

**HALF YEARLY
ACCOUNTS
December 31,
2015**



**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

Surrige & 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

11th Floor, The Harbour Front,
Dolmen City, HC-3, Block-4,
Marine Drive, 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, 2015

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 half year ended December 31, 2015. The summary of the financial results are as follows:

	YTD Dec 2015	OND 2015	JAS 2015	YTD Dec 2014
Rupees in '000				
Sales - net	996,400	503,740	492,660	973,173
Cost of goods sold	(713,255)	(374,564)	(338,691)	(767,295)
Gross profit	283,145	129,176	153,969	205,878
GP Ratio	28.4%	25.6%	31.3%	21.2%
Other income	7,129	868	6,261	47,222
Selling, marketing and distribution expenses	(156,538)	(78,418)	(78,120)	(136,580)
Administrative expenses	(19,402)	(7,969)	(11,433)	(29,479)
Other expenses	(2,061)	15,019	(17,080)	(1,739)
Bank charges	(16)	(8)	(8)	(81)
Profit before taxation	112,257	58,668	53,589	85,221
PBT Ratio	11.27%	11.65%	10.88%	8.76%
Income tax expense	(53,661)	(24,408)	(29,253)	(54,746)
Profit for the period	58,596	34,260	24,336	30,475
PAT Ratio	5.9%	6.8%	4.9%	3.1%
EPS (Rs.)	3.05	1.78	1.27	1.59

On an overall basis, the top line sales of the Company grew by 2%, however, underlying sales of shave care segment grew by 6%. There has been a significant slowdown in sales of Braun products as the Company has increased prices of its products significantly to counter increase in purchase prices. Profitability of Braun segment has also eroded as a result of drop in top line sales. The Company is currently considering if it has a right to win in this personal care appliances market and would proceed accordingly in rest of the financial year. In spite of the slow down overall and especially in Braun segment, the Company is still able to deliver healthy bottom line results for the first half of the financial year.

During the period, the Company in line with other group entities has changed the method of calculation of age of inventory for calculating variance 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. 8.26 million and stock-in-trade and profit before tax would have been lower by Rs. 8.26 million.

The Board welcomes its new Independent director - Syed Jawaid Iqbal who joined the Board in Oct 2015 to replace Mr. Tariq Iqbal Khan. 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
February 22, 2016

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Gillette Pakistan Limited** (the Company) as at December 31, 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with 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, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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, 2015, is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Yousuf Adil

Chartered Accountants

Engagement Partner:

Naresh Kumar

Date: February 22, 2016

Place: Karachi

Member of

Deloitte Touche Tohmatsu Limited



Condensed Interim Balance Sheet

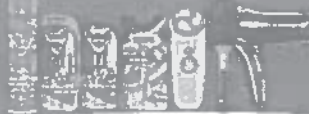
As at December 31, 2015

	Note	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
.....Rupees in '000.....			
ASSETS			
Non-current assets			
Long-term deposits		616	616
Current assets			
Stock-in-trade	6	680,588	650,445
Trade debts		227,471	241,018
Loans and advances		14,036	471
Trade deposits		597	277
Interest receivable on term deposits		61	1,432
Other receivables		32,291	21,560
Other financial assets		154,985	435,409
Sales tax refundable		39,239	35,306
Taxation - net		53,240	44,937
Cash and bank balances		183,156	166,576
		<u>1,385,664</u>	<u>1,597,431</u>
TOTAL ASSETS		<u>1,386,280</u>	<u>1,598,047</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized			
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		606,695	646,099
TOTAL EQUITY		<u>800,695</u>	<u>838,099</u>
LIABILITIES			
Non-current liabilities			
Deferred liability - gratuity scheme		5,058	4,360
Current liabilities			
Trade and other payables		580,527	755,588
TOTAL EQUITY AND LIABILITIES		<u>1,386,280</u>	<u>1,598,047</u>
CONTINGENCIES AND COMMITMENTS			
	7		

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 Profit and Loss Account - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half Year Ended		Quarter Ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Rupees in '000					
Sales - net	8	996,400	973,173	503,740	502,180
Cost of goods sold		(713,255)	(767,295)	(374,564)	(405,153)
Gross profit		283,145	205,878	129,176	97,027
Other income		7,129	47,222	868	24,358
Selling, marketing and distribution expenses		(156,538)	(136,580)	(78,418)	(59,774)
Administrative expenses		(19,402)	(29,479)	(7,969)	(14,279)
Other expenses	8.3	(2,061)	(1,739)	15,019	(1,398)
Bank charges		(16)	(81)	(8)	(75)
Profit before tax		112,257	85,221	58,668	45,859
Income tax expense		(53,661)	(54,746)	(24,408)	(27,768)
Profit for the period		58,596	30,475	34,260	18,091
Rupees					
Earnings per share - basic and diluted		3.05	1.59	1.78	0.94

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



Condensed Interim Statement of Comprehensive Income - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	----- Rupees in '000 -----			
Profit for the period	58,596	30,475	34,260	18,091
Other comprehensive income for the period	-	-	-	-
Items that may be reclassified subsequently to profit and loss account	-	-	-	-
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
Total comprehensive income for the period	58,596	30,475	34,260	18,091

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



Condensed Interim Cash Flow Statement - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half Year Ended	
		December 31, 2015	December 31, 2014
..... Rupees in '000.....			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(131,438)	(100,979)
Bank charges paid		(16)	(81)
Income taxes paid		(61,964)	(60,109)
Net cash used in operating activities		(193,418)	(161,169)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		12,238	14,849
Net cash generated from investing activities		12,238	14,849
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(82,664)	-
Net cash used in financing activities		(82,664)	-
Net decrease in cash and cash equivalents		(263,844)	(146,320)
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	338,141	348,275

The annexed notes 1 to 13 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, 2015

	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	-	30,475	30,475
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	30,475	30,475
Balance as at December 31, 2014	<u>192,000</u>	<u>558,336</u>	<u>750,336</u>
Balance as at July 01, 2015	192,000	646,099	838,099
Profit for the period	-	58,596	58,596
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	58,596	58,596
Transaction with owners			
Final dividend for the year ended June 30, 2015 (Rs. 5 per share)	-	(96,000)	(96,000)
Balance as at December 31, 2015	<u>192,000</u>	<u>608,695</u>	<u>800,695</u>

The annexed notes 1 to 13 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, 2015

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 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 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, 2015 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, 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, 2015. Certain new IFRSs and amendments 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 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.



Notes to the Condensed Interim Financial Statements - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

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, 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 variance 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. 8.26 million and stock-in-trade and profit before tax would have been lower by Rs. 8.26 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 considers 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. 64.07 million (June 30, 2015: 39.740 million) written down by Rs. 9.552 million to net realizable value amounting to Rs. 54.52 million (June 30, 2015: 29.918 million).

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

The status of the contingencies which were reported in note 12 to the annual audited financial statements of the Company for the year ended June 30, 2015 have not changed materially except that during the year, in respect of the assessment years 2000-01 and 2001-02, the Company received orders from the tax authorities where the Company's position with regard to certain items were not accepted. The order has not resulted in additional tax charge as the Company had already made provision in previous years. Management is currently considering the option of contesting the above decision at higher forum after consulting with their tax consultants.

December 31,	June 30,
2015	2015
(Unaudited)	(Audited)

..... Rupees in '000

7.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

Not later than one year	1,552	1,781
Later than one year but not later than five years	1,960	2,818
	3,512	4,599



Notes to the Condensed Interim Financial Statements - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

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	
	December 31, 2015 (Unaudited)	December 31, 2014	December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)
	----- Rupees in '000 -----			
Shave care	977,318	919,782	150,169	41,971
Braun products	19,082	53,391	(23,562)	27,327
	<u>996,400</u>	<u>973,173</u>	<u>126,607</u>	<u>69,298</u>
Other income			7,129	47,222
Administrative expenses			(19,402)	(29,479)
Other expense			(2,061)	(1,739)
Bank charges			(16)	(81)
Profit before taxation			<u>112,257</u>	<u>85,221</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.

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 HALF YEAR ENDED DECEMBER 31, 2015

	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
..... Rupees in '000		
8.2 Segment assets and liabilities		
Segment assets		
Shave care	855,002	749,444
Braun products	53,057	142,019
	<u>908,059</u>	<u>891,463</u>
Unallocated corporate assets	478,221	706,584
	<u>1,386,280</u>	<u>1,598,047</u>
Segment liabilities		
Shave care	404,434	582,928
Braun products	15,236	59,824
	<u>419,670</u>	<u>642,752</u>
Unallocated corporate liabilities	165,915	117,196
	<u>585,585</u>	<u>759,948</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.

8.3 During the second quarter, there was a favorable exchange rate movement as compared to first quarter due to which foreign currency exchange loss arised in first quarter was decreased in second quarter. This has resulted in positive balance in other expenses for the quarter ended December 31, 2015.

	Note	December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)
..... Rupees in '000			
9. CASH USED IN OPERATIONS			
Profit before taxation		112,257	85,221
Adjustments for non cash charges and other items:			
Bank charges		16	81
Stock-in-trade written down to net realizable value		9,552	26,458
Provision for slow moving stock and trade		4,371	-
Exchange gain		(597)	(34,671)
Interest income		(10,867)	(15,188)
Provision for post retirement benefits		1,855	1,634
Working capital changes	9.1	<u>(248,025)</u>	<u>(164,514)</u>
		<u>(131,438)</u>	<u>(100,979)</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)
 Rupees in '000	
9.1 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stock-in-trade	(44,066)	(32,855)
Trade debts	13,547	(82,363)
Loans and advances	(13,565)	(505)
Trade deposits	(320)	258
Other receivables	(10,731)	(5,614)
Sales tax refundable	(3,933)	(12,362)
	<u>(59,068)</u>	<u>(133,441)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	(188,957)	(31,073)
	<u>(248,025)</u>	<u>(164,514)</u>

	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)	December 31, 2014 (Unaudited)
 Rupees in '000		
10. CASH AND CASH EQUIVALENTS			
Cash and bank balances	183,156	166,576	81,096
Other financial assets	154,985	435,409	267,179
	<u>338,141</u>	<u>601,985</u>	<u>348,275</u>

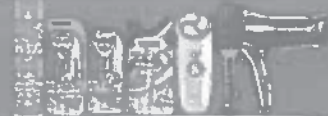


Notes to the Condensed Interim Financial Statements - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

11. TRANSACTIONS WITH RELATED PARTIES

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 plans, directors, key management personnel and close member of the family of all the aforementioned related parties. The Company carries out transactions with various related parties at agreed terms. Significant transactions with related parties are as follows:

Name	Relationship with the Company	Nature of transaction	Half Year Ended	
			December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)
----- Rupees in '000-----				
Procter and Gamble International Operations	Associate	Purchase of finished goods	768,954	867,924
Procter and Gamble Pakistan (Private) Limited	Associate	Services received	36,125	33,134
Procter and Gamble International Operations SA	Associate	Services received	742	922
Procter and Gamble Pakistan (Private) Limited	Associate	Services rendered	13,103	9,487
Procter and Gamble US Business Services	Associate	Services received	587	1,294
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to Provident Fund	750	788
Gillette Pakistan Pension Fund	Retirement benefits plan	Expense recognized	1,156	906
Key management personnel	-	Short term compensation	16,542	16,214



Notes to the Condensed Interim Financial Statements - (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

11.1 Amounts due from / (due to) related parties are shown as under: **December 31, 2015 (Unaudited)** **June 30, 2015 (Audited)**

----- Rupees in '000 -----

Name	Relationship with the Company	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
Procter and Gamble International Operations	Associate	(411,804)	(569,775)
Procter and Gamble Pakistan (Private) Limited	Associate	(11,511)	(15,950)
Procter and Gamble International Operations SA ROHQ	Associate	(541)	(1,074)
Procter and Gamble US Business Services	Associate	(160)	(235)
Gillette Pakistan Pension Fund	Retirement benefits plan	(1,156)	(25,015)

12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 22, 2016.

13. GENERAL

Figures have been rounded off to the nearest thousand rupee.

