



**Gillette
Pakistan
Limited**

ANNUAL ACCOUNTS
JUNE 30, 2011



VISION STATEMENT

*To build Total Brand Value by
innovating to deliver consumer
value and customer leadership
faster, better and more completely
than our competition.*



CORE VALUES

As we work toward our Vision, three Core Values define the way we operate:

ACHIEVEMENT

We are dedicated to the highest standards of achievement in all areas of our business. We strive to consistently exceed the expectations of both external and internal customers.

INTEGRITY

Mutual respect and ethical behavior are the basis for our relationships with colleagues, customers and the community. Fair practice is the hallmark of the Company.

COLLABORATION

We work closely together as one team to improve the way we do business every day. We communicate openly and establish clear accountability for making decisions, identifying issues and solutions and maximizing business opportunities.



ORGANIZATION EXCELLENCE

Aligning our Vision requires superior and continually improving performance in every area and every level of the organization.

Our performance will be guided by a clear and concise strategic statement for each business unit and by an ongoing Quest for Excellence within all operational and staff functions.

This Quest for Excellence requires hiring, developing and retaining a diverse workforce of the highest calibre. To support this Quest, each function employs metrics to define and implements processes to achieve world-class status.



GOOD CITIZENSHIP

We will comply with applicable laws and regulations at all government levels. We will put in our efforts to assist the communities in which we operate. Our products will be safe to make and use.



PEOPLE

We will attract, motivate and retain high-performing people in all areas of our business. We are committed to competitive, performance-based compensation, benefits, training and personal growth based on equal career opportunity and merit. We expect integrity, civility, openness, support for others and commitments to the highest standards of achievement.



BOARD OF DIRECTORS

CHAIRMAN

Al Abdulmalek Rajwani

MEMBERS

Saad Amanullah Khan - CEO

Muhammad Noor-e-Arshi Khan - CFO

Alla Eldin Moustafa Imam Abou Saif

Syed Asim Naseer

Sami Ahmed

Salim Adaya

AUDIT COMMITTEE

CHAIRMAN

Al Abdulmalek Rajwani

MEMBERS

Alla Eldin Moustafa Imam Abou Saif

Salim Adaya

SECRETARY

Syed Irshad Hassan



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Directors' Report

On behalf of the Board of Directors of Gillette Pakistan Limited ('the Company'), I am pleased to present the audited financial statements of the Company for the year ended June 30, 2011, along with the auditors' report thereon.

BUSINESS OPERATIONS & MARKET REVIEW

In line with our company's strategy to grow aggressively and to capitalize on its market leadership, the Company posted a 30% growth versus year ago and surpassed Rs 1 billion sales turnover for the first time in the history of the Company. The growth was primarily drive by Gillette Blades & Razors (29%) and Braun (45%). The key initiatives that grew the business on Blades and Razors were the successful launch of Blue III as well as strong leverage of our Mach 3 franchise through a powerful holistic campaign. Braun growth came primarily behind increased in-market and media activities to raise trail and awareness coupled by the positive effect of our new distributor Abudawood in helping increase distribution and visibility.

Despite growing +30% on sales, our selling, marketing and distribution expenses grew by only 18%. These included strong awareness and trail programs on Blades and Razors; year-round presence on TV of Mach 3 copy coupled with trail generating consumer activities during most part of the year such as the Backpack Program and Blue III razor Mascot

program. On Braun, we had for the first time a holistic program on our Female Hair Removal (FHR) line-up which included media for 6 months, in-store activities which include consultants as well as live demo for consumers.

Our future plan is to continue to grow aggressively our top line, while making sure we make respectable margins on all product categories. We will continue to follow the global innovation stream on Systems and focus on trading up consumers into our disposables franchise. On Braun we plan to capitalize on our excellent line up of FHR, Hair Care and Household line-ups via strong trial generating programs. On Personal Care, after effective lobbying for three years, government has now removed the unjust regulatory duty from this category and we plan to pass on this benefit to the consumer as soon as our supply chain comes back to the desired level. This will obviously help in improvement of profitability and reduce counterfeits in the market and will also result in growing business to pre-regulatory duty levels and beyond on this category.

Following are the summarized highlights of the financial results of the Company for the year ended June 30, 2011:

	June 30, 2011	June 30, 2010
Rupees in '000		
Sales	1,032,769	796,671
Gross profit	264,138	245,928
Profit before tax	42,417	58,461
(Loss) / profit for the year	(24,565)	25,884
(Loss) / earnings per shre	(1.28)	1.35
Gross profit ratio	26%	31%
PBT Ratio	4.1%	7.3%
PAT Ratio	-2.4%	3.2%



As evident from the above financial summary, in spite of sales growth by 30%, the company evidenced profit erosion as compared to last year. The primary reason for erosion in profitability is decrease in gross margins. The Company witnessed an increase in cost of purchases which majorly hit the Company in second half of the fiscal year. This was behind significant increase in supply prices from our supplier and foreign currency devaluation of PKR against Euro. The Company implemented certain product price changes to set off this cost increase; however, complete purchasing cost impact was not transferred to the consumer during the year. This was done as the Company did not want its products to be un-competitive in the market by an abrupt price change and wanted to slide in price increases slowly. This purchase price escalation and limited offsetting through product sales pricing also resulted in negative net realizable value assessment of certain products lying in inventory as at June 30, 2011 amounting to Rs. 10.8 million as given in note 6.2 to the financial statements.

The erosion in gross margins was partially offset by savings in selling, marketing and distribution expenses which were 21.1% of net sales vs. 23.3 % last year. The administrative expenses also showed a reduction of 17% from last year. In addition to this, the revaluation loss on Euro related foreign currency liabilities resulted in an exchange loss of Rs. 18.6 million against an exchange gain of Rs. 4.1 million last year. The net impact of decrease in gross margins set off by savings in selling and admin expenses along with impact of exchange loss resulted in a decrease of profit before tax from 7.3% of sales in last year to 4.1% of net sales in current year. The net profitability after tax was also impacted by increase in Final Tax Rate on imported products which increased from 4% in fiscal 2010 to 5% in fiscal 2011. This was compounded by imposition of 15% flood surcharge wef March 31, 2011.

In order to improve the bottom line profitability, the management of the Company has been continuously in discussion with the supplier to get concessions on pricing over certain products, which have significant shares in the total revenue of the Company. Based on the ongoing discussion with the supplier, the BOD is glad to report that subsequent to the year end, the supplier has agreed to give price reduction in supply price of certain of its products, which will result in improvement in profitability in ensuing year. The profitability will also improve as soon as volatility in PKR against Euro decreases. The management is also in the process of cost optimization and ensuring that all the non value adding costs are eliminated. The management also intends to pass on inflation related cost increase fully through appropriate product pricing actions in fiscal 2012.

DIVIDENDS AND APPROPRIATIONS

Keeping in the view of the losses incurred by the Company in this year, the Board of Directors has not recommended any dividend for the year.

BOARD OF DIRECTORS

During the year, two directors of the Company resigned from the office of directorship which was duly accepted by the Board and casual vacancy arising there from was duly filled by appointment of two new directors for the remainder term. The details are as follows:

Directors resigned:

- Mr. Vincent Philippe Litrico
- Mr. Faisal Sabzwari

New directors appointed:

- Mr. Alla Eldin Moustafa Imam Abou Saif
- Syed Asim Naseer

The Board of Directors' of the Company now comprises of:

- Mr. Al Abdulmalek Rajwani - Chairman
- Mr. Saad Amanullah Khan - CEO
- Mr. Alla Eldin Moustafa Imam Abou Saif
- Mr. Salim Adaya
- Mr. Muhammad Noor-e-Arshi Khan - CFO
- Mr. Sami Ahmed
- Syed Asim Naseer

The Board wishes to place on record its sincere appreciation for the valuable services rendered by two outgoing directors during their tenure and extends a warm welcome to the two new directors.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board has adopted the statement of Ethics and Business Practices. All employees have been informed of the statement which they have signed and understand that they are required to observe these rules of conduct in relation to business and regulations.

CODE OF CORPORATE GOVERNANCE

In compliance with the Code of Corporate Governance, it is stated:



- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment. There has been a change in accounting estimate during the year. This change has been accounted for as change in accounting estimate as per the requirement of International Accounting Standard 8 - "Accounting Policies, Changes in Accounting Estimates and Error". For details, please refer to note 6.3 to the financial statements.
- International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The Board is ultimately responsible for the Company's system of Internal Control and its effectiveness. Such a system is designed to minimize the risk of any material misstatement or loss rather than eliminate the same. The Company maintains sound internal control system considering the size and nature of the business which gives reasonable assurance against any material misstatement or loss. The Internal Control system is regularly reviewed and has been formalized by the Board's Audit Committee and is updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The Company is a subsidiary of The Series Acquisition B.V., Netherlands which is a subsidiary of P&G, USA. The parent company holds 76.77% shares of the Company.
- The earnings per share of the Company are disclosed in the financial statements.
- Key operating and financial data for six years in summarized form is as follows:

	Year ended June 30	Eighteen months ended June 30		Year ended December 31		
	2011	2010	2009	2008	2006	2005
Rupees in '000						
OPERATING DATA						
Sales - net	1,032,769	796,671	727,573	1,196,280	563,217	696,962
Gross profit	264,138	245,928	267,498	330,764	173,140	199,165
Profit before taxation	42,417	58,461	124,723	72,306	50,410	43,922
(Loss) / profit after taxation	(24,565)	25,884	109,354	7,111	27,396	15,605
(Loss) / profit after taxation as percent of sales	-2%	3%	15%	1%	5%	2%
FINANCIAL DATA						
Issued, subscribed and paid-up share capital	192,000	192,000	192,000	192,000	192,000	192,000
Unappropriated profit / reserves	172,732	197,297	171,413	71,659	64,548	36,189
Shareholder's equity	364,732	389,297	363,413	263,659	256,548	228,189
Total assets	721,928	585,868	625,307	443,150	350,192	336,130
Total liabilities	357,196	196,571	261,894	179,491	93,644	107,941
Current ratio	2.02	2.98	2.38	2.45	3.71	2.98
INVESTORS INFORMATION						
Gross profit in percent of sales	26%	31%	37%	28%	31%	29%
Profit before tax in percent of sales	4%	7%	17%	6%	9%	6%
Total assets turnover (times)	1.43	1.36	1.16	2.70	1.61	2.07
Fixed assets turnover (times)	196	1,512	569	499	276	51
Dividend	0%	0%	0%	5%	0%	0%
(Loss) / earnings per share - basic and diluted	(1.28)	1.35	5.70	0.37	1.43	0.81



- Information about taxes and levies is given in the notes to the financial statements.
- The value of investments of provident and pension funds on the basis of audited financial statements as at June 30, 2010 amounts to Rs 3.3 million and Rs. 70.3 million respectively.
- During the year, four meeting were held. The Board of Directors' meetings were held on October 5, 2010, October 29, 2010, February 25, 2011 and April 28, 2011. The meetings were attended by the directors as under:

Name of Directors	Meeting held during tenure	Meetings attended
Al Abdulmalek Rajwani	4	Nil
Saad Amanullah Khan	4	4
Muhammad Noor-e-Arshi Khan	4	4
Vincent Philippe Litrico (Self attendance/ via alternate director)	1	1
Salim Adaya (Self attendance/ via alternate director)	4	4
Faisal Sabzwari	2	Nil
Sami Ahmed	4	Nil
Alla Eldin Moustafa Imam Abou Saif (Self attendance/ via alternate director)	3	3
Syed Asim Naseer	2	Nil

- The pattern of shareholding and additional information regarding pattern of shareholding is given as on page no. 46-47.
- No trades in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.
- The Company has complied with the requirements of the Code of Corporate Governance. A compliance statement to this effect is given on page12-13.

AUDITORS

Messers. Yousuf Adil Saleem and Company, Chartered Accountants retire and being eligible has offered them for re-appointment.

PERSONNEL

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

On behalf of the Board,

SAAD AMANULLAH KHAN
Chief Executive

Karachi
September 29, 2011



Statement of Compliance with The Code of Corporate Governance

For the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee Ltd.) and Lahore Stock Exchange (Guarantee Ltd.) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board comprises seven directors, including five non-executive directors out of which one represents the minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of them is a member of a stock exchange.
4. During the year, two casual vacancies were caused due to the resignation of Mr. Vincent Litrico and Mr. Faisal Sabzwari who were replaced by Mr. Alla Eldin Moustafa Imam Abou Saif and Syed Asim Naseer respectively within the time frame prescribed by the code.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has signed by the Directors and all employees of the company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) both being executive director, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter except the first quarter (July- Sept) in which no meeting could be held as there was no item on agenda for discussion. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within fourteen days from the date of the meeting.
9. The Board had arranged the orientation course of the Code of Corporate Governance for its existing directors in the previous year to apprise them of their role and responsibilities. In case of the directors who have filled casual vacancies during the year, the Board is in the process of arranging an appropriate orientation course for them.
10. The CEO who is also the director, has attended the Board Development Series Certificate program conducted by the Pakistan Institute of Corporate Governance.



11. The Board has approved the outsourcing of the Internal Audit function and terms and conditions of outsourcing of Internal Audit function have been approved by the Board of Directors.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises of three members which includes all non-executive directors. The Committee is headed by non executive Director.
17. The meetings of the Audit Committee were held once in every quarter except the first quarter (July- Sept) in which no meeting could be held as there was no item on agenda for discussion. These meetings were held prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has set-up an effective Internal Audit function by outsourcing it to Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the Internal Audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. All related party transactions have been reviewed and approved by the Board and are carried out as per agreed terms as disclosed in the financial statements.
22. We confirm that all other material principles contained in the Code and relevant for the year ended June 30, 2011, have been complied with by the Company.

On behalf of the Board,

SAAD AMANULLAH KHAN
Chief Executive

Karachi
September 29, 2011

Review Report to The Members on Statement of Compliance with Best Practices of The Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Gillette Pakistan Limited (the Company) to comply with the respective Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the listing regulations of Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Chartered Accountants

Engagement Partner:
Syed Asad Ali Shah

Karachi
Date: September 29, 2011

Auditors' Report to The Members

We have audited the annexed balance sheet of Gillette Pakistan Limited (the Company) as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 those 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 account 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm 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 June 30, 2011 and of the loss, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Chartered Accountants

Engagement Partner:
Syed Asad Ali Shah

Karachi
Date: September 29, 2011



Balance Sheet

As at June 30, 2011

	Note	June 30, 2011	June 30, 2010
Rupees in '000			
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,282	527
Long-term loans	4	12	88
Long-term deposits	5	138	138
Current assets			
Stock-in-trade	6	355,182	196,761
Trade debts	7	135,032	126,089
Loans and advances	8	18,086	9,188
Trade deposits	9	307	1,078
Interest receivable on term deposits		869	476
Other receivables	10	21,186	11,451
Other financial assets	11	120,459	201,000
Sales tax refundable		31,351	5,971
Taxation - net		32,276	24,313
Cash and bank balances	12	1,748	8,788
		716,496	585,115
Total assets		721,928	585,868
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	13	192,000	192,000
Unappropriated profit		172,732	197,297
Total equity		364,732	389,297
LIABILITIES			
Current liabilities			
Trade and other payables	15	357,196	196,571
Contingencies and commitments	16		
Total equity and liabilities		721,928	585,868

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

MUHAMMAD NOOR-E-ARSHI KHAN
DIRECTOR



Profit and Loss Account

For the year ended June 30, 2011

	Note	June 30, 2011	June 30, 2010
Rupees in '000			
Sales - net	18	1,032,769	796,671
Cost of goods sold	19	(768,631)	(550,743)
Gross profit		264,138	245,928
Other operating income	20	51,998	42,521
Selling, marketing and distribution expenses	21	(218,669)	(185,462)
Administrative expenses	22	(35,248)	(42,850)
Other operating expenses	23	(19,491)	(1,651)
Bank charges	24	(311)	(25)
Profit before taxation		42,417	58,461
Income tax expense	25	(66,982)	(32,577)
(Loss) / profit after tax		(24,565)	25,884
Rupees			
(Loss) / earnings per share - basic and diluted	26	(1.28)	1.35

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

MUHAMMAD NOOR-E-ARSHI KHAN
DIRECTOR



Statement of Comprehensive Income

For the year ended June 30, 2011

	June 30, 2011	June 30, 2010
	Rupees in '000	
(Loss) / profit for the year	(24,565)	25,884
Other comprehensive income	-	-
Total comprehensive income for the year	(24,565)	25,884

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

MUHAMMAD NOOR-E-ARSHI KHAN
DIRECTOR



Cash Flow Statement

For the year ended June 30, 2011

	Note	June 30, 2011	June 30, 2010
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	28	(35,158)	(101,305)
Income taxes paid		(74,945)	(39,226)
Long-term loans - recovered		76	74
Net cash used in operating activities		<u>(110,027)</u>	<u>(140,457)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,208)	-
Proceeds on disposal of property, plant and equipment		1,699	-
Interest income received		26,955	30,719
Net cash from investing activities		<u>22,446</u>	<u>30,719</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(15)
Net cash used in financing activities		-	(15)
Net decrease in cash and cash equivalents		<u>(87,581)</u>	<u>(109,753)</u>
Cash and cash equivalents at the beginning of the year		<u>209,788</u>	<u>319,541</u>
Cash and cash equivalents at the end of the year	27	<u><u>122,207</u></u>	<u><u>209,788</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

MUHAMMAD NOOR-E-ARSHI KHAN
DIRECTOR



Statement Of Changes In Equity

For the year ended June 30, 2011

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees in '000		
Balance as at July 01, 2009	192,000	171,413	363,413
Total Comprehensive Income for the year ended June 30, 2010:			
Profit for the year	-	25,884	25,884
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	25,884	25,884
Balance as at June 30, 2010	192,000	197,297	389,297
Total Comprehensive Income for the year ended June 30, 2011:			
Loss for the year	-	(24,565)	(24,565)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(24,565)	(24,565)
Balance as at June 30, 2011	192,000	172,732	364,732

The annexed notes 1 to 36 form an integral part of these financial statements.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

MUHAMMAD NOOR-E-ARSHI KHAN
DIRECTOR



Notes To The Financial Statements

For the year ended June 30, 2011

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 P&G, USA). The registered office of the Company is situated at 5th Floor Bahria Complex - I, 24-M.T. Khan Road, Karachi-74000 and 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, household appliances and oral care products.

1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

The financial statements have been prepared under the historical cost convention except for the recognition of certain staff retirement benefits at present value as referred to in note 2.12 to these financial statements.

2.3 Adoption of new and amended International Financial Reporting Standards and IFRS interpretations

New standards, amendments and interpretations that are mandatory for accounting period beginning on or after July 01, 2010 are considered not to be relevant or to have any significant effect on the company's financial reporting and operations.

2.3.1 Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following revised standards, amendments to published standards and interpretations to existing standards with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below:

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 7 Financial Instruments: Disclosures (Amendment) - Financial Instruments: Disclosures Clarifications of Disclosures	January 1, 2011
IFRS 7 Financial Instruments: Disclosures (Amendment) fi Disclosures: Transfers of Financial Assets	July 1, 2011
IAS 1 Presentation of Financial Statements (Amendment) - Clarification of statement of changes in equity	January 1, 2011
IAS 1 Presentation of Financial Statements (Amendment) -Amendments to revise the way other comprehensive income is presented	July 1, 2012



Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IAS 12 Income Taxes (Amendment)	January 1, 2012
IAS 19 Employee Benefits (Amendment)	January 1, 2013
IAS 24 Related Party Disclosures (Revised)	January 1, 2011
IAS 34 Interim Financial Reporting (Amendment)	January 1, 2011
IFRIC 13 Customer Loyalty Programmes (Amendment)	January 1, 2011
IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendment)	January 1, 2011

The Company considers that the above standards and interpretations are either not relevant or will have no material impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements except for IAS 19 "Employee Benefits (Amendment) which requires recognition of all actuarial gains or losses in other comprehensive income arising during the year. The amendment in the existing IAS - 19 will result in change in accounting policy of the Company for recording of actuarial gain or losses which, currently based on the corridor approach is charged to the profit and loss account as disclosed in note 2.12. From the effective date of such amendment, the Company will immediately recognize all actuarial gains or losses arising during the year in other comprehensive income. Further, the Company will recognize all unrecognized net actuarial gains or losses accumulated till effective date of such amendment in other comprehensive income on retrospective basis. As at the balance sheet date, the Company carries unrecognized net actuarial gains of Rs. 34.570 million (refer Note 33).

2.4 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment in value, if any. Residual values, estimated useful lives and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Cost is depreciated over the estimated useful life of related assets under the straight line method except for capital work in progress which is stated at cost. Depreciation on additions is charged from the month in which the asset is available for use and no depreciation is charged in the month of disposal. Depreciation rates are stated in note 3 to these financial statements.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial period in which they are incurred. Cost of acquisition of display stands is also charged to profit and loss account directly.

Gains and losses on disposal of assets are recognized in profit and loss account.

2.5 Impairment

Financial Assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event,) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount and reversal of impairment loss is recognized immediately in profit and loss account, but however the carrying amount is increased to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

2.6 Intangible assets

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortization method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Costs that are clearly associated with an identifiable asset which has a probable benefit beyond one year are recognized as intangible assets. Amortization on additions to intangible assets is charged from the month in which an asset is available for use while no amortization is charged for the month in which that asset is disposed off.

2.7 Operating lease

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating lease. Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease.

2.8 Investments

Recognition

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

Held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method, less any impairment losses. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognized in the income statement when the investments are de-recognized or impaired, as well as through the amortization process.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.9 Stock-in-trade

Stocks are valued at the lower of cost and estimated net realizable value. Costs are determined by using the first in, first-out method except for goods-in-transit which are valued at the actual cost accumulated to the balance sheet date. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.



The cost of stocks includes expenditure incurred in acquiring / bringing the inventories items to their existing location and condition.

2.10 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade debts is estimated when there is objective evidence that the Company will not be able to collect all amount due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit and loss account within 'administrative expenses'. When a trade debt is uncollectible, it is written off against the allowance account for trade debts. Subsequent recoveries of amounts previously written off are credited to 'other operating income' in the profit and loss account.

2.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation and tax paid on presumptive basis. Income tax paid at import stage under Final Tax Regime (FTR) is recognized as tax expense in the period in which related goods are sold as required by the requirements of Accounting Technical Release - 30 issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Deferred

Deferred tax is not booked as the majority of the income of the Company falls under the Final Tax Regime of Income Tax Ordinance, 2001. Deferred tax impact on the income falling under normal tax regime is immaterial to the financial statements.

2.12 Staff retirement benefits

Defined benefit plan

The Company operates a defined benefit plan i.e., approved funded pension fund scheme for all its permanent employees subject to prescribed qualifying age limit. Contributions are made to the fund on the basis of actuarial recommendations. Actuarial valuation is carried out using projected unit credit method.

Actuarial gains / losses exceeding 10 percent of the higher of projected benefits obligation and fair value of plan assets, at the beginning of the year, are amortized over average future service of the employees.

Details of the schemes are given in note 33 to these financial statements.

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.

Compensated absences

The liability in respect of compensated absences is accounted for in the period in which the absences accrue

2.13 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.



2.14 Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.15 Foreign currency translation

Transactions in foreign currencies are recorded into Pak Rupee at the exchange rate prevailing on the date of transaction. At each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account in the year in which they arise.

2.16 Revenue recognition

Sales are recorded on delivery of goods and acceptance by the customer.

Mark-up / return on bank balances / investments is recognized on a time proportionate basis on the principal amount outstanding and at the effective interest rate.

2.17 Cash and cash equivalents

Cash and cash equivalents are carried at cost and consist of cash in hand, bank balances, term deposits having maturity of less than three months or three months and bank overdraft.

2.18 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the periods in which the dividends are approved by the appropriate authority.

2.19 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account currently.

Financial instruments carried on the balance sheet include loans, deposits, trade debts, accrued profit, other receivables, cash and bank balances and trade and other payables. The particular recognition method adopted are disclosed in the individual policy statements associated with each item.

2.20 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.21 Segment Reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the company that is engaged in business activities from which it may earn revenues and incur expenses. An operating segment's results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.



Segment results which are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company's reportable segments are as follows:

- Blade and Razors
- Braun Products
- Others

2.22 Significant judgments and key sources of estimation in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affects the application of policies and reported amounts of assets, liabilities, 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.

Judgments and estimates made by management that may have significant risk of material adjustments to the financial statements in the subsequent years are as follows:

- i) Provision for doubtful debts (note 7.2);
- ii) Determination of net realizable value for stock-in-trade (note 6.2);
- iii) Estimates of receivables in respect of staff retirement benefit scheme (note 2.12 and note 33);
- iv) Provision for taxation (note 2.11 and note 25)
- v) Contingencies and commitments (note 16)



3. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Motor VehicleS	Total
	Rupees in '000		
YEAR ENDED JUNE 30, 2010			
At July 01, 2009			
Cost	129	3,234	3,363
Accumulated depreciation	(54)	(2,031)	(2,085)
Net book value	75	1,203	1,278
Opening net book value	75	1,203	1,278
Additions	-	-	-
Disposals			
Cost	-	-	-
Depreciation	-	-	-
Net book value	-	-	-
Depreciation charge for the year	(38)	(713)	(751)
Closing net book value	37	490	527
At June 30, 2010			
Cost	129	3,234	3,363
Accumulated depreciation	(92)	(2,744)	(2,836)
Net book value	37	490	527
Depreciation rates	25%	25%	
YEAR ENDED JUNE 30, 2011			
Opening net book value	37	490	527
Addition	-	6,208	6,208
Disposal			
Cost	(63)	(2,723)	(2,786)
Depreciation	47	2,631	2,678
	(16)	(92)	(108)
Depreciation charge for the year	(19)	(1,326)	(1,345)
Closing net book value	2	5,280	5,282
At June 30, 2011			
Cost	66	6,719	6,785
Accumulated depreciation	(64)	(1,439)	(1,503)
Net book value	2	5,280	5,282
Depreciation rates	25%	25%	



3.1 Disposal of property, plant and equipment during the year are as follows:

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceed	Gain/ (Loss)	Mode of disposal	Particulars of buyer
Rupees in '000							
Office Equipment	63	47	16	-	(16)	Written off	Written off
Vehicles							
Honda Accord	1,754	1,662	92	719	627	As per Company's policy	"Mr. Saad Amanullah Khan, CEO of the Company"
Toyota Corolla	969	969	-	980	980	Tender	Mr. Muhammad Asghar, House No. 120, Manik G Street, Garden East, Karachi
	2,723	2,631	92	1,699	1,607		
June 30, 2011	2,786	2,678	108	1,699	1,591		
June 30, 2010	-	-	-	-	-		

Note

	June 30, 2011	June 30, 2010
	Rupees in '000	

3.2 Depreciation charge for the year has been allocated as under:

Selling, marketing and distribution expenses	21	718	351
Administrative expenses	22	627	400
		1,345	751

4. LONG-TERM LOAN

Considered good

Loans to related parties - executives	4.1 & 4.2	12	88
		12	88

4.1 Reconciliation of carrying amount of loans and advances given to executives.

Balance as at July 01		309	237
Add: Addition / transfer during the year		684	220
		993	457
Less: Repayments during the year		(472)	(148)
Balance as at June 30		521	309
Less: Current portion	8	(509)	(221)
		12	88

4.2 Loan to executives represent interest free car loan and emergency loans given as per the Company,s policy. These loans have not been discounted to at the present value as the impact is considered to be immaterial. The loans are secured against employee retirement benefits balances.

4.3 The maximum aggregate amount of long-term loans due from the Executives at the end of any month during the year was Rs. 0.71 million (June 30, 2010: Rs. 0.39 million).



June 30,
2011

June 30,
2010

Rupees in '000

5. LONG-TERM DEPOSITS

Central Depository Company Limited - registration deposit
Employee medical insurance deposit

37	37
101	101
138	138

6. STOCK-IN-TRADE

6.1 Stock-in-trade comprises of finished goods and includes goods-in-transit amounting to Rs. 113.142 million (June 30, 2010: Rs. 61.222 million). Such stocks are in possession of a third party.

6.2 Stock-in-trade includes goods costing Rs. 36.129 million (June 30, 2010: Nil) valued at net realizable value amounting to Rs. 25.269 million (June 30, 2010: Nil).

6.3 In the current year, the management has changed the formula for release of variances arising on stock-in-trade. Previously, the variance was calculated on the basis of segment wise inventory turnover formula i.e. cost of goods sold of total products in a segment divided by average stock-in-trade balance of total products in a segment. From the current year, the variance release is calculated product wise on actual basis, i.e. the actual number of days that the stock-in-trade balance represents based on purchase dates calculated backwards from the reporting date. This change has been accounted for as change in accounting estimate as per the requirement of International Accounting Standard 8 - "Accounting Policies, Changes in Accounting Estimates and Error". Had there been no change in the basis of calculating the variance release, carrying value of stock-in-trade and unappropriated profit as at June 30, 2011 would have been increased and the loss after tax for the year then ended would have been decreased by Rs. 13.805 million. Also, loss per share would have been decreased by Rs. 0.72 per share.

Note

June 30,
2011

June 30,
2010

Rupees in '000

7. TRADE DEBTS

Unsecured

Considered good

7.1

135,032

126,089

Considered doubtful

254

457

Less: Provision for doubtful debts

7.2

(254)

(457)

-	-
135,032	126,089

7.1 Trade receivables are non-interest bearing and the credit period on sale of goods is 92 days for Braun products and 26 days for Blades & Razors and others (June 30, 2010: 82 days for Braun products and 31 days for Blade & Razors and others).

June 30,
2011

June 30,
2010

Rupees in '000

7.2 Movement in provision for doubtful debt

Balance as at July 01

457

921

Add: Charge for the year

254

21

Less: Reversal of provision

(457)

(485)

Balance as at June 30

254

457



7.3 In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt on each reporting period from the date when credit was initially granted. Accordingly, the directors believe that there is no further provision required in excess of the provision for doubtful debts, as there has not been a significant change in credit quality of the customer.

7.4 Aging of trade debts

	1 - 26 days	27 - 92 days	Above 92 days
	Rupees in '000		
June 30, 2011			
Neither due nor impaired	135,018	-	-
Past due but not impaired	-	14	-
Past due and impaired	-	-	254
	1 - 31 days	32 - 82 days	Above 82 days
	Rupees in '000		
June 30, 2010			
Neither due nor impaired	111,335	12,638	-
Past due but not impaired	29	-	2,088
Past due and impaired	-	-	457
	<i>Note</i>	June 30, 2011	June 30, 2010
		Rupees in '000	

8. LOANS AND ADVANCES

Considered good

Advances

- employees

- others

Current portion of long-term loans to executives

8.1	734	40
4.1	16,843	8,927
	509	221
	<u>18,086</u>	<u>9,188</u>

8.1 The maximum aggregate amount of advances due from employees at the end of any month during the year was Rs. 0.734 million (June 30, 2010: Rs. 0.590 million)

9. TRADE DEPOSITS

Deposits

307	1,078
<u>307</u>	<u>1,078</u>

10. OTHER RECEIVABLES

Receivable from pension fund

Receivable from related parties

Duties refundable

Others

33.2	6,250	7,392
10.1	609	4,059
10.2	13,343	-
	984	-
	<u>21,186</u>	<u>11,451</u>

10.1 This represents receivable from related parties amounting to Nil (June 30, 2010: Rs. 4.06 million) from Procter and Gamble Pakistan (Pvt.) Ltd. and Rs. 0.609 million (June 30, 2010: Nil) from Procter & Gamble Europe SA on account of services rendered by the Company.



10.2 This represents refundable claim lodged with Custom Authorities on account of duty refund on re-export of products in prior years.

<i>Note</i>	June 30, 2011	June 30, 2010
-------------	--------------------------	------------------

Rupees in '000

11. OTHER FINANCIAL ASSETS

11.1 Investments - Held-to-maturity

Term deposits	11.1.1	<u>120,459</u>	<u>201,000</u>
---------------	--------	----------------	----------------

11.1.1 This represents term deposits, having maturity period of one month to three months and effective interest rates are in range from 8% to 12.3% (June 30, 2010: 8%-11.05%) per annum.

<i>Note</i>	June 30, 2011	June 30, 2010
-------------	--------------------------	------------------

Rupees in '000

12. CASH AND BANK BALANCES

- Current account		521	521
- Savings account	12.1		
Foreign currency		957	873
Local currency		270	7,394
		1,227	8,267
		1,748	8,788

12.1 These are balances maintained with commercial banks. The effective interest rate on the account ranges from 5% to 8% (June 30, 2010: 5% to 8%) per annum.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2011	June 30, 2010		June 30, 2011	June 30, 2010
Number of shares			Rupees in '000	
15,936,000	15,936,000	Ordinary shares of Rs. 10/- each fully paid:		
		In cash	159,360	159,360
3,264,000	3,264,000	Other than cash	32,640	32,640
19,200,000	19,200,000		192,000	192,000

13.1 The Series Acquisition B.V., Netherlands, and its nominees held 14,739,004 (June 30, 2010: 14,739,004) ordinary shares of Rs. 10 each of the Company.

13.2 The Company has one class of ordinary shares which carry no right to fixed income. The holders of the shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13.3 There was no movement in ordinary shares during the year.

13.4 The Company has no reserved shares for issuance under options and sales contracts.



14. CAPITAL RISK MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The capital structure of the Company consists of equity comprising issued share capital and unappropriated profit. The Company's overall strategy remains unchanged from 2010.

The Company is not subject to any externally imposed capital requirements.

	Note	June 30, 2010	June 30, 2009
Rupees in '000			
15. TRADE AND OTHER PAYABLES			
Trade creditors	15.1	296,402	120,420
Accrued liabilities	15.2 & 15.3	60,296	75,653
Unclaimed dividend		498	498
		357,196	196,571

15.1 This represents amount payable to related party, Procter and Gamble International Operations (PGIO).

15.2 This includes payable to related parties amounting to Rs. 3.21 million (June 30, 2010: Nil) to Procter and Gamble Pakistan (Pvt.) Ltd. and Rs. 1.33 million (June 30, 2010: Rs. 0.45 million) to Procter & Gamble Asia on account of services rendered to the Company.

15.3 This includes payable in respect of workers welfare fund amounting to Rs. 0.83 million (June 30, 2010: Rs. 2.45 million)

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 The income tax assessments of the Company have been completed up to and including Tax year 2010 (i.e. year ended on June 30, 2010). The tax returns for the tax years from 2003 to 2010 are treated as assessment orders under section 120 of the Income Tax Ordinance, 2001 on the date returns were filed, unless amended otherwise. Notice for amendment of assessment relating to Tax years 2004, 2005 & 2006 were received from Additional Commissioner and reply thereof was filed. Thereafter, no further activity has taken place.

In respect of assessment years 2000-2001 and 2001-2002, the Commissioner of Income Tax (Appeals) made certain additions / disallowances which resulted in additional tax liability amounting to Rs 49.422 million and Rs 8.241 million respectively. The Company filed appeals before the Income Tax Appellate Tribunal (ITAT), which are pending for the decision.

In respect of the above, the Company has made a payment of the full amount and made a provision of Rs 40.518 million in previous years. The management considers that any further provisions would not be required in case of adverse decision in the case.

16.1.2 The Deputy Commissioner Inland Revenue (DCIR) passed orders for the tax years 2006 to 2009 based on alleged default of withholding tax under section 156 on sales and promotion expenses incurred by the Company in these years. An appeal was filed with the Commissioner Inland Revenue Appeals (CIRA) who annulled the orders of DCIR, but allowed that the matter can still be taken up afresh if he intends to, after giving reasonable opportunity of being heard. As a result, the Officer Inland Revenue (OIR) once again initiated the same proceedings by issuing show cause notices dated April 23, 2011. The Company submitted the required information after which no further proceedings took place.



- 16.1.3** The Deputy Commissioner Inland Revenue had raised demand for tax years 2005 to 2009 against non admissibility of allocation of expenses against interest income. Though the net amount payable, after taking into account tax credits, was Rs 6.75 million which has been paid by the Company, however, an appeal was also filed with the Commissioner Inland Revenue Appeals (CIRA) which was later dismissed. The Company has now filed appeals with the Appellate Tribunal Inland Revenue, hearing of which is pending. Appropriate provision has been made in these financial statements.
- 16.1.4** Notice of monitoring of withholding tax for tax year 2010 was received from Officer Inland Revenue which has been responded by the Company. Thereafter, no further activity has taken place.
- 16.1.5** A case has been filed by one of the ex-employee of the Company regarding payment of severance cost amounting to Rs. 28.9 million in the High Court of Sindh (the Court). After some initial hearings, the Court on the application of plaintiff, vide order dated September 17, 2010, has allowed appointment of commissioner to hear the case, with the cost to be borne by the plaintiff. Once the evidence is recorded, the matter will be fixed in the Court for arguments. However, based on the advice from the Company's legal counsel, the Company anticipates that the case shall be decided in its favour. Hence, the management has not made any provision against this case in these financial statements.

June 30,
2011 June 30,
2010

Rupees in '000

16.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

Not later than one year	1,980	783
Later than one year but not later than five years	1,712	1,061
	3,692	1,844

These represent vehicles acquired under operating lease. The effective financing rate used as discounting factor is 16.82% per annum (2010: 15.93% per annum). The leases are for a period of 4 years.

17. SEGMENT RESULTS

	Segment revenue		Segment profit	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	----- Rupees in '000 -----			
Blades and razors	866,313	673,332	21,744	43,451
Braun products	98,852	68,372	3,704	(7,282)
Others	67,604	54,967	20,021	24,297
	1,032,769	796,671	45,469	60,466
Other operating income			51,998	42,521
Administrative expenses			(35,248)	(42,850)
Other operating expenses			(19,491)	(1,651)
Bank charges			(311)	(25)
Profit before tax			42,417	58,461

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2010: Nil).



For the purpose of segmental profit calculation, the Company has allocated selling and marketing expenses to the segments. This include expenses directly attributable to the segment as well as those that were allocated on the basis of net sales of the segment.

Accounting policies of the reportable segments are the same as the companies accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of other operating income, administrative expense, other operating expenses, bank charges and income tax expense. This is the measure which is reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance.

	June 30, 2011	June 30, 2010
	Rupees in '000	
17.2 Segment assets and liabilities		
Segment assets		
Blades and razors	165,457	157,435
Braun products	42,558	26,342
Others	52,543	26,996
	<u>260,558</u>	<u>210,773</u>
Unallocated corporate assets	461,370	375,095
	<u>721,928</u>	<u>585,868</u>
Segment liabilities		
Blades and razors	19,629	34,499
Braun products	4,816	3,016
Others	-	3,257
	<u>24,445</u>	<u>40,772</u>
Unallocated corporate liabilities	332,751	155,799
	<u>357,196</u>	<u>196,571</u>

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

Segment assets include stocks-in-trade excluding goods in transit.

Segment liabilities include accrued liabilities.

	June 30, 2011	June 30, 2010
	Rupees in '000	
17.3 Revenue from major products		
Blades and razors	866,313	673,332
Braun products	98,852	68,372
Personal care products	32,307	27,318
Oral-B products	35,297	27,649
	<u>1,032,769</u>	<u>796,671</u>

17.4 Revenue from one major customer amounts to Rs. 1,033 million (June 30, 2010: Rs. 752.2 million) against sale of major products of the Company.

17.5 Geographical segments

The Company has not disclosed the information of geographical segments as the CODM reviews performance and allocates resources based on the business segments.



	Note	June 30, 2011	June 30, 2010
Rupees in '000			
18. SALES - net			
Gross sales		1,302,850	978,730
Trade discounts		(78,938)	(46,761)
Sales tax		(191,143)	(135,298)
		<u>1,032,769</u>	<u>796,671</u>
19. COST OF GOODS SOLD			
Opening stock of finished goods		196,761	145,372
Purchases of finished goods		927,052	602,132
		<u>1,123,813</u>	<u>747,504</u>
Closing stock of finished goods		(355,182)	(196,761)
	19.1	<u>768,631</u>	<u>550,743</u>
19.1	This includes a charge of Rs. 10.860 million being the difference as explained in note 6.2.		
	Note	June 30, 2011	June 30, 2010
Rupees in '000			
20. OTHER OPERATING INCOME			
20.1 Income from financial assets			
- Interest income on term deposits and saving accounts		27,348	27,034
- Reversal of provision for bad debt		457	485
		<u>27,805</u>	<u>27,519</u>
20.2 Income other than financial assets			
Gain on disposal of property, plant and equipment	3.1	1,591	-
Income recognized on defined benefit plan	33	6,250	7,392
Exchange gain		-	4,186
Duty refund on re-export of products in prior year		13,343	-
Others		3,009	3,424
		<u>51,998</u>	<u>42,521</u>
21. SELLING, MARKETING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	21.1	24,353	21,603
Rent, rates and taxes	21.1	10,525	12,760
Traveling and conveyance	21.1	4,039	2,357
Communication	21.1	217	260
Advertising and sales promotion	21.1 & 21.2	172,653	137,702
Depreciation	3.2	718	351
Freight and forwarding	21.1	6,164	10,429
		<u>218,669</u>	<u>185,462</u>

21.1 These include Rs. 32.583 million (June 30, 2010: Rs. 27.54 million) in respect of the services rendered by a related party, Procter and Gamble Pakistan (Private) Limited as per the terms of agreement.

21.2 These include Rs. Nil (June 30, 2010: Rs.0.90 million) in respect of the services rendered by a related party, The Gillette Company, USA.



	Note	June 30, 2011	June 30, 2010
Rupees in '000			
22. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	22.1	14,699	15,113
Traveling and conveyance		2,123	3,225
Rent, rates and taxes	22.1	3,850	3,626
Insurance		394	89
Repairs and maintenance	22.1	890	2,668
Depreciation	3.2	627	400
Auditors' remuneration	22.2	1,109	1,107
Donation	22.3	412	333
Legal and outsourced professional services	22.4	10,182	11,923
Provision for bad debts		254	21
Others		708	4,345
		<u>35,248</u>	<u>42,850</u>

22.1 These include Rs. 10.62 million (June 30, 2010: Rs. 10.1 million) in respect of the services rendered by a related party, Procter and Gamble Pakistan (Private) Limited as per the terms of agreement.

	June 30, 2011	June 30, 2010
Rupees in '000		
22.2 Auditors' remuneration		
Audit fee	671	671
Half yearly review	374	374
Review of compliance with Code of Cooperate Governance	28	28
Out of pocket expenses	36	34
	<u>1,109</u>	<u>1,107</u>

22.3 Donations include following amounts paid to parties in which company executives are interested:

Payee	Relationship		
Health Oriented Preventive Education (HOPE)- Address: Plot #B-40, Street # 28, Sector # 32-A, Korangi Industrial Area, Karachi.	Saad Amanullah Khan, CEO of the Company is the President of the helpers of HOPE.	100	262
American Business Council (ABC) - Address: F-30, Block 7, KDA Scheme 5, Kehkashan, Clifton, Karachi.	Saad Amanullah Khan, CEO of the Company is the Vice President of ABC.	210	20
		<u>310</u>	<u>282</u>

22.4 These include Rs. 5.062 million (June 30, 2010: Rs. 3.365 million) in respect of the services rendered by a related party, Procter and Gamble Asia (Private) Limited and Rs. 0.70 million (June 30, 2010: Rs 1.18 million) payable to Procter and Gamble US Business Services.



	Note	June 30, 2011	June 30, 2010
Rupees in '000			
23. OTHER OPERATING EXPENSES			
Workers Welfare Fund		830	1,651
Exchange loss		18,661	-
		<u>19,491</u>	<u>1,651</u>
24. BANK CHARGES			
Bank charges		311	25
		<u>311</u>	<u>25</u>
25. INCOME TAX EXPENSE			
Current			
- for the year	25.1	60,232	34,899
- for prior years		6,750	(2,322)
		<u>66,982</u>	<u>32,577</u>
25.1 The tax charge for the year includes the following:			
- tax under Final Tax Regime on commercial imports		50,239	25,119
- tax under Normal Tax Regime on interest income		9,993	9,780
		<u>60,232</u>	<u>34,899</u>
25.2 Relationship between tax expense and accounting profit			
The relationship between tax expense and accounting profit has not been presented in these financial statements as the significant portion of total income of the Company falls under Final Tax Regime and hence tax has been provided under section 169 of the Income Tax Ordinance, 2001.			
Rupees in '000			
26. (LOSS) / EARNINGS PER SHARE - basic and diluted			
(Loss) / profit for the year		(24,565)	25,884
(Number of shares)			
Weighted average number of ordinary shares outstanding during the year		19,200,000	19,200,000
Rupees			
(Loss) / earnings per share - basic and diluted		(1.28)	1.35
	Note	June 30, 2011	June 30, 2010
Rupees in '000			
27. CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	1,748	8,788
Term deposits	11.1	120,459	201,000
		<u>122,207</u>	<u>209,788</u>



	Note	June 30, 2011	June 30, 2010
Rupees in '000			
28. CASH USED IN OPERATIONS			
Profit before taxation		42,417	58,461
Adjustment for non-cash charges and other items:			
Income recognized on defined benefit plan	20.1	(6,250)	(7,392)
Duty refund on re-export of products in prior year	20.2	13,343	-
Stock-in-trade written down to net realizable value	6.2	10,860	-
Depreciation expense	3.2	1,345	751
Provision for bad debts	22	254	21
Reversal of provision for bad debts	20.1	(457)	(485)
Gain on disposal of property, plant and equipment	3.1	(1,591)	-
Interest income on term deposits and saving accounts	20.1	(27,348)	(27,034)
Working capital changes	29	(67,731)	(125,627)
		<u>(35,158)</u>	<u>(101,305)</u>
29. Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(169,281)	(51,389)
Trade debts		(8,740)	(27,703)
Loans and advances		(8,898)	(1,980)
Trade deposits		771	(627)
Sales tax refundable		(25,380)	(4,989)
Other receivables		(16,828)	24,212
		<u>(228,356)</u>	<u>(62,476)</u>
Increase / (decrease) in current liabilities:			
Trade and other payables		160,625	(63,151)
		<u>(67,731)</u>	<u>(125,627)</u>
30. 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, directors of the Company, 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. Amount due from and to related parties are shown under 'other receivables' and 'trade and other payables', amounts due from key management personnel are shown under 'long-term loans' and 'loans and advances', whereas remuneration of directors, chief executive and executives are disclosed in note 31. Other significant transactions with related parties are as follows:



Name	Relationship with the Company	Nature of transaction	June 30,	June 30,
			2011	2010
Rupees in '000				
Procter and Gamble International Operations	Associate	Purchases of finished goods	731,715	523,761
		Services received	446	-
			732,161	523,761
Procter and Gamble Pakistan (Pvt.) Ltd.	Associate	Services rendered	25,667	20,670
		Reimbursement of expenses	1,417	1,087
			27,084	21,757
Procter and Gamble Europe SA	Associate	Services rendered	608	-
Procter and Gamble Pakistan (Pvt.) Ltd.	Associate	Services received	43,204	37,163
		Reimbursement of expenses	7,336	449
			50,540	37,612
Procter and Gamble Asia (Pte) Ltd.	Associate	Services received	5,063	3,365
The Gillette Company, USA	Associate	Services received	-	902
Procter and Gamble US Business Services	Associate	Services received	722	1,189
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	1,441	1,097
Gillette Pakistan Pension Fund	Retirement benefit plan	Income from Pension Fund	6,250	7,392

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

31.1 The aggregate amount charged in these financial statements for remuneration, including certain benefits to the Chief Executive, the Director and Executives of the Company are as follows:

	Chief Executive		Director		Executives	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Rupees in '000						
Managerial remuneration	3,913	3,584	2,119	1,468	8,682	6,018
Bonus	4,023	4,088	61	-	260	166
Housing	1,757	1,613	954	660	3,624	2,362
Utilities	390	358	212	147	805	525
Leave fare assistance	586	538	318	220	1,208	788
Retirement benefits	390	358	212	147	805	589
	11,059	10,539	3,876	2,642	15,384	10,448
Number of persons during the year	1	1	1	1	8	6



31.2 The aggregate amount of fees paid to one non-executive director was Rs. 40,000 (June 30, 2010: five non-executive directors Rs. 55,000). Chief Executive, working director and executives of the Company are also provided with free use of company maintained cars.

32. FINANCIAL RISK MANAGEMENT

32.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below and disclosed in note 2.

	Held-to-maturity		Loans and receivable	
	June 30, 2011	June 30 2010	June 30, 2011	June 30, 2010
Rupees in '000				
Assets as per balance sheet				
Long-term loans	-	-	12	88
Long-term deposits	-	-	138	138
Trade debts	-	-	135,032	126,089
Loans and advances	-	-	1,243	261
Trade deposits	-	-	307	1,078
Interest receivable on term deposits	-	-	869	476
Other receivables	-	-	1,593	4,059
Other financial assets	120,459	201,000	-	-
Cash and bank balances	-	-	1,748	8,788
Total	120,459	201,000	140,942	140,977
Financial liabilities at amortized cost				
Rupees in '000				
Liabilities as per balance sheet				
Trade and other payables	-	-	353,182	190,590
Total	-	-	353,182	190,590

32.2 Financial risk factors

The Company is exposed to market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of risk factors on the Company's financial performance.

The Board of Directors has overall responsibility for the oversight of financial risk management for the Company. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures.

32.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables. Market risk comprises three types of risk: interest rate risk, price risk and currency risk. The exposure to these risks and their management is explained below:



i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises from bank balances maintained in saving accounts amounting to Rs. 1.227 million (June 30, 2010: Rs. 8.267 million) as at balance sheet date. The effective interest rate on these accounts ranges from 5% to 8% (June 30, 2010: 5% to 8%) per annum.

Sensitivity analysis of interest rate risk is not provided as the impact of change in interest rates is not considered material to the financial statements of the Company.

ii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Company is not exposed to price risks, therefore, no sensitivity analysis is provided for this risk.

iii. Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2011		
	USD	EURO	Total
	Rupees in '000		
Bank balances	957	-	957
Other receivables	638	-	638
Trade and other payables	(1,326)	(296,670)	(297,996)
Net Exposure	269	(296,670)	(296,401)
	June 30, 2010		
	USD	EURO	Total
	Rupees in ,000		
Bank balances	873	-	873
Other receivables	51	-	51
Trade and other payables	(446)	(120,420)	(120,866)
Net Exposure	478	(120,420)	(119,942)

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level and balance the risk itself. The management determined that the cost of hedging is higher than the actual benefits.

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2011	2010	2011	2010
	Rupees in '000		Rupees in '000	
Rupees per				
USD	85.59	84.35	86.21	85.47
EURO	116.75	114.54	124.95	104.58



Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD and Euro exchange rates, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in rate	Effect on PBT		
		USD	EURO	Total
Rupees in '000				
June 30, 2011	+10%	27	(29,667)	(29,640)
	-10%	(27)	29,667	29,640
June 30, 2010	+10%	48	(12,042)	(11,994)
	-10%	(48)	12,042	11,994

32.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is as follows:

	June 30, 2011	June 30, 2010
Rupees in '000		
Long-term loans	12	88
Long-term deposits	138	138
Trade debts	135,032	126,089
Loans and advances	1,243	261
Trade deposits	307	1,078
Interest receivable on term deposits	869	476
Other receivables	1,593	4,059
Other financial assets	120,459	201,000
Bank balances	1,748	8,788
	261,401	341,977

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers. Outstanding customer receivables are regularly monitored and shipments are only made if the credit history of the customer is clean.

Credit risk from balances with banks is managed by treasury in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

The Company is exposed to credit risk from its operating activities primarily for trade debts, other receivables, deposits with banks and other financial assets. The names and credit ratings of banks, where the Company maintains its bank balance are as follows:

Name of bank	Rating agency	Credit rating	
		Short-term	Long-term
Barclays Bank PLC, Pakistan	Standard & Poor's	A-1+	AA-
Citi Bank, N.A.	Standard & Poor's	A-1	A+
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA



32.2.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company has minimal liquidity risk as it maintains sufficient cash for operations through prudent liquidity risk management. The Company has no external borrowings.

The financial liabilities of the Company are analyzed into the relevant maturity buckets based on their contractual maturity dates in the table below:

	Less than 1 month	1 - 3 months	3 months to 1 year	1-5 years	5+ years	Total
Rupees in '000						
FINANCIAL LIABILITIES						
June 30, 2011						
Trade and other payables	-	353,182	-	-	-	353,182
June 30, 2010						
Trade and other payables	-	190,590	-	-	-	190,590

Management closely monitors the Company's liquidity and cash flow position by maintaining availability of financing through banking arrangements.

32.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction, other than in a forced or liquidation sale.

The carrying amount of all financial assets and liabilities reflected in these financial statements approximate their fair values.

33. PENSION

33.1 The actuarial valuation of pension plan was carried out at June 30, 2011. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:

	June 30, 2011	June 30, 2010
	Percent	
- Discount rate - per annum compound	14.00	14.00
- Expected rate of increase in salaries - per annum	14.00	14.00
- Expected rate of return on plan assets - per annum	13.00	12.00

Rupees in '000

33.2 The amounts recognized in the balance sheet are as follows:

Fair value of plan assets	73,115	71,196
Present value of defined benefit obligation	(32,295)	(32,560)
Surplus	40,820	38,636
Unrecognized net actuarial gains	(34,570)	(31,244)
Asset carried forward in the balance sheet	6,250	7,392



	June 30, 2011	June 30, 2010
	Rupees in '000	
33.3 Movement in net assets in the balance sheet is as follows:		
Opening balance of net assets	7,392	9,340
Income recognized for the year	6,250	7,392
Cash received from the fund by the Company	(7,392)	(9,340)
Closing balance of net assets	<u>6,250</u>	<u>7,392</u>
Changes in present value of defined benefit obligation		
Obligation as at July 1,	(32,560)	(30,500)
Current service cost	(1,776)	(1,527)
Interest cost	(4,538)	(3,740)
Actuarial (gain) / loss	6,291	3,010
Benefits paid	288	197
Obligation as at June 30, 2011	<u>(32,295)</u>	<u>(32,560)</u>
Changes in fair value of plan assets		
Fair value as at July 1,	71,196	76,123
Expected return on plan assets	8,544	8,563
Actuarial gain / (loss)	1,055	(3,953)
Benefits paid	(288)	(197)
Cash received from the fund by the Company	(7,392)	(9,340)
Fair value as at June 30, 2011	<u>73,115</u>	<u>71,196</u>

33.4 The following amounts have been charged to profit and loss account in respect of these benefits:

	June 30, 2011	June 30, 2010
	Rupees in '000	
Current service cost	1,776	1,527
Interest cost	4,538	3,740
Expected return on plan assets	(8,544)	(8,563)
Income for the year	(2,230)	(3,296)
Actuarial gains recognized	(4,020)	(4,096)
Income recognized in the financial statements	<u>(6,250)</u>	<u>(7,392)</u>
Composition of plan assets used by the fund		
Pakistan Investment Bonds	6,662	6,612
Term Deposit Receipts	45,892	48,972
Units of Mutual Funds	20,561	15,612
	<u>73,115</u>	<u>71,196</u>
Actual return on plan assets is as follows:		
Expected return on plan assets	8,544	8,563
Actuarial gain / (loss)	1,055	(3,953)
Actual return on plan assets	<u>9,599</u>	<u>4,610</u>



33.5 Experience adjustments

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	December 31, 2006
	Rupees in '000				
Actuarial (gain) / loss on obligation	6,291	3,010	934	2,500	24,281
Actuarial gain / (loss) on assets	1,055	(3,953)	(4,400)	(3,995)	(2,771)

33.6 The amounts recognized in the balance sheet are as follows:

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	December 31, 2006
	Rupees in '000				
Fair value of plan assets	73,115	71,196	76,123	82,594	73,011
Present value of defined benefit obligation	(32,295)	(32,560)	(30,500)	(27,369)	(36,561)
Unrecognized net actuarial gain	(34,570)	(31,244)	(36,283)	(44,247)	(36,020)
Surplus	6,250	7,392	9,340	10,978	430

33.7 No pension contribution is expected to be paid during the annual period beginning July 01, 2011 whereas an income of Rs. 8.380 million needs to be recognized.

34. CORRESPONDING FIGURES

Following figure has been reclassified consequent upon the change in current year's presentation.

From	Reclassification	To	Amount Rupees in '000
Trade and other payables - accrued liabilities		Other receivable - receivable from related parties	6,920
Selling, marketing and distribution expenses - Motor vehicles and maintenance		Administrative expenses - Repairs and maintenance	302
Selling, marketing and distribution expenses - Repairs and maintenance		Administrative expenses - Repairs and maintenance	486
Selling, marketing and distribution expenses - Printing and stationery		Administrative expenses - Others	143
Administrative expenses - Depreciation		Selling, marketing and distribution expenses - Depreciation	186
Administrative expenses - Workers welfare fund		Other operating charges - Workers welfare fund	1,651

The above reclassifications do not affect the retained earnings for the year ended June 30, 2009. Therefore, the balance sheet for the year ended June 30, 2009 has not been presented.

35. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 29, 2011.

36. GENERAL

Figures have been rounded off to the nearest thousand rupee.

SAAD AMANULLAH KHAN
CHIEF EXECUTIVE

MUHAMMAD NOOR-E-ARSHI KHAN
DIRECTOR



Pattern of Shareholding

As at June 30, 2011

No. of shareholders	Shareholding		Total shares held
	From	To	
363	1	100	31,138
206	101	500	60,638
35	501	1,000	29,222
35	1,001	5,000	73,193
9	5,001	10,000	67,671
6	10,001	15,000	74,649
5	15,001	20,000	80,220
4	20,001	25,000	89,680
2	25,001	30,000	58,000
1	30,001	35,000	31,600
1	40,001	45,000	40,600
2	45,001	50,000	94,800
2	50,001	55,000	107,900
1	175,001	180,000	179,989
1	645,001	650,000	649,800
1	2,790,001	2,795,000	2,791,900
1	14,735,001	14,740,000	14,739,000
675			19,200,000

Categories of Share Holders

As at June 30, 2011

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Individuals	664	3,595,389	18.73%
Investment Companies	-	-	0.00%
Insurance Companies	-	-	0.00%
Joint Stock Companies	7	669,122	3.49%
Financial Institutions	2	16,500	0.09%
Modarbas	1	179,989	0.94%
Central Depository Company	-	-	0.00%
Foreigners	-	-	0.00%
Associated Companies	1	14,739,000	76.77%
	675	19,200,000	100.00%



Additional Information

Categories of shareholders	Number of shareholders	Shares held
Associated companies, undertakings and related parties		
Series Acquisiton, B.V	1	14,739,000
NIT, ICP -	-	
Directors, CEO, their spouses and minor childern, executives		
Salim Adaya	1	2,791,900
Al Abdulmalek Rajwani	1	1
Saad Amanullah Khan	1	1
Muhammad Noor-e-Arshi Khan	1	1
Alla Eldin Moustafa Imam Abou Saif	1	1
Public sector companies and corporation		-
Banks, Development Finance Institutions, Non - Banking Financial Institutions, Insurance Companies, Modarbas & Mutual Funds	3	196,489
Shareholders holding Ten percent Or more voting interest in the Company		
Series Acquisition, B.V	1	14,739,000
Salim Adaya	1	2,791,900



Notice of Meeting

Notice is hereby given that the Twenty Fourth Annual General Meeting of Gillette Pakistan Limited will be held at Indus Suite, Avari Towers, Karachi on Tuesday, October 25, 2011 at 9:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Twenty Third Annual General Meeting held on October 29, 2010.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2011, together with the Auditor's and Directors' Reports thereon.
3. To appoint auditors for the fiscal year ending June 30, 2012 and fix their remuneration. Messrs. M. Yousuf Adil Saleem & Co., Chartered Accountants, the present auditors retire and being eligible, offer themselves for re-appointment.
4. Any other matter with the permission of the Chair.

By Order of the Board

Muhammad Noor-e-Arshi Khan

Company Secretary

Karachi

October 3, 2011

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 12 to October 25, 2011 (both days inclusive). Transfers received in order by the Company's Share Registrar, Gangjees Registrar Services (Pvt) Ltd. 516, Clifton Centre, Kehkashan Block 5, Khayaban-e-Roomi, Clifton, Karachi-75600 up to close of business on October 11, 2011 will be eligible for any entitlement (if any).
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.

CDC shareholders desiring to attend the Meeting are requested to bring their original Computerized 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 Computerized National Identity Card.

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's Registrar any change in their addresses.



Proxy Form

The Company Secretary
Gillette Pakistan Limited
5th Floor, Bahria Complex-1,
24, M.T. Khan Road, Karachi.
Telephone: 9221-3520-5088
Fax: 9221-3561-0515, 35610488

Folio No. _____

I / We _____

being a Member of Gillette Pakistan Limited hereby appoint _____

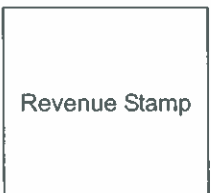
or failing him / her _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on October 25, 2011 and at any adjournment thereof.

As witness my hand this _____ day of _____ 2011

Signed by the said _____

in the presence of _____



Important:

1. Signatures should agree with the specimen signatures registered with the Company.
2. This form of proxy duly completed and signed across a revenue stamp, must be deposited at the Company's registered office not less than 48 hours before the time for holding the Meeting.



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

Registrar & Share Registration Office

Gangjees Registrar Service (Pvt) Ltd.

516, Clifton Centre, Khayaban-e-Roomi,

Kehkashan, Block 5, Clifton,

Karachi - 75600

Registered Office

5th Floor, Bahria Complex-1,

24, M.T. Khan Road, Karachi.

UAN: 111-000-764

Tel: 9221-3520-5088

Fax: 9221-3561-0515, 35610488