



HALF YEAR
ACCOUNTS
DECEMBER 31, 2018



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Saqib Zia
Khalid Ahmed Farid
Syed Danish Hussain Shah
Sunnia Anwer
Sumika Farooqui
Syed Jawaid Iqbal
Sheikh Adil Hussain

AUDIT COMMITTEE

CHAIRMAN
MEMBERS

Syed Jawaid Iqbal
Sunnia Anwer
Saqib Zia

HEAD OF INTERNAL AUDIT & SECRETARY TO THE AUDIT COMMITTEE

Adnan Mudassar

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN
MEMBERS

Sheikh Adil Hussain
Sumika Farooqui
Saqib Zia

CHIEF EXECUTIVE OFFICER

Khalid Ahmed Farid

CFO & COMPANY SECRETARY

Saad Un Nabi Khan

AUDITORS

Deloitte Yousuf Adil, Chartered Accountants

LEGAL ADVISORS

Surrige & Beecheno

BANKERS

Citibank, N.A.
Standard Chartered Bank

SHARE REGISTRAR

FAMCO Associates (Pvt) Ltd.
Management Consultants,
8-F, Next to Hotel Faran, Nursery, Block-6,
P.E.C.H.S. Shahra-e-Faisal, Karachi
Tel: + (92 21) 34380101-2

REGISTERED OFFICE

11th Floor, The Harbour Front, Dolmen City,
HC-3, Block-4, Abdul Sattar Edhi Avenue,
Clifton, Karachi - 75600, Pakistan.
Tel: + (92 21) 3520 5088
Fax: + (92 21) 3529 6150
Web: www.gillettepakistan.com



DIRECTORS REPORT

For the Half Year Ended December 31, 2018

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 half year ended December 31, 2018. The summary of the financial results are as follows:

		For the Half Year Ended	
		December	December
		31, 2018	31, 2017
Sales - net	PKR in '000	864,833	884,596
Gross profit	PKR in '000	248,740	153,774
GP	%	28.76	17.38
Profit / (loss) before tax	PKR in '000	58,489	(121,025)
Profit / (loss) before tax	%	6.8	-13.7
Profit / (loss) after tax	PKR in '000	17,943	(174,378)
Profit / (loss) after tax	%	2.1	-19.7
Earnings / (loss) per share	PKR	0.93	(9.08)

This fiscal year is off to a challenging start wherein macro-economic factors, such as increase in applicable duties and devaluation of local currency, were not favourable. These factors contribute major part in profitability of any import-based trading company. This is also evident from the fact that the country's imports showed a decline by 2.3% in first half of FY 18/19 vs same period of last FY. The pricing taken by the management at the end of last FY to cover these macro-economic hurts slowed down the rising sales trend. We have taken major steps to curtail the pricing effect from our sales. The results of these initiatives have started to materialize by the end of half year and we expect similar trends to follow in second half FY 18/19.

Despite the strong headwinds, we were able to achieve profit before tax of 7% vs -14% year ago. This is mainly due to the efforts placed by the management in negotiating our supply prices to ensure that our supplier prices remain competitive as well as reducing overall marketing spend pool. The company is also working to minimize overall operational cost with an aim to maximize shareholder's return.

Moving forward we expect to pick robust growth and penetration ahead of estimated market growth by maintaining the right balance in our portfolio and high levels of distribution behind coverage expansion. The Company will also continue to focus on investing in consumer centric touch points. However, the management has its set of challenges ahead of them in the form of increase in import duties as well as currency devaluation which has lost significant value during past 12 months.

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

On behalf of the Board,

KHALID AHMED FARID
Chief Executive Officer

SAQIB ZIA
Director

February 26, 2019
Karachi



ڈائریکٹرز رپورٹ

برائے ششماہی ختمہ 31 دسمبر 2018

جیلپٹ پاکستان لمیٹڈ ("دی کمپنی") کے بورڈ آف ڈائریکٹرز (دی بورڈ) کی جانب سے ہم کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے ششماہی ختمہ 31 دسمبر 2018 پیش کرتے ہوئے بحسرت ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

For the Half Year Ended		
December 31, 2017	December 31, 2018	
884,596	864,833	PKR in '000
153,774	248,740	PKR in '000
17.38	28.76	%
(121,025)	58,489	PKR in '000
-13.7	6.8	%
(174,378)	17,943	PKR in '000
-19.7	2.1	%
(9.08)	0.93	PKR

بیلز - خالص

مجموعی منافع

مجموعی منافع کی شرح

نفع / (نقصان) قبل از ٹیکس

نفع / (نقصان) قبل از ٹیکس کی شرح

نفع / (نقصان) بعد از ٹیکس

نفع / (نقصان) بعد از ٹیکس کی شرح

ای پی ایس

مالیاتی سال ایک اور چیلنج کی صورتحال کے آغاز سے ہوا جس میں میکرو اکنامک کے عناصر، جیسے لاگوڈ بیوٹر میں اضافہ اور ملکی کرنسی کی قدر میں کمی ہوئی جو قطعی موافق نہیں تھی۔ ان عناصر کے باعث درآمدات پر مبنی کاروباری کمپنی کی منفعت پر نمایاں اثرات پڑے۔ یہ صورتحال اس حقیقت سے بھی ظاہر ہوئی کہ مالی سال 18/19 کی پہلی ششماہی میں ملک کی درآمدات میں گزشتہ مالی سال کی اسی مدت کے مقابلے میں 2.3% کمی ہوئی۔ میکرو اکنامک کے نقصانات کا کچھ ازالہ کرنے کیلئے انتظامیہ کی جانب سے گزشتہ مالی سال کے اختتام پر قیمتوں کے سلسلے میں کئے گئے اقدامات کے نتیجے میں فروخت کے بڑھتے ہوئے رجحان میں بھی سست روی دیکھی گئی۔ ہم نے اپنی سٹریٹجی پر پڑنے والے قیمتوں کے اثرات کو کم کرنے کیلئے کئی بڑے اقدامات کئے۔ ششماہی کے آخر تک ان اقدامات کے نتیجے برآمد ہوئے شروع ہو گئے ہیں اور ہمیں توقع ہے کہ مالی سال 18/19 کی دوسری ششماہی میں یہ رجحان برقرار رہے گا۔

ان سخت ماحولانہ عناصر کے باوجود ہم 7% قبل از محصولات منافع حاصل کرنے میں کامیاب ہو گئے ہیں جو اس کے مقابلے میں ایک سال قبل منفی 14% تھا۔ یہ انتظامیہ کی جانب سے سپلائی کی قیمتوں کے بارے میں سپلائرز کے ساتھ گفت و شنید کی کاوشوں کا نتیجہ تھا جس سے ہمارے سپلائرز کی قیمتیں مسابقتی رہیں جب کہ مجموعی مارکیٹنگ کے مشترکہ اخراجات میں کمی ہوئی۔ کمپنی کاروباری عمل کی مجموعی لاگت کو بھی کم سے کم کرنے پر کام کر رہی ہے تاکہ شیئر ہولڈرز کی آمدنی میں زیادہ سے زیادہ اضافہ ہو۔

مزید یہ کہ ہم مارکیٹ میں متوقع ترقی سے قبل اس کا بھرپور فائدہ اٹھانے اور مارکیٹ میں دستیاب ہونے والے مواقع کو سنبھالنے کیلئے پرامید ہیں جس کیلئے ہم اپنے پورٹ فولیو میں صحیح توازن برقرار رکھنے کے ساتھ کاروبار میں فروغ کیلئے تقسیم کاری کی سطح میں اضافہ کریں گے۔ کمپنی اپنے صارفین کی ضروریات پر مرکوز پروڈکٹس پر سرمایہ کاری جاری رکھے گی۔ تاہم انتظامیہ کے سامنے مزید چیلنج بھی موجود ہیں جن میں درآمدی ڈیوٹی میں اضافہ اور کرنسی کی قدر میں نمایاں کمی ہونا شامل ہیں جس کی وجہ سے گزشتہ 12 ماہ میں کافی نقصان ہوا۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے شیئر ہولڈرز کے ہم پر بھرپور اعتماد کرنے، اپنے معزز صارفین کے کمپنی کی متنوع پروڈکٹس لانچ کرنے کی بے مثال پذیرائی اور ریگولیشنز اور دیگر اسٹیبلشمنٹ ہولڈرز کی جانب سے قدر دانی اور تعاون پر بے حد شکر گزار ہیں۔ اس سلسلے میں ہم اپنے بورڈ آف ڈائریکٹرز کی کاوشوں، انتظامیہ اور ملازمین کے مسلسل اور انتھک عزم و ہمت و محنت اور سال بھر ایک دوسرے سے تعاون رکھنے پر ان کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

خالد احمد فرید

چیف ایگزیکٹو آفیسر

26 فروری 2019

کراچی

ثاقب ضیاء

ڈائریکٹر

INDEPENDENT AUDITORS' REPORT

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Gillette Pakistan Limited (the Company) as at December 31, 2018, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with the half year accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement - 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

As disclosed in note 3.2 to condensed interim financial statements, IFRS 15 – Revenue from Contracts with Customers – became effective in the current period. However, the management is currently in process of determining the impact of the said standard, due to which we were unable to determine the impact, if any, on these condensed interim financial statements.

Qualified Conclusion

Based on our review, except for impact, if any, of the matter discussed in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

The engagement partner on the review resulting in this independent auditor's review report is Naresh Kumar.



Chartered Accountants

Date: February 27, 2019
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited



Condensed Interim Statement of Financial Position

As At December 31, 2018

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non-current asset			
Long-term deposits		616	616
Current assets			
Stock-in-trade	6	229,732	382,081
Trade debts		174,957	168,062
Advances, deposits and prepayments		5,345	5,988
Trade deposits		12,489	8,597
Interest receivable on term deposits		89	176
Other receivables		122,194	203,941
Other financial assets		434,171	-
Sales tax refundable		-	44,632
Taxation - net		20,238	31,397
Cash and bank balances		1,890	1,092
		<u>1,001,105</u>	<u>845,966</u>
Total assets		<u>1,001,721</u>	<u>846,582</u>
EQUITY			
Share capital and reserves			
Authorized capital			
20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital			
19,200,000 ordinary shares of Rs.10/- each		192,000	192,000
Unappropriated profit		334,293	340,350
Total equity		<u>526,293</u>	<u>532,350</u>
Non-current liability			
Deferred liability - gratuity scheme		11,027	10,725
Current liabilities			
Trade and other payables		429,984	157,828
Sales tax payable		9,550	-
Unclaimed dividend		867	905
Dividend payable		24,000	-
Short term running finance	7	-	144,774
		<u>464,401</u>	<u>303,507</u>
Total equity and liabilities		<u>1,001,721</u>	<u>846,582</u>
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SAAD UN NABI KHAN
Chief Financial Officer

SAGIB ZIA
Director



Condensed Interim Statement of Profit and Loss - (Unaudited)

For the Half Year Ended December 31, 2018

	Half Year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- (Rupees in '000) -----			
Sales - net	864,833	884,596	510,664	420,348
Cost of goods sold	(616,093)	(730,822)	(366,096)	(380,071)
Gross profit	248,740	153,774	144,568	40,277
Selling, marketing and distribution expenses	(166,072)	(197,287)	(102,183)	(86,099)
Administrative expenses	(15,535)	(14,588)	(3,244)	(2,988)
Other operating expenses	(7,667)	(61,320)	(5,602)	(47,720)
Finance cost	(7,406)	(2,969)	(1,524)	(2,754)
	(196,680)	(276,164)	(112,553)	(139,561)
Other income	6,429	1,365	5,822	213
Profit / (loss) before tax	58,489	(121,025)	37,837	(99,071)
Income tax expense	(40,546)	(53,353)	(20,579)	(33,290)
Profit / (loss) after tax	17,943	(174,378)	17,258	(132,361)
	----- Rupees -----			
Earnings / (loss) per share - basic and diluted	0.93	(9.08)	0.90	(6.89)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SAAD UN NABI KHAN
Chief Financial Officer

SAQIB ZIA
Director



Condensed Interim Statement of Comprehensive Income -(Unaudited)

For the Half Year Ended December 31, 2018

	Half Year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- (Rupees in '000) -----			
Profit / (loss) after tax	17,943	(174,378)	17,258	(132,361)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	17,943	(174,378)	17,258	(132,361)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SAAD UN NABI KHAN
Chief Financial Officer

SAQIB ZIA
Director



Condensed Interim Cash Flow Statement - (Unaudited)

For the Half Year Ended December 31, 2018

Note	December 31, 2018	December 31, 2017
----- (Rupees in '000) -----		
Profit / (loss) before taxation	58,489	(121,025)
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments for non-cash charges and other items:		
Stock-in-trade written down to net realizable value	792	8,095
Provision for slow moving stock-in-trade	16	7,631
Stock written off	2,574	553
Interest income	(6,468)	(1,365)
Expense recognized on employee benefits - gratuity	1,016	1,026
Expense reversed on employee benefits - pension	(1,802)	(1,484)
Finance cost	7,406	2,969
	3,534	17,425
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stock-in-trade	148,967	18,312
Trade debts	(6,895)	47,144
Advances, deposits and prepayments	643	584
Trade deposits	(3,892)	228
Other receivables	55,959	177,695
Other financial assets	-	(5,000)
Sales tax refundable	44,632	(10,307)
	239,414	228,656
Increase / (decrease) in current liabilities:		
Trade and other payables	272,156	(414,668)
Sales tax payable	9,550	-
	281,706	(414,668)
Net cash generated from / (used in) operations	583,143	(289,612)
Defined benefits paid - net	26,876	4,500
Finance cost paid	(7,406)	(226)
Income taxes paid	(29,387)	(51,098)
Net cash generated from / (used in) operating activities	573,226	(336,436)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	6,555	1,484
Net cash generated from investing activities	6,555	1,484
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(38)	-
Net cash used in financing activities	(38)	-
Net increase / (decrease) in cash and cash equivalents	579,743	(334,952)
Cash and cash equivalents at the beginning of the period	(143,682)	108,400
Cash and cash equivalents at the end of the period	436,061	(226,552)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SAAD UN NABI KHAN
Chief Financial Officer

SAQIB ZIA
Director



Condensed Interim Statement of Changes in Equity - (Unaudited)

For the Half Year Ended December 31, 2018

	Issued, sub- scribed and paid-up capital	Unappropriated profit	Total
	----- (Rupees in '000) -----		
Balance as at July 01, 2017	192,000	329,946	521,946
Loss after taxation for the half year ended December 31, 2017	-	(174,378)	(174,378)
Other comprehensive income for the half year ended December 31, 2017	-	-	-
Total comprehensive loss for the half year ended December 31, 2017	-	(174,378)	(174,378)
Balance as at December 31, 2017	<u>192,000</u>	<u>155,568</u>	<u>347,568</u>
Balance as at July 01, 2018	192,000	340,350	532,350
Profit after taxation for the half year ended December 31, 2018	-	17,943	17,943
Other comprehensive income for the half year ended December 31, 2018	-	-	-
Total comprehensive income for the half year ended December 31, 2018	-	17,943	17,943
Transaction with owners			
Interim dividend @ Rs. 1.25 per share	-	(24,000)	(24,000)
Balance as at December 31, 2018	<u>192,000</u>	<u>334,293</u>	<u>526,293</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

KHALID AHMED FARID
Chief Executive Officer

SAAD UN NABI KHAN
Chief Financial Officer

SAQIB ZIA
Director



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Half Year Ended December 31, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1 Gillette Pakistan Limited ("the Company") was incorporated on December 09, 1986 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is a subsidiary of The Series Acquisition B.V. Netherlands (which is a wholly owned subsidiary of The P&G Company, USA). The registered office of the Company is situated at 11th Floor, Harbour Front, Dolmen City, HC-3, Block 4, Abdul Sattar Edhi Avenue, Clifton, Karachi-75600, Pakistan and the Company is listed on the Pakistan Stock Exchange Limited. The principal activities of the Company include marketing and selling of blades and razors, personal care products and beauty care appliances.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

- 2.2 Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.
- 2.3 These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements have been performed by the external auditors of the Company in accordance with the requirements of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017.
- 2.4 The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018, whereas comparative condensed interim statement of profit or loss and statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial statements for the half year ended December 31, 2017. Condensed interim statement of profit or loss and condensed interim statement of comprehensive income for quarter ended December 31, 2018 was not subject to review by external auditors.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Half Year Ended December 31, 2018

- 3.2** There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial statements of the Company except for IFRS 15: Revenue from Contract with Customers, which will replace IAS 18: Revenue.

IFRS 15 - Revenue from contracts with customers is applicable on or after July 01, 2018. Currently, management is in process of determining impact of IFRS 15.

- 3.3** The Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018. However, subsequently, the SECP modified the effective date of IFRS 9 through SRO 229 (I)/2019, dated February 15, 2019, as reporting period/year ending on or after June 30, 2019. Currently, management is in process of determining impact of IFRS 9.
- 3.4** The Company does not hold any financial instruments, which can be categorized using fair value hierarchy as per the requirements of IFRS 13 "Fair Value Measurement". However, fair values of other financial assets and liabilities approximate their carrying values.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods is recognised when the risk and rewards are transferred to customer, which coincides with delivery of goods and acceptance of same by the customer.

However, before September 15, 2018, the risk and rewards were being transferred to the customer on physical release of shipment of goods from warehouse of the Company.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

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

4.2 Functional and presentation currency

This condensed interim financial statements is presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4.3 Significant accounting estimates and judgements

The preparation of this condensed interim financial statements in conformity with accounting and reporting 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 statements, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those applied to the financial statements for the year ended June 30, 2018.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Half Year Ended December 31, 2018

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2018.

6. STOCK-IN-TRADE

Stock-in-trade includes goods costing Rs. 3.721 million (June 30, 2018: Rs. 8.493 million) written down by Rs. 0.792 million (June 30, 2018: Rs. 3.943 million) to net realizable value amounting to Rs. 2.929 million (June 30, 2018: Rs.4.586 million).

7. SHORT TERM RUNNING FINANCE

During last year ended June 30, 2018 the Company entered into an arrangement of short term running finance facility of Rs. 600 million with Citi Bank. It carried interest at the rate of one month KIBOR+1% per annum. This facility was secured against the stand by letter of credit issued by Citi Bank London to Citi Bank Pakistan on behalf of P&G Global. During the period ended December 31, 2018 the loan has been repaid.

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	---- Rupees in '000 ----	
Opening as at July 01	144,774	-
Proceeds during the period / year	836,147	2,448,503
Loan repaid	(980,921)	(2,303,729)
Closing as at December 31 / June 30	<u>-</u>	<u>144,774</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

The status of the contingencies which were reported in note 14.1 to the annual audited financial statements of the Company for the year ended June 30, 2018 have not changed materially in the current period.

8.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	---- Rupees in '000 ----	
Not later than one year	1,376	1,638
Later than one year but not later than five years	792	1,212
	<u>2,168</u>	<u>2,850</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Half Year Ended December 31, 2018

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)	December 31, 2017 (Unaudited)
	--- Rupees in '000 ---		
9. CASH AND CASH EQUIVALENTS			
Cash and bank balances	1,890	1,092	14,469
Other financial assets	434,171	-	-
Short term running finance	-	(144,774)	(241,021)
	<u>436,061</u>	<u>(143,682)</u>	<u>(226,552)</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

Name	Relationship with the Company	Nature of transaction	Half Year ended	
			December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
			--- Rupees in '000 ---	
Procter and Gamble International Operations	Associate due to common parent Company	Purchases of finished goods	<u>449,212</u>	<u>665,438</u>
Procter and Gamble Pakistan (Private) Limited	Associate due to common parent Company	Expense reimbursed to Expense reimbursed from	<u>46,386</u> <u>10,931</u>	<u>59,937</u> <u>17,484</u>
Procter and Gamble International Operations SA ROHQ	Associate due to common parent Company	Services received	<u>1,794</u>	<u>1,142</u>
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	<u>675</u>	<u>801</u>
Gillette Pakistan Pension Fund	Retirement benefit plan	Income recognized	<u>(1,802)</u>	<u>(1,484)</u>
Key Management Personnel	-	Short term compensation	<u>13,272</u>	<u>17,978</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Half Year Ended December 31, 2018

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

Name	Relationship with the Company	Half Year ended	
		December 31, 2018 (Unaudited)	December 31, 2017 (Unaudited)
---- Rupees in '000 ----			
Procter and Gamble International Operations SA	Associate due to common parent	<u>(249,193)</u>	<u>84,259</u>
Procter and Gamble Pakistan (Private) Limited	Associate due to common parent	<u>(26,656)</u>	<u>(14,206)</u>
Procter and Gamble International Operations SA ROHQ	Associate due to common parent	<u>(4,911)</u>	<u>(4,354)</u>
Gillette Pakistan Pension Fund	Retirement benefits plan	<u>10,253</u>	<u>36,041</u>

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorized for issue by the Board of Directors of the Company on February 26, 2019.

KHALID AHMED FARID
Chief Executive Officer

SAAD UN NABI KHAN
Chief Financial Officer

SAQIB ZIA
Director

