

Gillette Pakistan Limited

Annual Report 2000

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BRIDGING THE GAP

Bridging the gap between the past and a vibrant present, Gillette has led the way in introducing a new world of convenience to Pakistan.

TOILETRIES

The best a man can get
Arctic Ice, a bold and adventurous fragrance, adds a new note to the Gillette Series male toiletries line, which delivers the ultimate in skin care benefits to men around the world.

ORAL-B

The brand more dentists use themselves worldwide
The Company's superior product performance and technological strengths have made it a leader in a number of categories, including oral care. Gillette's Oral-B brand has become a household name in Pakistan. From the time its first toothbrush was designed more than fifty years ago, Oral-B has developed a number of innovative products, including toothbrushes with the wear sensitive Indicator technology that won an award for product innovation. As the toothbrush brand more dentists use themselves worldwide, Oral-B is the hallmark of excellence in oral care.

DURACELL

Nothing powers your life like Duracell
The Company also leads in the growing alkaline battery market with the premium Duracell brand. The new generation Duracell Ultra batteries add a super performance

advantage as they outlast all other alkaline batteries.

BRAUN

designed to make a difference Braun, launched in Pakistan in 2000, has been a tremendous success. Backed by the Gillette organization, Braun is a global company with products that score a hit with consumers everywhere. Designed to make a difference, Braun products offer innovative features, high quality and convenient handling to make every task an easier one. Whether you're thinking of kitchen chores, body and hair care or personal diagnostics at home, Braun has the right ideas, making life more convenient and enjoyable.

In The Gillette Company, new product development is accompanied by sound organization and planning that contributes to the maintenance of a worldwide network, bringing the most advanced of Gillette products to your doorstep. Gillette Pakistan Limited benefits from the scientific and technological expertise of The Gillette Company, headquartered in Boston, Massachusetts.

As the country takes a stride into the new millennium, the Company takes pride in bringing to it the finest products in the grooming, oral care and portable power categories. In a changing world, as consumers turn towards innovative products to meet their needs, the Company stands ready to serve this vibrant and growing market.

BOARD OF DIRECTORS

Chairman
Chief Executive
(Alternate: Mohammad Azhar Aqil)
(Alternate: Naqi H. Sheriff)
(Alternate: Saeed Akram)

Sanaullah Qureshi
Muhammed Amin
Andrew J. Redpath
Peter Mee
G. S. Gill
Salim Adaya
Rashid Abdulla

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting their Report and the Audited Accounts of the Company, together with the Auditors'

Report thereon, for the year ended 31 December 2000.

BOARD OF DIRECTORS

At the Thirteenth Annual General Meeting, held on 4 April 2000, Messrs. Sanaullah Qureshi, Muhammed Amin, Peter Mee, Andrew J. Redpath, G. S. Gill, Salim Adaya and Rashid Abdulla, were elected as Directors of the Company, for a term of three years.

During the year under review, Mr. Sanaullah Qureshi has been elected as the Chairman of the Board, in place of Mr. Jamsheed R. Rahim. The Board welcomes Mr. Sanaullah Qureshi and wishes to place on record, appreciation for the invaluable services rendered by Mr. Jamsheed R. Rahim, throughout his association with Gillette Pakistan.

FINANCIALS

The year 2000 proved to be yet another year of strong growth for your Company. The financial results reflect continued progress and consolidation of gains, made in the last few years.

The results at a glance are:

	<i>Rupees in '000</i>	
	2000	1999
Profit before taxation	88,874	68,249
Taxation	(17,071)	(7,882)
	-----	-----
Profit after taxation	71,803	60,367
Appropriations:		
Proposed final dividend - Rs. 2.00 per share (1999: Rs. 0.75 per share)	(38,400)	(14,400)
	-----	-----
	33,403	45,967
Accumulated loss brought forward	(10,695)	(56,662)
Unappropriated profit/(accumulated loss) carried forward	----- 22,708	----- (10,695)
	=====	=====

Profit before taxation at Rs. 88.9 million shows an excellent growth of 30.2% compared to Rs. 68.2 million for the year 1999. This healthy growth in profitability is also reflected in Profit after taxation, which rose by 19% from Rs. 60.4 million in 1999 to Rs. 71.8 million during the year under review. Earnings per share have improved to Rs. 3.74 per share, against Rs. 3.14 per share in the year 1999.

The Directors are pleased to propose payment of a dividend at the rate of Rs. 2.00 per share (1999: Rs. 0.75 per share) to the shareholders for the year ended 31 December 2000.

Our domestic sales for the year grew by 16% to Rs. 538 million. We continued our focus on high performing premium products, yielding significantly better trading margins. Trading profit at Rs. 253 million was 28% higher than last year whereas, trading margin at 47% has improved significantly from 42% achieved last year.

Operating profit at Rs. 74 million was 14% higher than Rs. 65 million of last year. This was achieved despite our continued investment in brand

building programs, which increased our administrative and selling expenses by 34%. Our financial expenses have reduced by 85% versus last year, depicting better liquidity positions and lower reliance on borrowings.

The Gillette Company, USA has signed a definitive agreement to sell its stationery products business to Newell Rubbermaid Inc. on December 29, 2000. As part of this divestiture, your Company has sold its relevant assets to Newell Rubbermaid Inc.

MARKETING AND SALES

We have strengthened our leadership position in the shaving systems by launching Gillette Mach3, the first triple blade shaving system. Gillette Mach3 launch was very successful. It was supported by advertising and in-store display throughout the year. The launch of Mach3 also reinforced Gillette's technological superiority in blades and razors.

We continued to enjoy leadership position in disposable razors category. Gillette Blue II remained the growth driver in the category and was instrumental in expanding the disposable razors category further. Our premium double edge held its volume base despite the growth in disposable razors. However, our low price double edge blades were affected by the influx of smuggled and cheaper double edge blades.

During the year, we added the fourth fragrance 'Arctic Ice' in the Gillette Series toiletries range of products. Our advertising remained focused on Gillette Series shaving gel expanding the overall premium shaving preparation category. The launch of the fourth fragrance, combined with shaving gel advertising and strong in-store display programs, have resulted in significant growth in the toiletries business.

Your Company has also made a successful entry in the toothbrush segment with the introduction of Oral-B range of toothbrushes at three different price levels. A strong media and sales promotion campaign throughout the second half of the year supported the launch. Oral-B has already carved out its place, in a highly competitive category, and we believe it will deliver a good growth in the long run.

Braun personal care and household appliances proved to be yet another successful launch of the year 2000. This range of products was launched in the middle of the year and has yielded excellent results. We expect that Braun products will be able to capture a major segment of personal care and household appliances in the years to come, which in turn would further bolster the Company's turnover and profitability.

FUTURE OUTLOOK

We have started the year 2001 with the launch of Gillette Blue II Plus Ultra Grip disposable razor. The initial feedback from the market is very encouraging. The new products launched during the year 2000, and all existing major products are showing healthy growth trends. We expect that sales growth momentum, generated last year, will continue during the year 2001. On the other hand, Rupee devaluation and inflationary trends are creating pressures on the profitability. However, leaving this aside, our business is well poised for both sales and profit growth.

HOLDING COMPANY

The Gillette Company, incorporated in Delaware, United States of America, is the holding Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding is given on page 42 of this Annual Report.

AUDITORS

The present auditors Messrs. Taseer Hadi Khalid and Co., Chartered Accountants, Karachi retire and being eligible, offer themselves for re-appointment.

We would like to thank the Company's employees for their tremendous efforts without which we would not have achieved these results. We would also like to thank our Shareholders for their continued support.

Karachi
28 February 2001

On behalf of the Board.

**MUHAMMED AMIN
CHIEF EXECUTIVE**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Gillette Pakistan Limited as at 31 December 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi
28 February 2001

TASEER HADI KHALID & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT 31 DECEMBER 2000

	NOTE	Rupees in '000	
		2000	1999
SHARE CAPITAL AND RESERVES			
Authorized share capital			
20,000,000 ordinary shares of Rs. 10/- each		200,000	200,000
		=====	=====
Issued, subscribed and paid-up share capital	3	192,000	192,000
Unappropriated profit/(accumulated loss)		22,708	(10,695)
		-----	-----
		214,708	181,305
CURRENT LIABILITIES			
Short-term finances	4	--	103,899
Creditors, accrued and other liabilities	5	82,960	56,279
Proposed dividend		38,400	14,400
		-----	-----
		121,360	174,578
COMMITMENTS			
	6		
		-----	-----
		336,068	355,883
		=====	=====
These accounts should be read in conjunction with the attached notes.			
TANGIBLE FIXED ASSETS			
Operating fixed assets	7	32,405	26,398
Capital work-in-progress		2,025	3,871
Non-operating fixed assets	8	3,268	3,268
		-----	-----
		37,698	33,537
LONG-TERM LOANS			
	9	2,595	--
LONG-TERM DEPOSITS			
	10	1,090	1,320
CURRENT ASSETS			
Stock-in-trade	11	100,552	98,224
Trade debts	12	77,961	124,534

Loans and advances	13	12,917	8,182
Deposits, short-term prepayments and other receivables	14	13,010	29,214
Taxation - net		40,629	20,327
Cash and bank balances	15	49,596	40,545
		-----	-----
		294,685	321,026
		-----	-----
		336,068	355,883
		=====	=====

SANAULLAH QURESHI
CHAIRMAN

MUHAMMED AMIN
CHIEF EXECUTIVE

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

		<i>Rupees in '000</i>	
	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
Sales - net	16	538,332	473,274
Cost of goods sold	17	(285,076)	(275,146)
		-----	-----
Trading profit		253,256	198,128
Administrative and selling expenses	18	(179,579)	(133,578)
		-----	-----
Operating profit		73,677	64,550
Financial expenses	19	(3,230)	(20,885)
		-----	-----
		70,447	43,665
Voluntary separation scheme expenses		--	(40,537)
Other income / (charges)	20	18,427	65,121
		-----	-----
Profit before taxation		88,874	68,249
Taxation - current	21	(17,071)	(7,882)
		-----	-----
Profit after taxation		71,803	60,367
Appropriation:			
Proposed final dividend: Rs. 2.00 per share (1999: Rs. 0.75 per share)		(38,400)	(14,400)
		-----	-----
		33,403	45,967
Accumulated loss brought forward		(10,695)	(56,662)
Unappropriated profit/(accumulated loss) carried forward		22,708	(10,695)
		=====	=====
			Rupees
Earnings per share	22	3.74	3.14
		=====	=====

These accounts should be read in conjunction with the attached notes.

SANAULLAH QURESHI

MUHAMMED AMIN

CHAIRMAN

CHIEF EXECUTIVE

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	NOTE	Rupees in '000	
		2000	1999
Cash flows from operating activities			
Cash generated from operations	23	180,580	47,529
Financial expenses paid		(1,757)	(21,583)
Taxes paid		(37,373)	(13,893)
Long-term deposits		230	83
Long-term advances		(2,595)	--
Net cash inflow from operating activities		139,085	12,136
Cash flows from investing activities			
Fixed capital expenditure incurred		(15,981)	(23,175)
Sale proceeds on disposal of fixed assets		4,246	15,392
Net cash outflow from investing activities		(11,735)	(7,783)
Cash flows from financing activities			
Dividend paid		(14,400)	--
Net cash outflow from financing activities		(14,400)	--
Net increase in cash and cash equivalents		4,353	112,950
Cash and cash equivalents at the beginning of the year		(63,354)	(67,707)
Cash and cash equivalents at the end of the year	24	49,596	(63,354)

**SANAULLAH QURESHI
CHAIRMAN**

**MUHAMMED AMIN
CHIEF EXECUTIVE**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Rupees in '000		
	Share capital	Unappropriated profit/ (accumulated loss)	Total
Balance as at 31 December 1998	192,000	(56,662)	135,338
Profit for the year	--	60,367	60,367
Final dividend	--	(14,400)	(14,400)
Balance as at 31 December 1999	192,000	(10,695)	181,305
Profit for the year	--	71,803	71,803
Proposed final dividend	--	(38,400)	(38,400)
Balance as at 31 December 2000	192,000	22,708	214,708

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SANAULLAH QURESHI
CHAIRMAN

MUHAMMED AMIN
CHIEF EXECUTIVE

NOTES TO THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2000**

1. STATUS AND NATURE OF BUSINESS

Gillette Pakistan Limited was incorporated on 9 December 1986 as a public limited company under the Companies Ordinance, 1984 and its shares are listed on Karachi and Lahore Stock Exchanges. The principal activities of the Company include marketing and selling of blades and razors, personal care products, oral care products, alkaline batteries and household appliances.

Last year, as part of the global reorganization and realignment of its worldwide manufacturing operations, The Gillette Company, USA, had decided to cease its blades and razors manufacturing operations in some subsidiaries including the Company's manufacturing operation at Hub, Baluchistan. Most of the pertinent activities were carried out during the year 1999 that had been disclosed in last year's annual accounts. According to the plan, the Company has completed and closed the project on 31 March 2000.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These accounts have been prepared in accordance with accounting standards issued by the International Accounting Standards Committee (IASC), interpretations issued by the Standing Interpretations Committee of the IASC as applicable in Pakistan and the requirements of the Companies Ordinance, 1984.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention.

2.3 Staff retirement benefits

Defined benefit plan

The Company operates an approved funded pension fund scheme for all its permanent employees subject to prescribed qualifying age limit. Contributions were made monthly to the fund on the basis of actuarial recommendations at the rate of 9.57 per cent of basic salaries of employees till last year. The most recent actuarial valuation was carried out at 31 December 1999 using "Projected Unit Credit (PUC) Actuarial Cost Method." Main valuation assumptions used for actuarial valuation were as under:

- Expected rate of increase in salaries is 14 per cent per annum.
- Expected rate of return on investment is 14 per cent per annum.

At latest actuarial valuation date, the fair value of the fund's assets was Rs. 23.456 million and the estimated project benefit obligation was Rs. 9.209 million. The Company intends to carry out another actuarial valuation and the rate of contribution will be revised accordingly.

Defined contribution plan

The Company operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 per cent of basic salaries of employees.

2.4 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation or tax

determined under 'presumptive tax' basis under section 80(c) of the Income Tax Ordinance, 1979.

Deferred

The Company accounts for deferred taxation using the liability method on all major timing differences. However, deferred tax debits are not accounted for.

2.5 Tangible fixed assets and depreciation

The cost of tangible fixed assets is depreciated over the useful life of related assets under the straight line method, except for leasehold land and capital work-in-progress which are stated at cost. Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month of disposals.

Gains and losses on disposal of assets are included in income currently. Normal repairs and maintenance are charged to income as and when incurred. Major renewal and improvements are capitalized and assets so replaced, if any, are retired.

2.6 Stock-in-trade

All stocks are stated at the lower of their costs and estimated net realizable values. Costs are determined by using the first-in, first-out method except for goods-in-transit which are stated at the invoiced values plus other charges incurred. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

2.7 Trade debts

Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

2.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date except those covered under forward exchange contracts which are translated at the contracted rates. Exchange differences are charged to income currently.

2.9 Revenue recognition

Sales are recognized on the dispatch of goods to customers.

Rupees in '000
2000 1999

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

15,936,000 Ordinary shares of Rs. 10 each fully paid in cash	159,360	159,360
3,264,000 Ordinary shares of Rs. 10 each issued for consideration other than cash	32,640	32,640
----- 19,200,000 =====	----- 192,000 =====	----- 192,000 =====

Of the above, 14,739,004 (1999: 14,739,004) ordinary shares are held by The Gillette Company, USA and its nominees.

4. SHORT-TERM FINANCES

Foreign currency loans - unsecured	--	103,800
Running finances - secured 4.1	--	99
	-----	-----
	--	103,899
	=====	=====

4.1 Running finance facilities are available from commercial banks and carry mark-up at the rate ranging from 12.80 per cent to 12.95 per cent per annum payable on quarterly basis. The facilities remained unavailed at 31 December 2000. The above facilities are secured by letter of comfort issued by The Gillette Company, USA (parent company) and their combined sanctioned limit is Rs. 125 million (1999: Rs. 125 million).

4.2 As at 31 December 2000, outstanding letters of credit amounted to Rs. 14,594 million (1999: Rs. 18,993 million) and outstanding letters of guarantee amounted to Rs. nil (1999: Rs. 3,512 million).

5. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	5.1	12,403	15,629
Accrued expenses		62,724	24,233
Accrued mark-up on foreign currency loans		4,727	1,801
Accrued mark-up on running finances		82	1,535
Sales tax payable		3,024	4,280
Workers' profits participation fund	5.2	--	1,920
Provisions against spoilage claims		--	2,338
Others		--	4,543
		-----	-----
		82,960	56,279
		=====	=====

5.1 This includes amount of Rs. 12,375 million (1999: Rs. 13,845 million) payable to associated companies on account of imports made during the year.

5.2 Workers' profits participation fund

Balance at 01 January		1,920	2,108
Allocation for the year		--	1,920
		-----	-----
		1,920	4,028
Deposited with treasury		(1,920)	(2,108)
		-----	-----
Balance at 31 December		--	1,920
		=====	=====

6. COMMITMENTS

Commitments in respect of capital expenditure amount to Rs. 2,606 million (1999: Rs. 6,010 million).

7. OPERATING FIXED ASSETS - at cost less accumulated depreciation

	COST						DEPRECIATION				Rupees in '000	
	As at 1 January 2000	Additions	(Disposals)/ (scraps)	(Write off)/ (transfers)	As at 31 December 2000	Rate %	As at 1 January 2000	For the year	(Disposals)/ (scraps)	(Write-off)/ (transfers)	As at 31 December 2000	Written down value as at 31 December 2000
* Plant and machinery	1,486	8,568	--	--	10,054	5-14	1,307	323	--	--	1,630	8,424
Furniture and fixtures	3,711	1,522	(861)	--	4,372	6.67	676	597	(319)	--	954	3,418
Office equipment and computer software	26,756	4,692	(2,230)	--	29,218	20	13,040	4,222	(1,093)	--	16,169	13,049
Motor vehicles	13,366	3,045	(3,657)	--	12,754	20	4,811	2,692	(1,526)	--	5,977	6,777
Forklift	2,242	--	--	--	2,242	14	1,329	176	--	--	1,505	737
	-----	-----	-----	-----	-----		-----	-----	-----	-----	-----	-----
2000	47,561	17,827	(6,748)	--	58,640		21,163	8,010	(2,938)	--	26,235	32,405
	=====	=====	=====	=====	=====		=====	=====	=====	=====	=====	=====
1999	202,919	19,424	(31,166)	(22,235)	47,561		117,306	14,260	(17,998)	(10,589)	21,163	26,398
	=====	=====	=====	=====	=====		=====	=====	=====	=====	=====	=====

* Plant and machinery is held in the possession of a third party.

7.1 Disposals of operating fixed assets

<i>Rupees in '000</i>							
<i>Description</i>	<i>Mode of disposal</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Written down value</i>	<i>Sale proceeds</i>	<i>Gain/ (loss)</i>	<i>Particulars of buyers</i>
Equipment-various	Negotiations	602	282	320	320	--	Newell Limited, England
Furniture & fixture-various	Negotiations	861	319	542	542	--	Newell Limited, England
Equipment	Tender	978	256	722	350	(372)	Jahangir & Company, Karachi
	Tender	544	508	36	75		39 EMBA Corporation Karachi
	Tender	77	37	40	25		(15) Leopard Courier Service
Vehicles	Tender	1,027	137	890	865	(25)	M S Apparel, Karachi
	Tender	534	205	329	485		156 Alibhai Autos, Karachi
	Tender	472	291	181	360		179 Mushtaq Ahmed, Karachi
	Tender	325	92	233	262		29 Niman Hasan, Karachi
	Tender	297	203	94	225		131 Sultan Hasan, Karachi
	Tender	384	371	13	261		248 Feroze Saleem, Karachi
	Tender	619	227	392	476		84 Taranum Habib, Karachi
Fixed assets having book value below Rs. 5,000		28	10	18	--	(18)	
2000		6,748	2,938	3,810	4,246	436	
1999		149,279	99,814	49,465	15,392	(34,073)	

Rupees in '000
2000 1999

8. NON-OPERATING FIXED ASSETS

Lease hold land		3,267	3,267
Building on lease hold land, etc.	8.1	1	1
		3,268	3,268

8.1 Subsequent to cessation of manufacturing operations, an independent valuation of building which was being used as factory premises was carried out. The valuer observed that due to chronic water shortage, functioning of any industry in that area is extremely difficult and no ready buyer would be available. In view of this and as a matter of prudence, carrying value of building amounting to Rs. 11.647 million has been written down to a token amount.

9. LONG-TERM LOANS--considered good

Due from - Executives	3,473	--
Less: Receivable within one year	(878)	--
	2,595	--
Outstanding for periods - less than three years	1,637	--
- three years and more	958	--
	2,595	--

These loans have been given to employees for purchase of vehicles in accordance with their terms of employment. The maximum aggregate amount due at the end of any month during the year was Rs. 3.688 million (1999: Rs. nil)

10. LONG-TERM DEPOSITS

Lease key money	--	295
CDC issuer deposit	300	300
Others	790	725
	-----	-----
	1,090	1,320
	=====	=====

11. STOCK-IN-TRADE

Finished goods	100,552	98,224
	-----	-----
	100,552	98,224
	=====	=====

The finished goods include the goods-in-transit amounting to Rs. 5.463 million (1999: Rs. 8.412 million).

12. TRADE DEBTS

Considered good - secured	77,031	--
- unsecured	950	124,534
	-----	-----
	77,981	124,534
	=====	=====

The maximum amount due from an associated undertaking at the end of any month during the year was Rs. 128.755 million (1999: Rs. 122.792 million).

13. LOANS AND ADVANCES-considered good

Loans due from executives	9	878	--
Advance against expenses		11,030	5,378
Advances to:			
Chief Executive	13.1	10	--
Executives		999	2,804
		-----	-----
		12,917	8,182
		=====	=====

13.1 The maximum aggregate amount of advances due at the end of any month during the year:

- From Chief Executive	55	186
	-----	-----
- From Executives	1,553	2,894
	=====	=====

14. DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES

Deposits		270	1,432
Prepayments		2,499	1,237
Margin on letters of credit		4,808	15,288
Receivables from associated undertakings	14.1	--	2,637
Receivable from custom authorities		--	3,768
Others		5,433	4,852
		-----	-----
		13,010	29,214
		=====	=====

14.1 The maximum aggregate amount receivable from associated undertakings at the end of any month during the year was Rs. 5,961 million (1999: Rs. 9,179 million).

15. CASH AND BANK BALANCES

Balances with banks on		
Current accounts	10,019	20,450
Saving accounts	39,329	19,833
Cash in hand	248	262
	-----	-----
	49,596	40,545
	=====	=====

16. SALES - net

Local	540,702	466,034
Export	--	8,121
	-----	-----
	540,702	474,155
Trade discounts	(2,370)	(881)
	-----	-----
	538,332	473,274
	=====	=====

17. COST OF GOODS SOLD

Cost of goods manufactured	--	256,779
Opening stock of finished goods	29,722	98,224
Purchases of finished goods	86,869	287,404
	-----	-----
	385,628	373,370
Closing stock of finished goods	(100,552)	(98,224)
	-----	-----
	285,076	275,146
	=====	=====

Cost of goods sold for the year 2000 also includes cost of Oral Care products manufactured at a third party location.

18. ADMINISTRATIVE AND SELLING EXPENSES

Salaries, wages and other benefits		37,823	32,691
Pension fund contribution		--	1,115
Provident fund contribution		1,437	1,231
Travelling and conveyance		12,908	8,651
Rent, rates and taxes		2,585	2,548
Insurance		659	134
Repairs and maintenance		909	702
Printing and stationery		1,128	1,073
Communication		4,538	4,244
Advertising and sales promotion		84,729	54,182
Sales conference and salesmen incentives		3,800	2,274
Depreciation		8,010	7,209
Motor vehicles maintenance		2,231	2,720
Lighting, heating and cooling		2,626	1,711
Auditors' remuneration	18.1	180	170
Legal and professional		10,545	8,536
Freight and forwarding		387	333
Professional tax		75	38
Donation	18.2	121	15
Others		4,888	4,001
		-----	-----
		179,579	133,578
		=====	=====

18.1 Auditors' remuneration

Audit fee	120	120
Audit fee of pension and provident fund	20	20
Special reports and sundry advisory services	20	10
Out of pocket expenses	20	20
	-----	-----
	180	170
	=====	=====

18.2 No director or his spouse has any interest in the donee's fund.

19. FINANCIAL EXPENSES

Mark-up on foreign currency loans	1,991	5,357
Mark-up on running finances	751	7,267
Mark-up on export refinance	--	633
Bank charges	337	480
Exchange loss	151	2,505
Premium on forward exchange contracts	--	4,643
	-----	-----
	3,230	20,885
	=====	=====

20. OTHER INCOME / (CHARGES)

Interest income	2,168	7,464
Gain/(loss) on disposal/scrap of operating fixed assets	436	(34,073)
Consideration against export of fixed assets	5,057	--
Insurance commission	55	97
Operating fixed assets written-off	--	(11,646)
Workers' profits participation fund	--	(1,920)
Consideration from associated undertaking	20.1	10,350
Others	361	624
	-----	-----
	18,427	65,121
	=====	=====

20.1 Consideration from associated undertaking

This represents consideration received in terms of an agreement dated 31 March 2000 from Gillette Czech s.r.o. (an associated undertaking) on account of sale of certain limited local customer base to Gillette Czech.

21. TAXATION

The charge for current taxation is made under the presumptive tax regime failing under section 80C (commercial imports) of the Income Tax Ordinance, 1979. No provision has been made under Section 62 for tax on "local sales out of goods manufactured" due to balance of estimated unabsorbed depreciation of Rs. 86.037 million.

The income tax assessments of the Company have been completed upto and including assessment year 1997-98 (income year ended 30 November 1996), except for assessment year 1989-90 (income year ended 30 November 1988). The Company has filed appeals against decisions made by assessing authorities for assessment years 1991-92, 1992-93 and 1995-96 with Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal.

However, assessment years 1991-92, 1993-94 and 1994-95 have also been set aside by appellate authority for re-examination of certain disallowances made by the assessing authorities and the revised orders for the same assessment years have not been received. The Company has made adequate provision in its financial statements and in case of an adverse decision, no further tax charge would arise.

22. EARNINGS PER SHARE

Profit after taxation	71,803	60,367
	=====	=====

Number of shares

Weighted average number of ordinary shares outstanding during the year	19,200,000	19,200,000
	=====	=====

Rupees

Earnings per share	3.74	3.14
	=====	=====

23. CASH GENERATED FROM OPERATIONS

Profit before taxation	88,874	68,249
Adjustment for non cash charges and other items:		
Depreciation	8,010	14,260
Fixed assets written-off	--	11,646
Loss/(gain) on disposal/scrap of fixed assets	(436)	34,073
Financial expenses	3,230	20,885
Working capital changes	23.1	80,902
	-----	-----
	180,580	47,529
	=====	=====

23.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares	--	5,145
Stock-in-trade	(2,328)	213
Trade debts	46,553	(72,202)
Loans and advances	(4,735)	(4,411)
Deposits, short-term prepayments and other receivables	16,204	(5,591)
	-----	-----
	55,694	(76,846)
Increase / (decrease) in current liabilities:		
Creditors, accrued and other liabilities	25,208	(24,738)
	-----	-----
	80,902	(101,584)
	=====	=====

24. CASH AND CASH EQUIVALENTS

Cash and bank balances	49,596	40,545
Short-term finances	--	(103,899)
	-----	-----
	49,596	(63,354)
	=====	=====

25. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sale of goods	308,123	326,152
Interest income	--	7,464
Purchases made	188,712	154,362
Consideration against export of fixed assets	5,057	--
Consideration received from associated undertaking	10,350	104,575
Export of plant and machinery	--	13,204
Receipt against export of raw material	--	1,136
Interest expense	1,991	5,357

26. REMUNERATION OF CHIEF EXECUTIVE,

DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts of the year for remuneration, including certain benefits to the chief executive and executives of the Company, are as follows:

Rupees in '000

	<i>Chief Executive</i>		<i>Executives</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Managerial remuneration	1,684	1,325	9,765	13,991
Bonus	2,261	260	375	1,178
Sales incentives	--	--	401	198
Tax reimbursements	--	--	67	411
Housing	758	596	4,825	5,821
Conveyance allowance	--	--	704	771
Utilities	169	133	977	1,399
Medical expenses	64	69	810	1,278
Leave fair assistance	133	57	457	630
Schooling and club membership	451	180	8	242
Retirement benefits	168	259	860	2,738
	=====	=====	=====	=====
	5,688	2,879	19,249	28,657
	=====	=====	=====	=====
Number of persons	1	1	38	48
	=====	=====	=====	=====

The aggregate amount of fee paid to three non-salaried directors was Rs. 3,000 (1999: Rs. 4,000).

The chief executive and certain executives of the Company were also entitled to free use of Company maintained cars.

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**27.1 Interest rate risk exposure**

The information about the exposure of the Company to interest/mark-up rate risk as at 31 December 2000 based on contractual repricing or maturity dates, whichever is earlier, is as follows:

Rupees in '000

<i>2000</i>	<i>Interest/ mark-up bearing Less than one year</i>	<i>Non interest/ mark-up bearing</i>	<i>Total</i>
Long - term deposits	--	1,090	1,090
Long - term advances	--	2,595	2,595
Trade debts	16,730	61,251	77,981
Loans & advances	--	1,887	1,887
Deposits, short-term prepayments and other receivables	--	10,511	10,511
Cash and bank balances	39,329	10,267	49,596
	=====	=====	=====
	56,059	87,601	143,660
	=====	=====	=====
Short - term finances	--	--	--
Creditors, accrued and other liabilities	--	(82,960)	(82,960)
Proposed dividend	--	(38,400)	(38,400)
	=====	=====	=====
	--	(121,360)	(121,360)
	=====	=====	=====
On balance sheet gap	56,059	(33,759)	22,300
	=====	=====	=====

Interest/mark-up rate risk gap56,059
=====*Rupees in '000*

<i>1999</i>	<i>Interest/ mark-up bearing Less than one year</i>	<i>Non interest/ mark-up bearing</i>	<i>Total</i>
Long - term deposits	--	1,320	1,320
Trade debts	81,190	43,344	124,534
Advances, deposits and other receivables	--	30,781	30,781
Cash and bank balances	--	40,545	40,545
	-----	-----	-----
	81,190	115,990	197,180
Short - term finances	(103,899)	--	(103,899)
Creditors, accrued and other liabilities	--	(56,279)	(56,279)
Proposed dividend	--	(14,400)	(14,400)
	-----	-----	-----
	(103,899)	(70,679)	(174,578)
On balance sheet gap	-----	-----	-----
	(22,709)	45,311	22,602
	=====	=====	=====
Interest/mark-up rate risk gap	(22,709)		
	=====		

The effective interest/mark-up rates as at 31 December for financial instruments are as follows:

	<i>2000</i>	<i>1999</i>
Assets		
Trade debts - over dues	18.00 percent	20.00 percent
Liabilities		
Foreign currency loans	6.19 - 6.25 percent	6.19 -- 6.25 percent
Running finances	12.80 - 12.95 percent	13.00 - 14.00 percent

27.2 Fair value of financial instruments

The fair value of all financial instruments is estimated to approximate their carrying value.

27.3 Concentration of credit risk

Trade debts of Rs. 77.031 million (1999: Rs. 117.294 million) are receivable from a single customer (an associated undertaking). The customer is a major distributor of the Company's products in Pakistan. The amount of receivable is secured by a charge on stock-in-trade.

28. STAFF STRENGTH

Number of employees as at 31 December	65	62
	=====	=====

29. GENERAL

29.1 Comparative figures have been re-arranged, wherever necessary, to facilitate comparison.

29.2 Figures have been rounded off to the nearest thousand rupees.

SANAULLAH QURESHI
CHAIRMAN

MUHAMMED AMIN
CHIEF EXECUTIVE

**PATTERN OF SHAREHOLDING
AS AT 31 DECEMBER 2000**

<i>No. of Shareholders</i>	<i>Shareholding</i>		<i>Total shares held</i>
	<i>From</i>	<i>To</i>	
424	1	100	42,000
202	101	500	59,000
31	501	1,000	26,700
37	1,001	5,000	92,700
7	5,001	10,000	53,100
5	10,001	15,000	66,300
1	15,001	20,000	16,500
2	20,001	25,000	48,000
2	25,001	30,000	56,000
2	35,001	40,000	75,500
1	50,001	55,000	50,500
1	90,001	95,000	92,000
1	95,001	100,000	100,000
1	275,001	280,000	277,000
1	635,001	640,000	637,200
1	2,765,001	2,770,000	2,768,500
1	14,735,001	14,740,000	14,739,000
-----			-----
720			19,200,000
=====			=====

**CATEGORIES OF SHAREHOLDERS
AS AT 31 DECEMBER 2000**

<i>Categories of Shareholders</i>	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Joint Stock Companies	12	777,300	4.05
Financial Institutions	3	38,300	0.20
Holding Company	1	14,739,000	76.77
Modaraba Companies	1	277,000	1.44
Insurance Companies	--	--	--
Investment Companies	4	105,500	0.55
Individuals	699	3,262,900	16.99
Associated Companies	--	--	--
Foreign Investors	--	--	--
Others	--	--	--
-----			-----
	720	19,200,000	100.00
=====			=====

NOTICE OF MEETING

Notice is hereby given that the Fourteenth Annual General Meeting of Gillette Pakistan Limited will be held at Khorsheed Mahal, Avari Towers, Fatima Jinnah Road, Karachi on Tuesday, 10 April 2001 at 10:30 a.m. to transact the following business:

1. To confirm the minutes of the Thirteenth Annual General Meeting held on 4 April, 2000.
2. To receive, consider and adopt the audited accounts of the Company for the year ended 31 December 2000, together with the Auditors' and Directors' Reports thereon.
3. To approve the payment of a final dividend of 20% for the year ended 31 December 2000,

as recommended by the Directors.

4. To appoint auditors for the year ending 31 December 2001 and fix their remuneration.

Messrs. Taseer Hadi Khalid & Company, Chartered Accountants, the present auditors retire and, being eligible, offer themselves for re-appointment.

By Order of the Board.

Karachi
20 March 2001

Saeed Akram
Company Secretary

1. The Share Transfer Books of the Company will remain closed from 28 March to 10 April, 2001 (both days inclusive).

2. A Member entitled to attend, speak and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such right with respect to attending, speaking and voting at the Meeting as are available to a Member.

3. CDC shareholders desiring to attend the meeting are requested to bring original National Identity Cards, Account and Participant's ID number, for identification purpose, and in case of proxy, to enclose an attested copy of his/her National Identity Card.

4. The instrument appointing a proxy together with the power of attorney (if any) or other authority, under which it is signed or a notarially certified copy thereof should be deposited at the registered office of the Company not less than 48 hours before the time of holding the Meeting.

4. Members are requested to communicate to the Company any change in their addresses