Key management personnel                       | -                             | Short term compensation        | 16,214            | 13,643            |

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

|                            | December 31, 2014 | June 30, 2014 |
|----------------------------|-------------------|---------------|
|                            | (Unaudited)       | (Audited)     |
| ..... Rupees in '000 ..... |                   |               |

| Name                                                | Relationship with the Company | December 31, 2014 | June 30, 2014 |
|-----------------------------------------------------|-------------------------------|-------------------|---------------|
|                                                     |                               | (Unaudited)       | (Audited)     |
| ..... Rupees in '000 .....                          |                               |                   |               |
| Procter and Gamble International Operations         | Associate                     | (440,666)         | (587,578)     |
| Procter and Gamble Pakistan (Pvt) Limited           | Associate                     | (22,672)          | 7,660         |
| Procter and Gamble International Operations SA ROHQ | Associate                     | (449)             | (968)         |
| Procter and Gamble US Business Services             | Associate                     | (413)             | (370)         |
| Gillette Pakistan Pension Fund                      | Retirement benefits plan      | (4,058)           | (3,152)       |



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**Notes to the Condensed Interim Financial Statements - (Unaudited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

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**12. CHANGE IN DEFINED BENEFIT PLAN**

Subsequent to the half year ended December 31, 2014, 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. The amended trust deed is subject to approval of the income tax authorities having jurisdiction of the fund, with which an application has been already submitted. These changes in the principal trust deed and fund will be applicable to have effect from January 01, 2014 and would apply to all current eligible employees including those who retire after the effective date. The financial impact of these changes will be computed by the actuary based on the terms and conditions under which the approval is granted by the income tax authorities and the impact would be booked in the ensuing financial year.

**13. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 23, 2015.

**14. GENERAL**

Figures have been rounded off to the nearest thousand rupee.

