



QUARTERLY
ACCOUNTS
SEPTEMBER 30, 2017



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Omer Iqbal Awan
Khalid Ahmed Farid
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

Khalid Ahmed Farid

CFO & COMPANY SECRETARY

Mehr Alwy Malik

AUDITORS

Deloitte Yousuf Adil, Chartered Accountants

LEGAL ADVISORS

Surrige & Beecheno

BANKERS

Citibank, N.A.
Habib Bank Limited
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. Shakra-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 quarter ended September 30, 2017

On behalf of the Board of Directors of Gillette Pakistan Limited ('the Company'), we are pleased to present the un-audited financial statements of the Company for the quarter ended September 30, 2017. The summary of the financial results are as follows:

		JAS 2017	JAS 2016
Sales - net	PKR in '000	464,248	412,055
Gross profit	PKR in '000	113,497	139,122
GP	%	24.4%	33.8%
Profit/ (loss) before tax	PKR in '000	(21,954)	46,477
Profit / (loss) before tax	%	-4.7%	11.3%
Profit/ (loss) after tax	PKR in '000	(42,017)	24,749
Profit/ (loss) after tax	%	-9.05%	6.0%
EPS	PKR	(2.19)	1.29

Sales has picked up strong momentum after management's pricing strategy. Sales grew 13% vs. corresponding period last year. This is due to high levels of distribution behind coverage expansion and maintaining the right balance in our portfolio. The management's key focus is to ensure top line continues to grow as we become more consumer focused and develop stronger trade plans.

In addition, effective October, our supplier has agreed to give a price reduction which will significantly improve the company's bottom line. The price reduction will allow the company to grow profits and earnings per share for our shareholders as we expect to see improvements in gross margins for the rest of the fiscal year.

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. We would also like to thank our shareholders for their continued support.

On behalf of the Board,

KHALID AHMED FARID
Chief Executive Officer

SYED JAWAID IQBAL
Director

October 26, 2017
Karachi



ڈائریکٹرز رپورٹ

برائے سہ ماہی ختمہ 30 ستمبر 2017

جیلیٹ پاکستان لمیٹڈ (دی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے ہم ہمسرت کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے سہ ماہی ختمہ 30 ستمبر 2017 پیش کرتے ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

JAS 2016	JAS 2017		یہ سہ ماہی کے لیے
412,055	484,248	PKR in '000	خالص
139,122	113,497	PKR in '000	مجموعی منافع
33.8%	24.4%	%	مجموعی منافع کی شرح
46,477	(21,954)	PKR in '000	نفع/(نقصان) قبل از ٹیکس
11.3%	-4.7%	%	نفع/(نقصان) قبل از ٹیکس
24,749	(42,017)	PKR in '000	نفع/(نقصان) بعد از ٹیکس
6.0%	-9.05%	%	نفع/(نقصان) بعد از ٹیکس
1.29	(2.19)	PKR	ای پی ایس

انتظامیہ کی قیمتوں کے تعین کی حکمت عملی کے بعد سہ ماہی میں تیزی سے اضافہ دیکھنے میں آیا ہے۔ گزشتہ سال کی اسی مدت کے مقابلے میں سہ ماہی میں 13% اضافہ ہوا۔ اس کی وجہ تقسیم کاری کی بلند سطح اور پورٹ فولیو میں صحیح توازن تھا جو دائرہ کار کی وسعت کے سبب ممکن ہوا۔ انتظامیہ کی بنیادی توجہ ٹاپ لائن میں اضافہ کے سلسلے کو جاری رکھنا ہے جس کیلئے ہم صارف پر بھرپور توجہ دینے کے ساتھ مضبوط ٹریڈ پلان بنا رہے ہیں۔

اس کے علاوہ ہمارے پبلسٹرز نے اکتوبر سے قیمتوں میں کمی کرنے پر اتفاق کیا ہے جسے کمپنی کی مجموعی منافع کی شرح میں نمایاں بہتری آئے گی۔ قیمتوں میں کمی سے کمپنی کے منافع اور شیئرز ہولڈرز کیلئے فی شیئر آمدنی میں اضافہ ہوگا کیونکہ ہمیں مالی سال کی بقیہ مدت میں مجموعی مارجن میں بہتری کے آثار نظر آ رہے ہیں۔

بورڈ اس موقع پر کمپنی کے ملازمین کے غزم، محنت اور تعاون کیلئے شکر گزار ہے۔ ہم مسلسل تعاون پر اپنے شیئرز ہولڈرز کے بھی مشکور ہیں۔

منجانب بورڈ

سید جاوید اقبال
ڈائریکٹر

خالد احمد فرید
چیف ایگزیکٹو

26 اکتوبر 2017

کراچی



Condensed Interim Balance Sheet

As at September 30, 2017

	Note	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Long-term deposits		616	616
Current assets			
Stock-in-trade	6	543,626	582,269
Trade debts		146,352	248,020
Loans and advances		8,071	2,945
Trade deposits		9,038	8,631
Interest receivable on term deposits		235	173
Other receivables		280,599	402,703
Other financial assets	10	95,852	94,536
Sales tax refundable		33,113	38,493
Taxation - net		34,939	39,583
Cash and bank balances	10	14,780	13,864
		<u>1,164,505</u>	<u>1,431,217</u>
Total assets		<u>1,165,121</u>	<u>1,431,833</u>
EQUITY			
Share capital and reserves			
Authorized			
20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital		192,000	192,000
Unappropriated profit		287,929	329,946
Total equity		<u>479,929</u>	<u>521,946</u>
LIABILITIES			
Non-current liabilities			
Deferred liability - gratuity scheme		9,679	9,166
Current liabilities			
Trade and other payables		675,513	900,721
Contingencies and commitments	7	-	-
Total equity and liabilities		<u>1,165,121</u>	<u>1,431,833</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

MEHR ALWY MALIK
Chief Financial Officer

SYED JAWAID IQBAL
Director



Condensed Interim Profit and Loss Account - (Unaudited)

For the quarter ended September 30, 2017

	Note	July to September 30, 2017	July to September 30, 2016
----- (Rupees in '000) -----			
Sales - net		484,248	412,055
Cost of goods sold		(350,751)	(272,933)
Gross profit		113,497	139,122
Other income		1,152	3,076
Selling, marketing and distribution expenses		(111,188)	(78,799)
Administrative expenses		(11,600)	(12,949)
Other operating expenses	8	(13,600)	(3,967)
Bank charges		(215)	(6)
Profit / (loss) before tax		(21,954)	46,477
Income tax expense		(20,063)	(21,728)
Profit / (loss) after tax		(42,017)	24,749
----- Rupees -----			
Earning per share - basic and diluted		(2.18)	1.29

The annexed notes 1 to 14 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

MEHR ALWY MALIK
Chief Financial Officer

SYED JAWAID IQBAL
Director



Condensed Interim Statement of Comprehensive Income -(Unaudited)

For the quarter ended September 30, 2017

	July to September 30, 2017	July to September 30, 2016
	———— (Rupees In '000) ————	
Profit / (loss) for the period	(42,017)	24,749
Other comprehensive income for the period - net of tax		
Items that may be reclassified subsequently to profit and loss account	-	-
Items that will not be reclassified to profit and loss account		
Remeasurement of post retirement benefit obligations	-	-
Total Items that will not be reclassified to profit and loss account	-	-
Total comprehensive income / (loss) for the period	(42,017)	24,749

The annexed notes 1 to 14 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

MEHR ALWY MALIK
Chief Financial Officer

SYED JAWAID IQBAL
Director



Condensed Interim Cash Flow Statement - (Unaudited)

For the quarter ended September 30, 2017

	Note	July to September 30, 2017	July to September 30, 2016
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	9	16,777	127,871
Income taxes paid		(15,419)	(22,452)
Bank charges paid		(215)	(6)
Net cash generated from / (used in) operating activities		1,143	105,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		1,089	2,985
Net cash from investing activities		1,089	2,985
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		2,232	108,398
Cash and cash equivalents at the beginning of the period		108,400	200,458
Cash and cash equivalents at the end of the period	10	110,632	308,856

The annexed notes 1 to 14 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

MEHR ALWY MALIK
Chief Financial Officer

SYED JAWAID IQBAL
Director



Condensed Interim Statement of Changes in Equity - (Unaudited)

For the quarter ended September 30, 2017

	Issued, sub- scribed and paid- up capital	Unappropriated profit	Total
	(Rupees in '000)		
Balance as at July 01, 2016	192,000	524,585	716,585
- Profit for the period	-	24,749	24,749
- Other comprehensive income	-	-	-
Total comprehensive income for the quarter ended September 30, 2015	-	24,749	24,749
Balance as at September 30, 2016	<u>192,000</u>	<u>549,334</u>	<u>741,334</u>
Balance as at July 01, 2017	192,000	329,946	521,946
- (Loss) for the period	-	(42,017)	(42,017)
- Other comprehensive income	-	-	-
Total comprehensive (loss) for the period	-	(42,017)	(42,017)
Balance as at September 30, 2017	<u>192,000</u>	<u>287,929</u>	<u>479,929</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

MEHR ALWY MALIK
Chief Financial Officer

SYED JAWAID IQBAL
Director



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2017

1. STATUS AND NATURE OF BUSINESS

- 1.1 Gillette Pakistan Limited ("the Company") was incorporated on December 9, 1986 as a public limited company under the Companies Ordinance, 1984 and is a subsidiary of The Series Acquisition B.V. Netherlands (which is a wholly owned subsidiary of The P&G Company, USA). The registered office of the Company is situated at 11th Floor, Harbour Front, Dolmen City, HC-3, Block-4, Abdul Sattar Edhi Avenue, Clifton, Karachi-75600 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 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the quarter ended September 30, 2017 have 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, 2017.
- 2.2 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, 2017 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 quarter ended September 30, 2016.

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, 2017.

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.

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, 2017.

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, 2017.

Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2017

6 STOCK IN TRADE

Stock-in-trade includes goods costing Rs. 82.255 million (June 30, 2017: 80.304 million) written down by Rs. 8.837 million (June 30, 2017: Rs. 11.931 million) to net realizable value amounting to Rs. 73.418 million (June 30, 2017: 68.373 million).

7 CONTINGENCIES AND COMMITMENTS

The status of the contingencies and commitments which are reported in note 12 to the annual financial statements of the Company for the year ended June 30, 2017 have not changed materially.

8 OTHER OPERATING EXPENSE

This includes net exchange loss made by the company on account of exchange rate differences on foreign currency liabilities amounting to Rs. 15.251 million (Sep 2016: Exchange loss of Rs. 3.363 million).

9 CASH FLOWS FROM OPERATIONS

	Note	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
— Rupees in '000 —			
Profit / (loss) before taxation		(21,954)	46,477
Adjustment for non-cash charges and other items:			
Provision for retirement benefit		513	(1,093)
Stock-in-trade written down to net realizable value		8,837	14,806
Interest income on term deposits and saving accounts		(1,151)	(3,074)
Bank charges		215	6
Working capital changes	9.1	30,317	70,749
		<u>16,777</u>	<u>127,871</u>

9.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stock-in-trade	29,907	(71,014)
Trade debts	101,667	(23,588)
Loans and advances	(3,125)	7,620
Trade deposits	(408)	1
Sales tax refundable	5,380	13,485
Other receivables	122,104	453
	<u>255,525</u>	<u>(73,043)</u>

Increase/ (decrease) in current liabilities:

Trade and other payables	(225,208)	143,792
	<u>30,317</u>	<u>70,749</u>

10 CASH AND CASH EQUIVALENTS

	September 30, 2017 (Unaudited)	June 30, 2017 (Audited)	September 30, 2016 (Unaudited)
— Rupees in '000 —			
Cash and bank balances	14,780	624	14,147
Term deposits	95,852	13,240	294,709
	<u>110,632</u>	<u>13,864</u>	<u>308,856</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the quarter ended September 30, 2017

11 TRANSACTIONS WITH RELATED PARTIES

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

Name	Relationship with the Company	Nature of transaction	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
— Rupees in '000 —				
Procter and Gamble International Operations	Associate	Purchases of finished goods	386,668	352,651
Procter and Gamble Pakistan (Private Limited)	Associate	Services received	49,838	13,716
		Services rendered	2,372	6,549
Procter and Gamble International Operations SA ROHQ	Associate	Services received	407	181
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	410	368
Gillette Pakistan Pension Fund	Retirement benefit plan	Expense from pension fund	-	620
Key Management Personnel	-	Salaries and benefits	8,142	4,476

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

Procter and Gamble International Operations	Associate	(466,413)	(208,740)
Procter and Gamble Pakistan (Private Limited)	Associate	(47,465)	(10,153)
Procter and Gamble International Operations SA ROHQ	Associate	(407)	(964)
Gillette Pakistan Provident Fund	Retirement benefit plan	-	32,090

13 DATE AUTHORIZED FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 26, 2017.

14 GENERAL

Figures have been rounded off to the nearest thousand rupee.

KHALID AHMED FARID
Chief Executive Officer

MEHR ALWY MALIK
Chief Financial Officer

SYED JAWAID IQBAL
Director

