



GlaxoSmithKline
Pakistan Limited
35-Dockyard Road,
West Wharf,
Karachi – 74000,
Pakistan

T +92 21 111 475 725

August 29, 2024

Mr. Muhammad Ghufan
Deputy General Manager -Operations
Pakistan Stock Exchange
Stock Exchange Building
99-B, Block B, S.M.C.H.S
Stock Exchange Road
Karachi

GlaxoSmithKline Pakistan Ltd
Financial Statements (un-audited) for the Second Quarter 2024 (Quarter ended June 30, 2024)

Dear Sir,

We have to inform you that the financial statements of the Company for the period ended June 30, 2024 have been transmitted through PUCARS and is also available on the Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Kind Regards,
For GlaxoSmithKline Pakistan Ltd



Company Secretary
Hina Mir

Encl: as above

Cc: Central Depository Company of Pakistan Limited
CDC house, 99-B, Block 6, S.M.C.H.S, Main Shahrae Faisal, Karachi



EMPOWERING

EMPOWERING TOMORROW,

TOGETHER TOGETHER

GSK HALF YEAR REPORT 2024



CORPORATE INFORMATION

As at June 30, 2024

Board of Directors

Ms. Lai Kuen Goh
Chairperson

Ms. Erum Shakir Rahim
Chief Executive Officer

Mr. Hasham Ali Baber
Chief Financial Officer

Ms. Maheen Rahman
Independent Director

Mr. Muneer Kamal
Independent Director

Mr. Mehmood Mandviwalla
Non-Executive Director

Mr. Simon Foster
Non-Executive Director

Audit Committee

Mr. Muneer Kamal
Chairman

Ms. Lai Kuen Goh
Member

Mr. Simon Foster
Member

Mr. Mehmood Mandviwalla
Member

Mr. Kashif Rafiq**
Secretary

Human Resource & Remuneration Committee

Ms. Maheen Rahman
Chairperson

Mr. Mehmood Mandviwalla
Member

Ms. Lai Kuen Goh
Member

Mr. Simon Foster
Member

Ms. Erum Shakir Rahim
Member

Mr. Paul Banks
Secretary

Disclosure Committee

Ms. Erum Shakir Rahim
Chairperson

Ms. Lai Kuen Goh
Member

Ms. Hina Mir****
Member

Mr. Hasham Ali Baber
Secretary

Management Committee

Ms. Erum Shakir Rahim
Chief Executive Officer

Mr. Hasham Ali Baber
Chief Financial Officer

Ms. Hina Mir****
Legal Director

Dr. Tariq Farooq
Director Business Unit 1

Syed Nasir Farid***
Director Business Unit 2

Dr. Naved Masoom Ali
Director Business Unit 3 & CTC

Mr. Rafay Ahmed
Director Commercial Operations

Dr. Gohar Nayab Khan
Head of Regulatory Affairs

Ms. Sumera Naveed
Director Corporate Affairs and Administration

Mr. Faisal Ahmed
Country Ethics & Compliance Head

Dr. Yousuf Hasan Khan
Director Medical

Syed Nabigh Raza Alam
Tech Head

Ms. Sabiq Kiyani*
HR Country Head

Mr. Yasir Rehman
Head of Transformation

Mr. Khurshand Iqbal
Site Director - F/268

Mr. Muhammad Kashif Ayub
Site Director - West Wharf

Mr. Masood Khan
Interim Site Director - Korangi

Company Secretary

Ms. Hina Mir****

Chief Financial Officer

Mr. Hasham Ali Baber

Chief Internal Auditor

Mr. Kashif Rafiq**

Bankers

Standard Chartered Bank (Pakistan) Ltd
Citibank NA Pakistan
Deutsche Bank A.G. Pakistan Operations
Habib Bank Limited
Meezan Bank Limited

Auditors

Yousuf Adil Chartered Accountants

Legal Advisors

Hashmi & Hashmi
Faisal, Mahmood Ghani and Co
Legal Consultancy Inc.

Registered Office

35 - Dockyard Road, West Wharf,
Karachi - 74000.
Tel: 92-21-111-475-725
(111-GSK-PAK)
Website: www.pk.gsk.com

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi – 74400, Pakistan
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

* Ms. Sabiq Kiyani was appointed as HR Country Head on July 22, 2024, replacing Mariam Siraj (Interim HR Country Head)

**Mr. Kashif Rafiq replaced Mr. Ovais Farooq as Secretary of the Audit Committee on Aug 16, 2024

*** Syed Nasir Farid resigned as Director Business Unit 2 as at March. 31, 2024 Dr. Tariq Farooq, BU1 Director has taken interim role to lead BU2 team

****Ms. Hina Mir appointed as Company Secretary on June 11, 2024 and as legal director on March 08, 2024

GROUP OWNERSHIP STRUCTURE





Directors' Report to Shareholders

The Directors of GlaxoSmithKline Pakistan Limited (the "Company") are pleased to present the un-audited financial information of your Company for the six months period ended June 30, 2024. This financial information is submitted in accordance with Section 227 of the Companies Act, 2017.

Business environment and challenges:

Although the first full quarter of the new government saw some improvement in key economic indicators like reduction in policy rates, increase in reserves, stable exchange rate, lower inflation and decline in balance of payment, the highlight of the quarter remains the unpopular financial budget.

The new budget not only imposed additional taxes and levies but showcased no visible efforts to widen the tax base. The salary class once again faced the heat with much higher effective tax rates. Reduction in lower disposable income further aggravates the pressing brain drain situation in the country.

The pharmaceutical companies continued their advocacy efforts with regulatory bodies regarding proposed amendments to the Drug Act, aiming to align it with international best practices to promote the growth and investment in this critical sector. As a result, drugs that are not on the National Essential Medicines List (NEML) are no longer subject to price controls.

We appreciate this positive development and remain dedicated to contributing to improving healthcare in Pakistan.

Review of Operating Results:

For the period ended June 30, 2024, the Company achieved net sales of Rs. 28.9 billion. The total net sales also include Haleon Pakistan Limited (Haleon) of Rs. 0.89 billion as compared to Rs. 0.83 billion in the same period last year. The sale to Haleon Pakistan Limited is on account of products manufactured by the Company for which market authorization rights remain with GlaxoSmithKline Pakistan Limited. The underlying sales growth, excluding sales to Haleon, is 25%. The growth is driven by sharpened execution, robust HCP engagement, use of digital channels, and price increase versus same period last year. Resulting in key brands showing double digit growth.

The gross margin of the Company for the year was 19.1% showing an increase of 12% from last year. The higher gross profit percentage this year is due to price increase

as result of deregulation of non-essential products and approval of hardship cases.

During the quarter, the Company continued to prudently invest behind key business drivers to deliver competitive growth and higher return on investment. As a result, operating expenses as a percentage of sales decreased by 2.7% vs same period LY.

Earnings per share for this period increased from Rs. (1.01) to Rs. 5.19.

Future Outlook

The economic situation remains of concern and the improvement in key economic indicators seems inadequate. Managing high debt servicing costs and external repayments remain a significant challenge.

The International Monetary Fund (IMF) has reached an agreement with Pakistan on a \$7 billion aid package to be disbursed over more than three years, aimed at addressing the country's ongoing economic challenges. The new program aims to support Pakistan's efforts to solidify macroeconomic stability and foster stronger, more inclusive, and resilient growth.

Creating an enabling business environment in Pakistan is essential for encouraging investment and upholding the quality standard and safety in our products. We will continue to work with relevant stakeholders to establish a strong regulatory framework that supports the manufacturing and distribution of safe and efficient medicines, ultimately benefiting patients nationwide.

Acknowledgment:

The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, resilience, courage, and dedication of its employees. We would also like to acknowledge the continued support and cooperation received from our esteemed customers, suppliers, bankers, shareholders and thank them for their confidence in our Company and products.

By order of the Board



Erum Shakir Rahim
Chief Executive Officer



Hasham Ali Baber
Director

Karachi
August 23, 2024

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

گلیکسو اسمتھ کلائن پاکستان لیمنڈ ("کمپنی") کے ڈائریکٹرز 30 جون 2024 کو ختم ہونے والی ششماہی مدت کے لئے آپ کی کمپنی کی غیر آڈٹ شدہ فنانسئل معلومات پیش کرنے پر خوشی محسوس کرتے ہیں۔ یہ فنانسئل معلومات کمپنیز ایکٹ 2017 کی دفعہ 227 کے مطابق جمع کروائی گئی ہیں۔

کاروباری ماحول اور چیلنجز

اگرچہ نئی حکومت کی پہلی مکمل سہ ماہی میں پالیسی ریٹ میں کمی، ذخائر میں اضافہ، مستحکم شرح تبادلہ، کم افراط زر اور ادائیگیوں کے توازن میں کمی جیسے اہم معاشی اشاریوں میں کچھ بہتری دیکھی گئی، لیکن اس سہ ماہی میں سب نمایاں غیر مقبول بجٹ رہا۔

نئے بجٹ میں نہ صرف اضافی ٹیکس اور لیویز عائد کیے گئے ہیں بلکہ اس میں ٹیکس ہیں کو وسیع کرنے کی کوئی واضح کوشش دکھائی نہیں دی۔ تنخواہ دار طبقے کو ایک بار پھر بہت زیادہ لاگو ٹیکس شرح کی کے باعث پریشانی کا سامنا کرنا پڑا۔ کم ڈسپوزیبل آمدنی میں کمی ملک سے باصلاحیت افراد کے انخلا میں مزید اضافہ کا باعث ہے۔

فارماسیوٹیکل کمپنیز نے ڈرگ ایکٹ میں مجوزہ ترامیم کے حوالے سے ریگولیٹری باڈیز کو قائل کرنے کی کوششیں جاری رکھیں، جس کا مقصد اس اہم شعبے کی ترقی اور اس میں سرمایہ کاری کے فروغ کے لیے اسے بین الاقوامی بہترین طریقوں سے ہم آہنگ کرنا ہے۔ اس کے نتیجے میں وہ دوائیں جو قومی ضروری ادویات کی فہرست (این ای ایم ایل) میں شامل نہیں ہیں، اب قیمتوں کے کنٹرول کے تابع نہیں ہیں۔

ہم اس مثبت اقدام کو سراہتے ہیں اور پاکستان میں ہیلتھ کیئر کو بہتر بنانے کے لیے اپنا بھرپور کردار ادا کرنے کے لیے پرعزم ہیں۔

آپریٹنگ نتائج کا جائزہ

30 جون 2024ء کو ختم ہونے والی مدت کے دوران کمپنی نے 28.9 بلین روپے کی خالص سیلز حاصل کی۔ مجموعی خالص سیلز میں ہیلیون پاکستان لیمنڈ (ہیلیون) بھی شامل ہے جو گزشتہ سال کے اسی عرصے میں 0.83 بلین روپے کے مقابلے میں 0.89 بلین روپے رہی۔ ہیلیون پاکستان لیمنڈ کو کی جانے والی سیلز کمپنی کی تیار کردہ پراڈکٹس کی مد میں کی گئی جس کے لئے مارکیٹ آتھرائزیشن رائٹس گلیکسو اسمتھ کلائن پاکستان لیمنڈ کے پاس ہیں۔ ہیلیون کو کی جانے والی سیلز کے علاوہ بنیادی سیلز میں 25 فیصد اضافہ ہوا ہے۔ یہ اضافہ تیز رفتار عمل درآمد، زبردست ایچ پی ای انگیجمنٹ، ڈیجیٹل چینلز کے استعمال اور گزشتہ سال کے اسی عرصے کے مقابلے میں قیمتوں میں اضافے کی وجہ سے ہے۔ اس کے نتیجے میں اہم برانڈز میں ڈبل ڈیجٹ گروتھ دکھائی دی۔

سال کے لئے کمپنی کا مجموعی مارجن 19.1 فیصد تھا جو پچھلے سال کے مقابلے میں 12 فیصد کا اضافہ ظاہر کرتا ہے۔ اس سال مجموعی منافع کی شرح زیادہ ہونے کی وجہ عمومی پراڈکٹس کی ڈی ریگولیشن اور مشکل کیسز کی منظوری کے نتیجے میں قیمتوں میں ہونے والا اضافہ ہے۔

اس سہ ماہی کے دوران کمپنی نے مسابقتی گروتھ اور سرمایہ کاری پر زیادہ منافع فراہم کرنے کے لئے اہم کاروباری محرکات کی مد میں محتاط انداز میں سرمایہ کاری کے سلسلے کو جاری رکھا۔ اس کے نتیجے میں، سیلز کی فیصد شرح کے طور پر آپریٹنگ اخراجات میں گزشتہ سال اسی مدت کے مقابلے میں 2.7 فیصد کمی واقع ہوئی۔ اس عرصے کے دوران نی شیئر آمدنی (1.01) روپے سے بڑھ کر 5.19 روپے تک ہو گئی۔

مستقبل کا منظر نامہ

اس وقت معاشی صورتحال تھوٹوں کا باعث ہے اور اہم معاشی اشاریوں میں بہتری ناکافی معلوم ہوتی ہے۔ قرضوں کی ادائیگی کے زیادہ اخراجات اور بیرونی ادائیگیوں کا انتظام کرنا ایک اہم چیلنج ہے۔

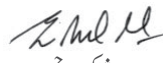
بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) نے پاکستان کے ساتھ 7 ارب ڈالر کے امدادی سیج کے معاہدے پر اتفاق کیا ہے جو تین سال سے زائد عرصے میں فراہم کیا جائے گا جس کا مقصد ملک کو درپیش معاشی چیلنجز سے نمٹنا ہے۔ نئے پروگرام کا مقصد میکرو اکنامک استحکام اور مضبوط، زیادہ جامع اور پائیدار ترقی کے عمل کو فروغ دینے کے لئے پاکستان کی کوششوں کی حمایت کرنا ہے۔


سرمایہ کاری کی حوصلہ افزائی اور ہماری مصنوعات کے کوالٹی اسٹینڈرڈ اور سیفٹی کو برقرار رکھنے کے لئے پاکستان میں ایک سازگار کاروباری ماحول پیدا کرنا انتہائی ضروری ہے۔ ہم ایک مضبوط ریگولیٹری فریم ورک قائم کرنے کے لئے متعلقہ اسٹیک ہولڈرز کے ساتھ کام کے سلسلے کو جاری رکھیں گے جو محفوظ اور موثر ادویات کی مینوفیکچرنگ اور ڈسٹری بیوشن کی حمایت کرتے ہیں اور بالآخر ملک بھر میں مریضوں کو فائدہ پہنچانے کا باعث بنتے ہیں۔

ساتش

بورڈ آف ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے اپنے ملازمین کے عزم، ہمت جرات اور ثابت قدمی کو بھرپور انداز سے سراہتا ہے۔ اس کے ساتھ ساتھ ہم اپنے معزز کسٹمرز، سپلائرز، مینکوز اور شیئر ہولڈرز کی مسلسل حمایت اور ان کے تعاون کا اعتراف کرتے ہوئے ہماری کمپنی اور پراڈکٹس پر اعتماد پر ان کا تہہ دل سے شکریہ ادا کرتا ہے۔

بحکم بورڈ


ارم شاکر رحیم
چیف ایگزیکٹو آفیسر


حشام علی باہر
ڈائریکٹر

کراچی

23 اگست 2024

INDEPENDENT AUDITOR’S REVIEW REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PAKISTAN LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of GlaxoSmithKline Pakistan Limited as at June 30, 2024 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures reported in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended June 30, 2024 and June 30, 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2024.

The engagement partner on the review resulting in this independent auditor’s review report is Arif Nazeer.


Chartered Accountants

Place: Karachi

Date: August 28, 2024

UDIN: RR202410099EjaR4W1th

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,206,589	11,700,561
Intangibles		955,742	955,742
Long-term loans to employees		87,339	83,809
Long-term deposits		50,147	50,147
		13,299,817	12,790,259
Current assets			
Stores and spares		247,486	225,107
Stock-in-trade	5	14,822,901	11,568,858
Trade receivables		734,859	1,028,474
Loans and advances		1,224,157	1,182,679
Trade deposits and prepayments		274,366	218,946
Refunds due from Government	6	1,242,846	1,242,846
Other receivables		7,031,874	6,262,973
Cash and bank balances		4,470,493	3,610,757
		30,048,982	25,340,640
Total assets		43,348,799	38,130,899
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		3,184,672	3,184,672
Reserves		20,145,319	18,491,169
Total equity		23,329,991	21,675,841
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		657,883	593,709
Deferred taxation		1,108,447	1,180,595
Lease liabilities		160,506	116,035
		1,926,836	1,890,339
Current liabilities			
Trade and other payables	7	17,203,241	14,187,716
Taxation - provision less payments		600,403	68,689
Provisions	8	127,765	138,332
Current portion of lease liabilities		28,271	35,935
Unclaimed dividend		132,292	134,047
		18,091,972	14,564,719
Total liabilities		20,018,808	16,455,058
Total equity and liabilities		43,348,799	38,130,899
Contingencies and commitments	9		

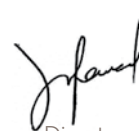
The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

	Note	Quarter ended		Half year ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----			
Revenue from contracts with customers - net	10	13,254,797	11,860,206	28,870,923	23,259,326
Cost of sales		(10,023,208)	(11,377,965)	(23,370,476)	(21,664,238)
Gross profit		3,231,589	482,241	5,500,447	1,595,088
Selling, marketing and distribution expenses	11	(970,569)	(1,207,141)	(2,087,244)	(2,268,713)
Administrative expenses		(495,347)	(430,793)	(1,023,542)	(869,609)
Other operating (expenses) / income		(158,327)	27,340	(249,392)	(31,811)
Other income	12	415,163	493,890	892,603	2,292,169
Operating profit / (loss)		2,022,509	(634,463)	3,032,872	717,124
Financial (charges) / income		(166,115)	322,143	(216,573)	(366,202)
Profit / (loss) before taxation		1,856,394	(312,320)	2,816,299	350,922
Taxation - net	13	(767,525)	(440,073)	(1,162,149)	(672,753)
Profit / (loss) after taxation		1,088,869	(752,393)	1,654,150	(321,831)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		1,088,869	(752,393)	1,654,150	(321,831)
Earnings / (loss) per share - Rs.	14	3.42	(2.36)	5.19	(1.01)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

	Share capital	Reserves			Total Reserves	Total
		Capital reserve	Revenue reserves			
		Reserve arising on schemes of arrangements	General reserve	Unappropriated profit		
----- Rupees in '000 -----						
Balance as at January 1, 2023	3,184,672	1,126,923	3,999,970	12,741,542	17,868,435	21,053,107
Total comprehensive loss for the half year ended June 30, 2023	-	-	-	(321,831)	(321,831)	(321,831)
Balance as at June 30, 2023	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>12,419,711</u>	<u>17,546,604</u>	<u>20,731,276</u>
Balance as at January 1, 2024	3,184,672	1,126,923	3,999,970	13,364,276	18,491,169	21,675,841
Total comprehensive income for half year ended June 30, 2024	-	-	-	1,654,150	1,654,150	1,654,150
Balance as at June 30, 2024	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>15,018,426</u>	<u>20,145,319</u>	<u>23,329,991</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
----- Rupees in '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	12	3,110,212	(970,067)
Contribution to staff retirement benefit fund		(85,253)	(68,622)
Income taxes paid		(702,583)	(1,761,398)
Increase in long-term loans to employees		(3,530)	(23,994)
Increase in long-term deposits		-	(5,714)
Net cash generated from / (used in) operating activities		2,318,846	(2,829,795)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(1,100,747)	(598,425)
Proceeds from disposal of operating assets		74,119	91,175
Return received on bank balances and investments		153,420	212,639
Net cash used in investing activities		(873,208)	(294,611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(11,378)	(6,304)
Dividend paid		(1,755)	(534)
Net cash used in financing activities		(13,133)	(6,838)
Net increase / (decrease) in cash and cash equivalents during the period		1,432,505	(3,131,244)
Cash and cash equivalents at the beginning of the period		3,037,824	4,470,382
Cash and cash equivalents at the end of the period	13	4,470,329	1,339,138

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2024

1. THE COMPANY AND ITS OPERATIONS

GlaxoSmithKline Pakistan Limited (the Company) is incorporated in Pakistan as a limited liability company and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 35 - Dockyard Road, West Wharf, Karachi, Sindh. It is engaged in manufacturing and marketing of research based ethical specialties and pharmaceutical products.

The Company is a subsidiary of GSK International Holding and Finance B.V., incorporated in Netherlands, whereas its ultimate parent company is GSK plc, UK.

- 1.1** Due to the pending transfer of marketing authorisations and permissions for certain Over the Counter (OTC) products of Haleon Pakistan Limited with Drug Regulatory Authority of Pakistan (DRAP), the Company, for and on behalf of Haleon Pakistan Limited was engaged in the procurement, manufacturing and managing the related inventory and receivable balances pertaining to such products against a service fee charged by the Company. The marketing authorisation and permissions for certain OTC products were transferred to Haleon Pakistan Limited and therefore, Haleon Pakistan Limited is now involved in procurement, manufacturing and managing of such inventory items since approval date.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

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

- 2.1** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2023.
- 2.2** These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements has been performed by the external auditors of the Company in accordance with the requirements of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. These condensed interim financial statements are submitted to the shareholders as required by section 237 of the Companies Act, 2017.
- 2.3** The comparative condensed interim statement of financial position presented has been extracted from annual audited financial statements for the year ended December 31, 2023, whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the half year ended June 30, 2023.
- 2.4 Application of new standards, interpretations and amendments to the published approved accounting and reporting standards that are effective during the period**

The following amendments are effective for the year ending December 31, 2024. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's condensed interim financial statements other than certain additional disclosures:

- Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions
- Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current
- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

3. MATERIAL ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGEMENTS

3.1 Material accounting policy information

The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

3.2 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2023.

3.3 Estimates and judgments

Estimates and judgments made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2023.

4. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	----- Rupees in '000 -----	
Operating assets	4.1	10,046,421	10,019,748
Capital work-in-progress		1,764,592	1,294,573
Right-of-use assets - land and building		173,886	163,551
Major spare parts		221,690	222,689
		12,206,589	11,700,561

4.1 Details of additions to and disposals of operating assets are as follows:

	(Un-audited) Additions (at cost)		(Un-audited) Disposals (at net book value)	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----			
Buildings on leasehold land	31,050	27,908	-	-
Plant and machinery	96,110	67,633	-	5,944
Furniture and fixtures	44,977	6,541	-	-
Vehicles	235,059	297,252	58,083	56,237
Office equipments	223,867	21,321	-	1,325
	631,063	420,655	58,083	63,506

(Un-audited)
June 30,
2024
----- Rupees in '000 -----
(Audited)
December 31,
2023

5. STOCK-IN-TRADE

Raw and packing material	6,925,954	5,323,617
Work-in-process	2,068,408	375,703
Finished goods	6,451,291	6,354,329
	15,445,653	12,053,649
Less: Provision for slow moving, obsolete and damaged items	(622,752)	(484,791)
	14,822,901	11,568,858

5.1 Finished goods includes items costing Rs. 1.87 billion (December 31, 2023: Rs. 2.4 billion) valued at net realizable value of Rs. 1.15 billion (December 31, 2023: Rs. 1.6 billion). Raw and packing materials have been lowered by Rs. 270.21 million (December 31, 2023: Rs. 190.2 million) and WIP has been lowered by Rs. 140.05 million (December 31, 2023: Rs. 28.5 million) respectively to recognize them at net realizable value.

6. REFUNDS DUE FROM GOVERNMENT

Prior to enactment of Finance (Supplementary) Act, 2022 (The Act) issued on January 15, 2022, the pharmaceutical sector was exempt from levy of sales tax. The Act converted the aforesaid exemption regime into a zero-rating regime for import and local supplies for finished items of pharmaceutical sector, however, sales tax was imposed on purchase / import of Active Pharmaceutical Ingredients (API). As a result, the pharmaceutical sector was allowed to claim sales tax refund on all purchases including APIs and provincial sales tax on services. As at June 2024, Sales tax refund amounting to Rs. 1.17 billion has not yet been processed by the Tax Authorities.

Through Finance Act, 2022, effective from July 1, 2022, a special tax regime for pharmaceutical sector was introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods. Therefore, the input tax is becoming part of cost.

(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- Rupees in '000 -----	

7. TRADE AND OTHER PAYABLES

Creditors and bills payable	7,225,681	5,949,794
Accrued liabilities	5,935,264	4,187,314
Others liabilities	1,826,547	1,618,832
Contract liabilities	2,215,749	2,431,776
	17,203,241	14,187,716

8. PROVISIONS

Provisions include restructuring costs and government levies of Rs. 12.78 million and Rs. 114.99 million (December 31, 2023: Rs. 40.96 million and Rs. 97.37 million) respectively.

9. CONTINGENCIES AND COMMITMENTS

9.1 There is no change in the status of contingencies as reported in the audited financial statements for the year ended December 31, 2023.

9.2 Commitments for capital expenditure outstanding as at June 30, 2024, amounted to Rs. 706.67 million (December 31, 2023: Rs. 831.09 million).

9.3 The facilities for opening letters of credit and guarantees as at June 30, 2024, amounted to Rs. 5.49 billion (December 31, 2023: Rs. 5.48 billion) of which the amount remaining unutilised at period end was Rs. 2.67 billion (December 31, 2023: Rs. 3.25 billion).

10. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

10.1 This include sales of Over the Counter Products (OTC) amounting to Rs. 0.89 billion (June 30, 2023: Rs. 0.83 billion) to Haleon Pakistan Limited being manufactured by the Company due to pending transfer of marketing authorisations by DRAP - refer note 11.

11. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 340.08 million (June 30, 2023: Rs. 332.48 million).

	Note	Un-audited			
		Quarter ended		Half year ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----			
12. OTHER INCOME					
Income from financial assets					
Income on savings and deposit accounts		103,946	58,569	153,420	210,206
Income from non-financial assets					
Gain on disposal of operating assets		12,214	12,243	16,036	27,669
Others					
Scrap sales		23,819	6,611	39,500	31,664
Promotional allowance	12.1	245,529	392,194	639,264	1,927,708
Service fee		3,300	3,300	6,600	6,600
Liabilities no longer required written back		-	-	-	54,969
Gain on termination of lease		-	13,595	-	13,595
Others		26,355	7,378	37,783	19,758
		415,163	493,890	892,603	2,292,169

- 12.1** This represents allowance from GSK Group against various promotional activities for brand building and sustainable returns on investments.

13. TAXATION - NET

The Government of Pakistan through Finance Act, 2022 introduced section 4C in the Income Tax Ordinance, 2001 through which super tax was levied on high earning persons. The Company along with other entities (petitioners), in connected petitions, challenged the vires of section 4C before Sindh High Court (SHC). The SHC vide order dated December 22, 2022, declared that section 4C shall not be applicable for TY 2022.

The aforesaid judgment was challenged by the department before the Supreme Court of Pakistan (SC). The SC vide order dated February 16, 2023, gave directions to deposit super tax @ 4% and to furnish Bank Guarantee for the remaining 6% as an interim relief till final judgment is passed. The Company complied with aforesaid directions.

The Government of Pakistan through Finance Act, 2023 has enhanced the rates of super tax under section 4C of the Income Tax Ordinance, 2001 for tax year 2023 and onwards on high earning persons. The tax will be applicable at different rates on all persons (including company) earning more than Rs. 150 million. Accordingly, the current year tax charge includes a prior year charge of Rs. 302.44 million on account of super tax.

In December 2023, the Company along with other petitioners have challenged the amendment in super tax rates for tax year 2023 in the Islamabad High Court (IHC). The Hon'ble IHC has granted stay against increase in super tax rates from 4% to 10% and decided in favor of the petitioners on the issue of maintainability raised by the tax department. The tax department has challenged the orders of IHC before the Supreme Court of Pakistan (SC), which vide order dated 27 February 2024 remanded back the case to IHC with directions to pass detailed order on the issue of maintainability of jurisdiction and then decide on interim relief. Following the order of SC, the hon'ble IHC has passed interim order dated 4 March 2024 and directed the Chief Commissioner Karachi for not taking any coercive measures till the final decision of main appeal pending before IHC.

Pursuant to the order of SC, the IHC has passed an order on March 15, 2024, whereby the petitions of the taxpayers were held maintainable. The increase in super tax rates from 4% to 10% has declared null and void by the court, citing its earlier judgment and deeming the retrospective increase in tax, as invalid. The tax department has filed an Intra-Court Appeal (ICA), which is currently pending for hearing.

	Un-audited			
	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----			
14. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED				
Profit / (loss) after taxation	1,088,869	(752,393)	1,654,150	(321,831)
	----- Number of share -----			
Weighted average number of outstanding shares	318,467,278	318,467,278	318,467,278	318,467,278
	----- Rupees -----			
Earnings / (loss) per share - basic and diluted	3.42	(2.36)	5.19	(1.01)

14.1 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue which would have any effect on the earnings per share if the option to convert is exercised.

	(Un-audited) Half year ended	(Un-audited) June 30, 2023
	----- Rupees in '000 -----	

15. CASH GENERATED FROM / (USED IN) OPERATIONS

Profit before taxation	2,816,299	350,922
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	568,611	445,851
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	246,204	36,104
Gain on disposal of operating assets	(16,036)	(27,669)
Interest income	(153,420)	(210,206)
Interest on lease liabilities	16,211	2,934
Provision for staff retirement benefits	149,427	136,510
Gain on termination of lease	-	(13,595)
Unrealised exchange (gain) / loss	(25,989)	179,406
Profit before working capital changes	3,601,306	900,257
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(22,379)	(9,143)
Stock-in-trade	(3,500,247)	(3,253,260)
Trade receivables	293,615	401,532
Loans and advances	(41,478)	77,889
Trade deposits and prepayments	(55,420)	(23,244)
Refunds due from the government	-	9,327
Other receivables	(768,901)	(756,214)
	(4,094,810)	(3,553,113)
Increase / (decrease) in current liabilities		
Trade and other payables	3,614,283	1,689,017
Provisions	(10,567)	(6,228)
	3,603,716	1,682,789
	3,110,212	(970,067)

	(Un-audited) June 30, 2024	Audited December 31, 2023	(Un-audited) June 30, 2023
	----- Rupees in '000 -----		
16. CASH AND CASH EQUIVALENTS			
Cash and bank balances	4,470,493	3,610,757	1,562,865
Book overdraft	(164)	(572,933)	(223,727)
	4,470,329	3,037,824	1,339,138

17. TRANSACTIONS WITH RELATED PARTIES

The related parties include holding company, associated companies, directors and key management personnel of the Company and companies where directors also hold directorships. The transactions with related parties are carried out in the normal course of business at contracted rates, duly approved by the board of directors. Details of transactions with related parties and balances with them at period end, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

		(Un-audited) Half year ended June 30, 2024	(Un-audited) June 30, 2023
		----- Rupees in '000 -----	
17.1	Transactions carried out during the period are as follows:		
	Relationship		
	Nature of transactions		
	Associated companies / undertakings		
	a. Royalty expense charged	326,966	264,111
	b. Purchase of goods	1,967,173	4,011,354
	c. Sale of goods	891	-
	d. Recovery of expenses	650,976	352,077
	e. Promotional allowance	639,264	1,927,708
	Staff retirement funds:		
	a. Payments to retirement benefit plans	185,146	104,826
	Key management personnel:		
	a. Salaries and other employee benefits	358,502	291,953
	b. Post employment benefits	20,082	17,840
	c. Sale of assets - sales proceeds	5,777	16,490

(Un-audited) (Audited)
June 30, December 31,
2024 2023
 ----- Rupees in '000 -----

17.2 Outstanding balances as at period / year end are as follows:

Associated companies:

Other receivable	6,830,485	5,960,585
Trade and other payables	5,921,567	4,208,977
Provision for staff retirement benefits	657,883	593,709

18. FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It requires categorization of fair value measurements into different levels of fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at June 30, 2024, the Company does not have any financial instruments carried at fair values which are measured using method falling under above categories, and carrying value of financial assets and liabilities approximate their fair value at the reporting date.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on August 23, 2024.


 Chief Executive Officer


 Chief Financial Officer


 Director



EMPOWERING TOMORROW,
TOGETHER

GlaxoSmithKline Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000

GlaxoSmithKline Pakistan Limited is a member of
GSK group of Companies.

© GlaxoSmithKline Pakistan Limited