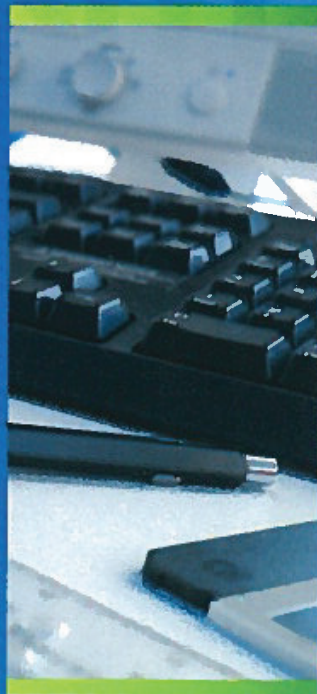
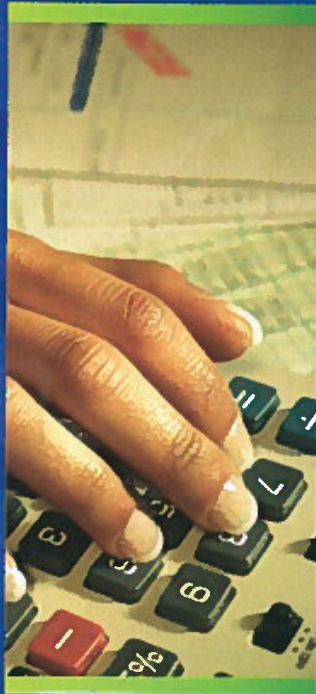


March 31  
**Quarterly**  
ACCOUNTS **2013**



**Gillette  
Pakistan  
Limited**

## BOARD OF DIRECTORS

### CHAIRMAN

Al Abdulmalek Rajwani

### CHIEF EXECUTIVE OFFICER

Saad Amanullah Khan

### CHIEF FINANCIAL OFFICER

Muhammad Noor-e-Arshi Khan

Kashif Maqsood Abbasi

Bahroz Hussain Abbas

Amjad Ali Qureshi

Salim Adaya  
(Resigned on April 19, 2013)

## AUDIT COMMITTEE

### CHAIRMAN

Kashif Maqsood Abbasi

### MEMBERS

Bahroz Hussain Abbas

Salim Adaya  
(Resigned on April 19, 2013)

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

Adnan Mudassar

## HUMAN RESOURCE & REMUNERATION COMMITTEE

### CHAIRMAN

Al Abdulmalek Rajwani

### MEMBERS

Bahroz Hussain Abbas

Salim Adaya  
(Resigned on April 19, 2013)





# DIRECTORS REPORT

## For the nine month period ended March 31, 2013

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 nine months ended March 31, 2013.

The Company continues the momentum of top line growth as evidenced in the first half of the fiscal ending June 2013 and following are the abridged financial results for the nine months ended March 31, 2013:

	YTD MAR 2013	JFM 2013	YTD DEC 2012
	Rupees in '000		
Sales - net	1,325,263	408,112	917,151
Cost of goods sold	(862,177)	(290,128)	(572,049)
Gross profit	463,086	117,984	345,102
GP ratio	34.9%	28.9%	37.6%
Other operating income / (expenses)	24,328	32,907	(8,579)
Selling, marketing and distribution expenses	(214,073)	(89,623)	(124,450)
Administrative expenses	(28,507)	(10,583)	(17,924)
Bank charges	(37)	(11)	(26)
Profit before tax	244,797	50,674	194,123
PBT Ratio	18.5%	12.4%	21.2%
Income tax expense	(73,345)	(24,456)	(48,889)
Profit for the period	171,452	26,218	145,234
PAT Ratio	12.9%	6.4%	15.8%
EPS (Rs.)	8.93	1.37	7.56

The top line sales grew by 35.6% as compared to corresponding period and this was primarily driven by Blades and razors which is the major business segment of the company and is a big contributor to profitability as well. The Company continues to face cost pressures as the company imports all of its products in Euro denominated billing. Although current period gross margins are significantly higher than comparable periods, however, the cost pressures have already resulted in lower gross margins quarter on quarter during the current fiscal year where the gross margins for JAS 12, OND 12 and JFM 13 closed at 38.7%, 36.6% and 28.9% respectively. The Company is doing its best to manage these cost pressures via pricing its products appropriately and competitively.

During the quarter, Mr. Salim Adaya, holding 14.63% of the shareholding of the Company, entered into a share purchase agreement to sell his entire shareholding to Series Acquisition B.V., being the parent company. The actual transfer of shares was executed subsequent to the period end and consequent to transfer of shares, Mr. Salim Adaya has resigned from the Board of Directors of the Company.

The Company has discontinued sale of Braun House Hold appliances in Pakistan as these have been sold by parent company globally to De'Longi.

The Board would like to take this opportunity to express its appreciation to all the stake holders of the Company including shareholders and employees.

On behalf of the Board,

**SAAD AMANULLAH KHAN**  
Chief Executive

April 29, 2013  
Karachi

# Condensed Interim Balance Sheet

As at March 31, 2013

	Note	March 31, 2013 (Unaudited)	June 30, 2012 (Audited)
Rupees in '000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	-	7,335
Long-term deposits		438	138
<b>Current assets</b>			
Stock-in-trade	7	507,681	256,824
Trade debts		160,554	149,678
Loans and advances		100	21,663
Trade deposits		2,567	2,462
Interest receivable on term deposits		3,520	2,820
Other receivables		11,368	24,245
Other financial assets		427,330	240,000
Sales tax refundable		45,001	11,307
Taxation - net		31,713	23,931
Cash and bank balances		104,000	41,279
		1,293,834	774,209
<b>Total assets</b>		<b>1,294,272</b>	<b>781,682</b>
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized			
20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital		192,000	192,000
Unappropriated profit		405,774	234,322
<b>Total equity</b>		<b>597,774</b>	<b>426,322</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred liability - gratuity scheme		2,776	-
<b>Current liabilities</b>			
Trade and other payables		693,722	355,360
<b>Contingencies and commitments</b>	8	-	-
<b>Total equity and liabilities</b>		<b>1,294,272</b>	<b>781,682</b>

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

**SAAD AMANULLAH KHAN**  
**CHIEF EXECUTIVE**

**MUHAMMAD NOOR-E-ARSHI KHAN**  
**DIRECTOR**



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

For the nine month period ended March 31, 2013

		Nine Month Period Ended		Three Month Period Ended	
	Note	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rupees in '000					
Sales - net	9	1,325,263	977,427	408,112	381,478
Cost of goods sold		(862,177)	(770,766)	(290,128)	(280,461)
<b>Gross profit</b>		<b>463,086</b>	206,661	<b>117,984</b>	101,017
Other operating income / (expenses)		<b>24,328</b>	25,255	<b>32,907</b>	1,309
Selling, marketing and distribution expenses		(214,073)	(168,764)	(89,623)	(51,719)
Administrative expenses		(28,507)	(25,362)	(10,583)	(7,543)
Bank charges		(37)	(301)	(11)	(16)
<b>Profit before tax</b>		<b>244,797</b>	37,489	<b>50,674</b>	43,048
Income tax expense		(73,345)	(45,806)	(24,456)	(13,081)
<b>Profit / (loss) after tax</b>		<b>171,452</b>	(8,317)	<b>26,218</b>	29,967
Rupees					
<b>Earnings per share -</b>					
<b>Basic and diluted</b>		<b>8.93</b>	(0.43)	<b>1.37</b>	1.56

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

SAAD AMANULLAH KHAN  
CHIEF EXECUTIVE

MUHAMMAD NOOR-E-ARSHI KHAN  
DIRECTOR



# Condensed Interim Statement of Comprehensive Income - (Unaudited)

For the nine month period ended March 31, 2013

	Nine Month Period Ended		Three Month Period Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	Rupees in '000			
Net profit / (loss) for the period	171,452	(8,317)	26,218	29,967
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>171,452</b>	<b>(8,317)</b>	<b>26,218</b>	<b>29,967</b>

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

**Condensed Interim Cash Flow Statement - (Unaudited)**

For the nine month period ended March 31, 2013

		Nine Month Period Ended	
	Note	March 31, 2013	March 31, 2012
		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	298,977	169,834
Bank charges paid		(37)	(301)
Income taxes paid		(81,127)	(38,862)
Long-term deposits - (paid) / recovered		(300)	12
Net cash generated from operating activities		217,513	130,683
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(8,589)
Proceeds on disposal of property, plant and equipment		6,666	-
Interest income received on other financial assets		25,873	10,143
Net cash from investing activities		32,539	1,554
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		250,051	132,238
Cash and cash equivalents at the beginning of the period		281,279	122,207
Cash and cash equivalents at the end of the period	11	531,330	254,445

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 nine month period ended March 31, 2013

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
Balance as at July 01, 2011	192,000	172,732	364,732
<b>Other comprehensive income</b>			
(Loss) for the period	-	(8,317)	(8,317)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(8,317)	(8,317)
<b>Balance as at March 31, 2012</b>	<b>192,000</b>	<b>164,415</b>	<b>356,415</b>
Balance as at July 01, 2012	192,000	234,322	426,322
<b>Other comprehensive income</b>			
Profit for the period	-	171,452	171,452
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	171,452	171,452
<b>Balance as at March 31, 2013</b>	<b>192,000</b>	<b>405,774</b>	<b>597,774</b>

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

**SAAD AMANULLAH KHAN**  
CHIEF EXECUTIVE

**MUHAMMAD NOOR-E-ARSHI KHAN**  
DIRECTOR





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

For the nine month period ended March 31, 2013

### 1. STATUS AND NATURE OF BUSINESS

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 Series Acquisition B.V. Netherlands (which is a wholly owned subsidiary of Procter & Gamble Company, USA). The registered office of the Company is situated at 11th Floor, The Harbour Front, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi-75600, Pakistan. 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, beauty care appliances and oral care products.

Subsequent to the period end, the share purchase agreement between Mr. Salim Adaya and Series Acquisition B.V. as disclosed in the financial statements for the half year ended December 31, 2013, has been executed. After this transaction, Series Acquisition B.V. now holds 17, 584, 571 shares being 91.3% of the total issued & paid up capital of the Company.

### 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 financial statements of the Company for the year ended June 30, 2012.
- 2.2 This condensed interim financial information is un-audited and is being submitted to the shareholders in accordance with the provisions of section 245 of the Companies Ordinance 1984.
- 2.3 The comparative balance sheet presented in this condensed interim financial report has been extracted from the annual financial statements of the Company for the year ended June 30, 2012 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been taken from un-audited condensed interim financial information for the nine month period ended March 31, 2012.

### 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, 2012.

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use of judgements that affects the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

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

For the nine month period ended March 31, 2013

In preparing this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2012.

### 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, 2012.

March 31, 2013 (Unaudited)	June 30, 2012 (Audited)
----------------------------------	-------------------------------

..... Rupees in '000 .....

### 6. PROPERTY, PLANT AND EQUIPMENT

Opening net book value	6.1	7,335	5,282
Additions		-	8,590
Disposals		(5,903)	(4,010)
Depreciation charge for the period / year		(1,432)	(2,527)
Closing net book value		-	7,335
Cost		-	9,167
Accumulated Depreciation		-	(1,832)
Net book value		-	7,335

- 6.1 A Company owned vehicle has been sold during the period having book value of Rs. 5.9 million (June 30, 2012: Rs. 4.01 million) resulting in a gain of Rs. 0.76 million (June 30, 2012: Rs. 0.09 million).

### 7. STOCK-IN-TRADE

Stock in trade includes goods costing Rs. 107.87 million (June 30, 2012: Rs. 55.69 million) which have been valued at net realizable value of Rs. 65.02 million (June 30, 2012: Rs. 48.75 million)

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

The status of the contingencies which were reported in note 16 to the annual financial statements of the Company for the year ended June 30, 2012 have not changed materially except for the following:

The income tax assessments of the Company have been completed up to and including Tax Year 2012 (i.e. year ended on June 30, 2012). The tax returns for the Tax Years from 2003 to 2012 are treated as assessment orders under section 120 of the Income Tax Ordinance, 2001 on the date returns were filed, unless amended otherwise.



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

For the nine month period ended March 31, 2013

March 31,  
2013  
(Unaudited)

June 30,  
2012  
(Audited)

Rupees in '000

### 8.2 Commitments

Rentals due under operating lease arrangements in respect of vehicles:

Not later than one year

Later than one year but not later than five years

1,288

1,341

1,340

2,404

2,628

3,745

### 9. SEGMENT RESULTS

#### 9.1 Segment revenues and profits

The principal categories of customer for the goods are distributors. The Group's reportable segments under IFRS 8 remain the same as reported in financial statements for the year ended June 30, 2012 and are as follows:

	Segment revenue		Segment profit	
	March 31, 2013 (Unaudited)	March 31, 2012	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Rupees in '000'				
Blades and Razors	1,124,616	799,574	221,165	13,394
Braun Products	117,894	112,841	19,983	10,588
Others	82,753	65,012	7,865	13,915
	1,325,263	977,427	249,013	37,897

#### Reconciliation of segments' profits with the profit before tax of the Company

Other operating income / (expenses)

Administrative expenses

Bank charges

Profit before tax

24,328

25,255

(28,507)

(25,362)

(37)

(301)

244,797

37,489

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 Information- (Unaudited)

For the nine month period ended March 31, 2013

### 9.2 Segment assets and liabilities

The following are the segment assets and liabilities as at March 31, 2013.

	Blades and Razors	Braun Products	Others
	Rupees in '000'		
Stocks in trade	<u>443,359</u>	<u>31,217</u>	<u>33,105</u>
Accrued liabilities	<u>96,617</u>	<u>9,582</u>	<u>8,360</u>

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

- Segment assets include stock-in-trade
- Segment liabilities include accrued liabilities relating to selling, marketing and distribution expenses.

Note	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
	Rupees in '000'	

### 10. CASH GENERATED FROM OPERATIONS

Profit before tax		244,797	37,489
Adjustments for non cash charges and other items:			
Depreciation expense		1,432	1,944
Gain on disposal of property, plant and equipment		(761)	-
Bank charges		37	301
Interest income		(26,573)	(11,424)
Provision for doubtful debts		-	(254)
Provision for Workers' Welfare Fund		-	765
Provision for gratuity scheme		2,776	-
Working capital changes	10.1	<u>77,268</u>	<u>141,013</u>
		<u>298,977</u>	<u>169,834</u>

### 10.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:			
Stock-in-trade		(250,858)	86,591
Trade debts		(10,877)	(505)
Loans and advances		21,563	12,063
Trade deposits		(105)	(1,305)
Sales tax refundable		(33,695)	20,951
Other receivables		<u>12,877</u>	<u>1,557</u>
		(261,094)	119,351
Increase in current liabilities:			
Trade and other payables		<u>338,362</u>	<u>21,662</u>
		<u>77,268</u>	<u>141,013</u>





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

For the nine month period ended March 31, 2013

March 31,  
2013  
(Unaudited)

March 31,  
2012  
(Unaudited)

Rupees in '000

## 11. CASH AND CASH EQUIVALENTS

Cash and bank balances	104,000	20,457
Other financial assets	427,330	233,988
	<u>531,330</u>	<u>254,445</u>

## 12. RELATED PARTY TRANSACTIONS

The related parties comprise the company (Series Acquisition B.V., Netherlands), the ultimate parent company (Procter & Gamble 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:

Nine Month Period Ended

March 31,  
2013

March 31,  
2012

Rupees in '000

Name	Relationship with the Company	Nature of transaction		
Procter and Gamble International Operations	Associate	Purchase of finished goods	1,002,404	493,649
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services received	41,111	29,880
Procter and Gamble International Operations SA	Associate	Services received	1,792	1,518
Procter and Gamble Pakistan (Pvt) Limited	Associate	Services rendered	10,241	18,522
Procter and Gamble US Business Services	Associate	Services received	1,035	600
Procter and Gamble Gulf FZE	Associate	Services Rendered	3,366	-
Gillette Pakistan Provident Fund	Retirement benefits plan	Contribution to Provident Fund	1,002	1,158
Gillette Pakistan Pension Fund	Retirement benefits plan	Contribution to Pension Fund	(5,935)	(6,250)
Key management personnel	-	Short term compensation	15,136	20,807

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

For the nine month period ended March 31, 2013

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

Name	Relationship with the Company	March 31 , 2013 (Unaudited)	June 30, 2012 (Audited)
		Rupees in '000 .....	
Procter and Gamble International Operations	Associate	(503,257)	(248,782)
Procter and Gamble Pakistan (Pvt) Limited	Associate	(21,022)	(19,101)
Procter and Gamble International Operations SA	Associate	277	(890)
Procter and Gamble US Business Services	Associate	(557)	(91)
Procter and Gamble Gulf FZE	Associate	2,155	3,645
Procter and Gamble Services Limited	Associate	-	3,179
Procter and Gamble Home Products Limited	Associate	-	844
Gillette Pakistan Pension Fund	Retirement benefits plan	2,560	5,935

## 13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on April 29, 2013.

## 14. GENERAL

Figures have been rounded off to the nearest thousand rupee.

**SAAD AMANULLAH KHAN**  
CHIEF EXECUTIVE

**MUHAMMAD NOOR-E-ARSHI KHAN**  
DIRECTOR



## CORPORATE DATA

### **Company Secretary**

Muhammad Noor-e-Arshi Khan

### **Auditors**

M. Yousuf Adil Saleem & Co.

### **Legal Advisors**

Surridge & Beecheno

Mandviwalla & Zafar

### **Bankers**

Citibank, N.A.

Barclays Bank Pakistan

Standard Chartered Bank

### **Registrar & Share Registration Office**

FAMCO ASSOCIATES (PVT.) LTD.

Management Consultants,

State Life Building No. 1-A,

1st Floor, I.I. Chundrigar Road,

Karachi - 74000, Pakistan.

Tel: + (92 21) 32422344, 32467406, 32424591

### **Registered Office**

11th Floor, The Harbour Front,

Dolmen City, HC-3, Block-4,

Marine Drive, Clifton,

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