



رفتار

THIRD QUARTER REPORT 2020

GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED

Corporate Information

As at 30 September 2020

Board of Directors

Mr. M.Z. Moin Mohajir (Chairman)

Mr. Sohail Ahmed Matin

Syed Anwar Mahmood

Syed Azeem Abbas Naqvi*

Ms. Erum Shakir Rahim

Mr. Talal Javed Ahmed*

Mr. Oussama Abbas

Audit Committee

*Syed Anwar Mahmood
(Chairman)*

Mr. M.Z. Moin Mohajir

Syed Azeem Abbas Naqvi*

Secretary to the BAC

Ms. Mariam Maqsood

Chief Internal Auditor

Ms. Mariam Maqsood

Bankers

Citibank N.A

Legal Advisor

Hashmi & Hashmi

Integration Supply and Network Optimization Committee

Mr. Oussama Abbas

Syed Azeem Abbas Naqvi *

Mr. Sohail Ahmed Matin

Mr. Talal Javed Ahmed*

Secretary to the ISNO Committee

Mr. Irfan Qureshi

Human Resource and Remuneration Committee

*Syed Anwar Mahmood
(Chairman)*

Mr. M.Z. Moin Mohajir

Syed Azeem Abbas Naqvi*

Secretary to the HRRC

Mr. Farqaleet Iqbal

Internal Auditors

M/s EY Ford Rhodes

Registered Office

35 Dockyard Road, West Wharf,
Karachi-74000

Tel: +92(21)111-475-725 (111-GSK-PAK)

Management Committee

Mr. Sohail Ahmed Matin

Mr. Ahmed Jamil Baloch

Ms. Mashal Mohammad

Mr. Talal Javed Ahmed*

Mr. Faisal Rafiq

Mr. Saleem Khilji

Mr. Mazhar Shams

Ms. Muzna Hussain

Ms. Sadia Tabassum

Ms. Hina Sadiq

Company Secretary

Ms. Mashal Mohammad

Chief Financial Officer

Mr. Talal Javed Ahmed*

GSKCH Shares Department

35 Dockyard Road, West Wharf,
Karachi-74000

Tel: +92(21)35274838

Email: chc.shareinfo@gsk.com

Website

www.pk-consumerhealthcare.gsk.com

* Changed in the Board of Directors meeting held on 27 October 2020.

Directors' Report to the Shareholders

Dear Shareholders,

We are pleased to present your Company's un-audited financial information for the nine months ended September 30, 2020.

Composition of the Board:

The total number of Directors are seven (7) as per the following:

Male: 6

Female: 1

The composition of the Board as at 30 September 2020 is as follows:

Category	Name
Independent Directors	Mr. M. Z. Moin Mohajir Syed Anwar Mahmood
Executive Directors	Mr. Sohail Ahmed Matin Mr. Talal Javed Ahmed
Non-Executive Directors	Syed Azeem Abbas Naqvi Ms. Erum Shakir Rahim Mr. Oussama Abbas
Female Director	Ms. Erum Shakir Rahim

Business Overview

During these nine months, our sales and earnings reflected strong underlying performance driven by increased demand for many of our products. Throughout the past several months, we have mobilized resources across the Company to respond to the pandemic by focusing on the safety and protection of our employees and stakeholders, business continuity plans and optimizing the use of technology-based solutions.

Our business has demonstrated resilience in the face of significant challenges. We continue to generate substantial operating cash flows to reinvest into the business and have sufficient access to additional undrawn committed sources of finance, if required. In our supply chains, we have sustained our manufacturing network and have been able to respond quickly to fluctuations in demand. Moreover, we have invested our working capital into additional raw material inventories to avoid disruption to manufacturing activities during the pandemic.

Review of Operating Results

The turnover of the Company for the first nine months was recorded at Rs. 14,490 million, being 22.7% higher than the corresponding period last year. The revenues from toll-manufacturing grew by 37% during the period largely due to improvement in access to some key excipients from the region. Meanwhile, the core business portfolio also reflected a healthy growth of 27% for the nine months of 2020, mainly driven from increased demand during pandemic period for products such as Panadol and CaC.

The above growth was partially offset by the divestment of Horlicks and Physiogel in 2020. Furthermore, additional exports were made last year for a stock build demanded by the foreign customer. Consequently, export revenues have been lower in the current period by Rs 307 million.

Within the core business portfolio, a healthy performance was witnessed in both OTC and Fast-Moving Consumer Goods (FMCG) portfolios, with a 19% increase in the Oral Healthcare category supported by the launch of Parodontax Herbal toothpaste, 36% increase in the Pain category, 25% increase in the Nutrition and Digestive Health category, whereas Skin Health category sales remained consistent to last year.

The extended lockdown during the first half of the year had unfavorable impacts on some of our FMCG products (Oral Care and Skin Care) as well as certain prescription-based products due to limited OPD visits. However, during the third quarter of this year, the national statistics have indicated a sustained decline in the prevalence of the pandemic. Consequently, market demand for FMCG and certain prescription-driven products has been showing recovery; partly due to a relaxation in the lockdown as well as the resumption of OPD visits to healthcare professionals by patients and medical representatives that have led to higher prescription shares. Accordingly, the business has been able to report a 29% and 26% growth for Oral Care and Skin Care products respectively.

Gross margins for the nine months ended were reported at 28% of sales, against 32% reported last year. The dilution was attributable to an adverse sales mix resulting from a greater demand for lower-margin products (e.g. Vitamins and Pain products). Furthermore, the additional market demand for Panadol was met through procurement of raw material at increased prices due to the supply situation in China. However, the depletion of gross margin was partially offset by roll-forward of 2019 price increases. With the recovery of our FMCG sales, we have now witnessed a 1% gross margin improvement during the third quarter of this year.

Your Company posted a net profit after tax of Rs. 980 million for the nine months; and an Earnings Per Share (EPS) of Rs. 8.37 which are 10.3% higher than the corresponding period last year. The profitability of the Company was supplemented through delivery of savings in operating expenses during the course of the pandemic, such as travel and advertisement expenses. Furthermore, synergies were also achieved through the organizational restructuring carried out earlier in this year.

Future Outlook and Challenges

Looking ahead, we face some degree of uncertainty, but we remain confident in the resilience and sustainability of GSKCH's business and our ability to deliver on our long-term priorities of Innovation, Performance and Trust.

The business also continues to simplify its operating model by upgrading its ERP system and transferring marketing authorizations of products in the name of the Company, as disclosed in note 1.2 of the financial statements. Significant progress has been achieved on both these fronts during the year.

As the overall situation of the pandemic is improving, the Company has been gradually normalizing its essential operations. We continue to monitor the risks closely and are engaged in commercial activities focused on both demand generation and order fulfillment. However, disruptions may continue to impact the industry for the remainder of this year. Overall, we are seeing good underlying demand for our major products and are confident this will be reflected in future performance.

To meet the current and future demand, your Company remains agile and proactively engaged in supply chain optimization initiatives as well as strengthening our pipeline of high-quality innovations. Through such initiatives, your Company is maintaining its focus on increased customer value, innovation, better performance and greater trust. Emphasis is placed on increased productivity, reduced cost and improved technology to be able to sustain long-term profitability and fulfil the dynamic needs of our consumers and healthcare professionals.

Remuneration Policy

The Non-Executive Board Directors of GlaxoSmithKline Consumer Healthcare Pakistan Limited are entitled to a remuneration approved by the HR and Remuneration Committee, based on market benchmark of the Consumer Healthcare Industry and other similar type of businesses.

Acknowledgment

The Board of Directors take this opportunity to thank all GSK employees for their outstanding, untiring work and dedication which has ensured that our vital & everyday health products continue to be available to the people who need them. We would like to further extend our appreciation to our suppliers and partners for their continued support and dedication in the achievement of the Company's results.

On Behalf of the Board.

Sincerely,



Sohail Ahmed Matin
Chief Executive Officer



Talal Javed Ahmed
*Chief Financial Officer & Executive Director**

October 27, 2020

**Changed in the Board Meeting Dated 27 October 2020.*

ڈائریکٹرز کی شمیر ہولڈز کے لئے رپورٹ

محترم شئر ہولڈز،

ہمیں آپ کی کمپنی کی نو ماہانہ غیر حساب شدہ مالی معلومات کی رپورٹ جو کہ، 30 ستمبر، 2020 کو اختتام پزیر ہوئی پیش کرنے پر خوشی ہے۔

بورڈ کی تشکیل:

کل سات ڈائریکٹرز یہ مندرجہ ذیل ہیں:

مرد حضرات : 6

خواتین : 1

ستمبر 30، 2020 تک بورڈ کی تشکیل مندرجہ ذیل ہے:

نام	کیٹگری
ایم زیڈ معین مہاجر	آزاد ڈائریکٹرز
سید انور محمود	
سہیل احمد متین	ایگزیکٹیو ڈائریکٹرز
طلال جاوید احمد	
سید عظیم عباس نقوی	نان ایگزیکٹیو ڈائریکٹرز
محترمہ ارم شا کر رحیم	
اسامہ عباس	
محترمہ ارم شا کر رحیم	خاتون ڈائریکٹر

کاروباری جائزہ:

رواں نو ماہ کے دوران ہماری بہت سی مصنوعات کی اضافی طلب نے فروخت اور آمدنی میں بہترین بنیادی کارکردگی ظاہر کی ہے۔ پچھلے کئی مہینوں میں ہم نے اس وبائی مرض سے پیدا شدہ حالات سے نبرد آزما ہونے کے لئے، اپنی کمپنی کے ملازمین اور اسٹیک ہولڈرز کی حفاظت کو مد نظر رکھتے ہوئے کاروباری تسلسل کے منصوبوں کو ٹیکنالوجی کے استعمال سے بہتر بنانے کی کوشش کی ہے۔

ہمارا کاروبار ان اہم ترین مشکلات کا سامنا کرتے ہوئے کامیابی سے ہمکنار ہوا ہے۔ کاروبار میں سرمایہ کاری کے لئے مناسب آپریٹنگ کیش فلو کا تناسب برقرار رکھتے ہوئے ضرورت پڑنے پر اضافی غیر منقولہ مالی وسائل تک خاطر خواہ رسائی بھی موجود ہے۔ ہم مصنوعاتی طلب کے اتار چڑھاؤ سے نبرد آزما ہونے میں کامیاب رہے ہیں اور مستقبل کی کامیابی کے لئے سپلائی چین میں مینوفیکچرنگ نیٹ ورک کی مستحکم کارکردگی کو برقرار رکھا ہے۔ مزید برآں یہ کہ اس وبائی مرض کے دوران مینوفیکچرنگ کے کام میں رکاوٹ سے بچنے کے لئے اپنی آمدنی کے بڑے حصے کی سرمایہ کاری خام مال کی خریداری میں کی ہے۔

آپریٹنگ نتائج کا جائزہ:

پہلے نو مہینے میں کمپنی کا ٹرن اوور 14,490 ملین روپے، پچھلے سال کے اسی عرصے کے مقابلے میں 22.7 فیصد زائدریکارڈ ہوا ہے۔ بڑے پیمانے پر اس خطے سے اہم جزوی رسائی کی بدولت ٹول مینوفیکچرنگ کی آمدنی میں 37 فیصد اضافہ ہوا ہے۔ دریں اثناء، 2020 کے نو مہینوں میں بنیادی کاروباری پورٹ فولیو میں بھی 27 فیصد نمو کی عکاسی ہوئی، جو کہ وبائی مرض کے دوران پیناڈول اور CAC1000 مصنوعات کی طلب میں اضافے کی بدولت ہوئی۔

مذکورہ بالا نمونہ 2020 میں ہارکس اور فریو بوجیل کی تقسیم نہ ہونے کی وجہ سے جزوی طور پر اثر انداز ہو گئی۔ مزید یہ کہ، گزشتہ سال بین الاقوامی گاہکوں کی طرف سے بڑی مقدار میں طلب کی بناء پر اضافی برآمدات کی گئیں۔ نتیجتاً موجودہ مدت میں برآمدات کی آمدنی 307 ملین روپے کم رہی۔

بنیادی کاروباری پورٹ فولیو کے پیش نظر، اوٹی سی اور فاسٹ موویونگ کنزیومر گڈز (FMCG) دونوں محکموں میں صحت مند کارکردگی دیکھنے میں آئی، پروڈکٹس ہر بل ٹوتھ پیسٹ کے اجراء کے ذریعہ اور لنگہداشت کے زمرے میں 19 فیصد اضافہ ہوا، درد سے نجات کے زمرے میں 36 فیصد اضافہ، غذائیت اور نظام ہاضمہ کی صحت کے زمرے میں 25 فیصد اضافہ جبکہ اسکن ہیلتھ کیٹیگری کی فروخت گزشتہ سال کے مطابق رہی۔

سال کے پہلے نصف حصے کے دوران توسیع شدہ لاک ڈاؤن کا ہمارے کچھ ایف ایم سی جی پروڈکٹس (اور لنگہداشت اور جلد کی دیکھ بھال) کے ساتھ ساتھ اوپی ڈی کے محدود دوروں کی وجہ سے تجویز کردہ نسخے پر مبنی کچھ مصنوعات پر منفی اثر پڑا تاہم اس سال کی تیسری سہ ماہی کے دوران قومی شماریات نے وبائی امراض کے پھیلاؤ میں مسلسل کمی کا تخمینہ دیا ہے۔ اس کے نتیجے میں ایف ایم سی جی اور تجویز کردہ نسخے پر دی جانے والی کچھ مصنوعات کی مارکیٹ میں دوبارہ فراہمی ممکن ہو رہی ہے۔ جزوی طور پر لاک ڈاؤن میں نرمی کے ساتھ ساتھ صحت کی دیکھ بھال کرنے والے پیشہ ور افراد کے پاس مریضوں کے اوپی ڈی اور طبی نمائندوں کے دورے دوبارہ شروع کرنے کی وجہ سے تجویز کردہ نسخوں کے حصص زیادہ ہیں۔ اس کے مطابق اور لنگہداشت اور اسکن کیٹیگری والی مصنوعات کے لئے بالترتیب 29 فیصد اور 26 فیصد اضافے کی کاروباری نمور پورٹ کرنے میں کامیاب رہا ہے۔

نومہ کے اختتام پر مجموعی مارجن گزشتہ سال 32 فیصد کے مقابلے میں 28 فیصد فروخت بتایا گیا۔ اس خسارے کو کم مارجن والی مصنوعات (جیسے وٹامنز اور درد سے نجات کی مصنوعات) کی زیادہ طلب سے منسوب کیا گیا ہے۔ مزید برآں، مارکیٹ میں پیناڈول کی اضافی طلب کو پورا کرنے کے لئے چین سے اضافی قیمتوں پر خام مال کی خریداری کی گئی۔ تاہم، مجموعی مارجن کی کمی کو جزوی طور پر 2019 کی قیمت میں اضافے کے رول فارورڈ کے ذریعے پورا کیا گیا تھا۔ ہماری ایف ایم سی جی کی فروخت میں بحالی کے ساتھ اب ہم نے اس سال کی تیسری سہ ماہی کے دوران 1 فیصد مجموعی مارجن میں بہتری دیکھی ہے۔

آپ کی کمپنی نے نومہ کے لئے 980 ملین روپے ٹیکس کے بعد 8.37 روپے کی فی سٹر (ای۔ پی۔ ایس) آمدنی جو کہ گزشتہ سال کے اسی عرصے سے زیادہ ہے، کا منافع دیا۔ وبائی مرض کے دوران کمپنی کے امور سفر اور اشتہارات جیسے آپریٹنگ اخراجات میں بچت کی فراہمی کر کے منافع کو پورا کیا گیا تھا۔ مزید یہ کہ اس سال کے شروع میں کی جانے والی تنظیمی اصلاحات کے ذریعے بھی بہتری حاصل کی گئی تھی۔

مستقبل کا نظریہ اور چیلنجز :

آنے والے وقت کے پیش نظر، ہمیں کچھ حد تک غیر یقینی صورتحال کا سامنا ہے، لیکن ہم GSKCH کی کاروباری اہلیت اور استحکام پر پراعتماد ہیں اور جدت، کارکردگی اور اعتماد کی اپنی طویل مدتی ترجیحات پر فراہمی کی صلاحیت پر اعتماد رکھتے ہیں۔ یہ کاروبار اپنے ERP سسٹم کو اپ گریڈ کر کے اور کمپنی کے نام پر مصنوعات کی مارکیٹنگ کی اجازت کو منتقل کر کے اپنے آپریٹنگ ماڈل کو آسان بناتا ہے، جیسا کہ مالی بیانات کے نوٹ 1.2 میں انکشاف کیا گیا ہے۔ سال کے دوران ان دونوں محاذوں پر نمایاں پیشرفت ہوئی ہے۔

جیسا کہ مجموعی طور پر وبائی صورتحال میں بہتری آرہی ہے، کمپنی آہستہ آہستہ اپنے ضروری کاموں کو معمول بنا رہی ہے۔ ہم خدشات کی کڑی نگرانی کرتے ہوئے طلب کی پیداوار اور آرڈر کی تکمیل دونوں پر مشتمل تجارتی سرگرمیوں میں مصروف ہیں۔ تاہم، اس سال کے بقیہ وقت تک رکاوٹیں صنعت پر اثر انداز ہو سکتی ہیں۔ مجموعی طور پر، ہم اپنی بڑی مصنوعات کی طلب میں خاطر خواہ اضافہ دیکھ رہے ہیں اور آئندہ کی کارکردگی میں بھی اس کی عکاسی ہوگی، اس کے لئے پراعتماد ہیں۔

آپ کی کمپنی، موجودہ اور آئندہ کی طلب کو پورا کرنے کے چاق و چوبند اور فعال طور پر سپلائی چین کی اصلاح کے اقدامات میں ہماری اعلیٰ معیار کی جدتوں کی پائپ لائن کو مضبوط بنانے میں مصروف ہے۔ اس طرح کی سرگرمیوں کے ذریعے، آپ کی کمپنی صارفین کی بڑھتی ہوئی تعداد، جدت، بہتر کارکردگی اور بھرپور اعتماد پر اپنی توجہ مرکوز کر رہی ہے۔ بڑھتی ہوئی پیداوار، کم لاگت اور بہتر ٹیکنالوجی پر اکتفاء کرتے ہوئے ہی طویل مدتی منافع کو برقرار رکھنے اور ہمارے صارفین اور نگہداشت صحت کے پیشہ ور افراد کی موجودہ ضروریات کو پورا کرنے پر زور دیا گیا ہے۔

معاوضہ کی پالیسی:

گلکسیو سمٹھ کلائن کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ کے نان ایگزیکٹو بورڈ ڈائریکٹر، کنزیومر ہیلتھ کیئر انڈسٹری اور اسی طرح کے دیگر کاروبار کے مارکیٹ بیچ مارک پر مبنی، ایچ آر اور معاوضہ کمیٹی کے ذریعہ منظور شدہ معاوضے کے حقدار ہیں۔

اعتراف:

اس موقع پر بورڈ آف ڈائریکٹر GSK کے تمام ملازمین کو ان کی شاندار، انتھک محنت اور لگن کے لئے شکریہ ادا کرتے ہیں جنہوں نے اس بات کو یقینی بنایا ہے کہ ہماری ضروری اور روزمرہ صحت کی اشیاء ضرورت مند لوگوں کے لئے دستیاب رہیں۔ ہم اپنے سپلائرز اور شراکت داروں کی مزید حوصلہ افزائی کرتے ہیں جن کی مسلسل مدد اور لگن سے کمپنی بہترین نتائج سے ہمکنار ہوئی۔

بورڈ کی طرف سے۔

آپ کے مخلص،



طلال جاوید احمد

* چیف فنانشل آفیسر اور ایگزیکٹو ڈائریکٹر



سہیل احمد متین

چیف ایگزیکٹو آفیسر

اکتوبر 27، 2020

* اکتوبر 27، 2020 کو ہونے والی بورڈ میٹنگ میں ترمیم شدہ

GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

ASSETS	Note	Un-audited September 30, 2020	Audited December 31, 2019
		Rupees	Rupees
Non-current assets			
Property, plant and equipment	4	3,019,007,335	2,914,891,968
Intangible		127,674,000	127,674,000
Long-term loans to employees		9,739,915	10,593,307
Long-term deposits		8,069,898	6,496,198
		3,164,491,148	3,059,655,473
Current assets			
Stores and spares		64,683,832	52,489,669
Inventories	5	4,007,519,340	2,769,124,471
Trade debts		919,765,998	866,168,074
Loans and advances		398,431,914	307,289,523
Trade deposits and prepayments		32,922,958	60,034,056
Interest accrued		-	178,082
Refunds due from Government		47,325,325	17,172,528
Other receivables		571,728,780	676,633,822
Taxation - payments less provision		654,420,089	530,637,270
Bank balances	6	652,124,263	643,240,843
		7,348,922,499	5,922,968,338
Total assets		10,513,413,647	8,982,623,811
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,170,545,080	1,170,545,080
Reserves		3,724,344,309	3,330,058,855
		4,894,889,389	4,500,603,935
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		58,738,307	53,665,103
Deferred taxation		156,767,729	130,975,506
Lease liability		-	1,989,219
		215,506,036	186,629,828
Current liabilities			
Trade and other payables	7	3,482,607,438	2,599,790,956
Running finance under mark-up arrangement		490,863,370	763,579,563
Accrued mark-up		17,496,496	25,874,258
Current portion of lease liability		2,245,280	1,769,610
Unpaid dividend		1,409,805,638	904,375,661
		5,403,018,222	4,295,390,048
Total liabilities		5,618,524,258	4,482,019,876
Total equity and liabilities		10,513,413,647	8,982,623,811
Contingencies and commitments			
	8		

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Chief Executive Officer

GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		Nine months ended		Quarter ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	Note	----- Rupees -----			
Net sales	9	14,489,452,714	11,812,260,072	5,281,070,998	3,913,657,094
Cost of sales		(10,504,606,977)	(8,026,525,766)	(3,921,720,533)	(2,715,910,259)
Gross profit		3,984,845,737	3,785,734,306	1,359,350,465	1,197,746,835
Selling, marketing and distribution expenses	10	(2,264,588,301)	(2,138,610,379)	(814,537,355)	(703,285,834)
Administrative expenses		(200,448,245)	(185,675,547)	(79,578,523)	(72,367,973)
Other operating expenses		(120,127,487)	(101,571,312)	(36,770,392)	(33,017,554)
Other income		41,703,208	41,895,328	18,133,428	13,508,435
Operating profit		1,441,384,912	1,401,772,396	446,597,623	402,583,909
Financial charges		(59,918,833)	(163,252,105)	(20,174,878)	(4,967,195)
Profit before taxation		1,381,466,079	1,238,520,291	426,422,745	397,616,714
Taxation		(401,908,085)	(350,178,072)	(130,463,408)	(118,091,880)
Profit after taxation		979,557,994	888,342,219	295,959,337	279,524,834
Other comprehensive income		-	-	-	-
Total comprehensive income		979,557,994	888,342,219	295,959,337	279,524,834
Earnings per share	11	Rs. 8.37	Rs. 7.59	Rs. 2.53	Rs. 2.39

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Chief Executive Officer

GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share capital	Capital Reserves		Revenue Reserve	Total
		Reserve arising under the Scheme of Arrangement	Reserve arising on amalgamation under the Scheme of Merger	Unappropriated profit	
----- Rupees -----					
Balance as at January 01, 2019	1,170,545,080	101,913,533	728,725,969	1,833,800,555	3,834,985,137
Transactions with owners					
Final dividend for the year ended December 31, 2018 @ Rs. 5 per share	-	-	-	(585,272,540)	(585,272,540)
Total comprehensive income for the nine months ended September 30, 2019					
Profit after taxation for the nine months ended September 30, 2019	-	-	-	888,342,219	888,342,219
Other comprehensive income for the nine months ended June 30, 2019	-	-	-	-	-
	-	-	-	888,342,219	888,342,219
Balance as at September 30, 2019	1,170,545,080	101,913,533	728,725,969	2,136,870,234	4,138,054,816
Balance as at January 01, 2020	1,170,545,080	101,913,533	728,725,969	2,499,419,353	4,500,603,935
Transactions with owners					
Final dividend for the year ended December 31, 2019 @ Rs. 5 per share	-	-	-	(585,272,540)	(585,272,540)
Total comprehensive income for the nine months ended September 30, 2020					
Profit after taxation for the nine months ended September 30, 2020	-	-	-	979,557,994	979,557,994
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-
	-	-	-	979,557,994	979,557,994
Balance as at September 30, 2020	1,170,545,080	101,913,533	728,725,969	2,893,704,807	4,894,889,389

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Director


 Chief Executive Officer

**GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

		Nine months ended	
		September 30, 2020	September 30, 2019
Note	-----	Rupees	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,249,220,187	1,433,382,003
Staff retirement benefits paid		(54,214,383)	(46,232,744)
Interest paid		(50,607,845)	(110,653,833)
Income taxes paid		(499,898,681)	(407,731,169)
Decrease / (increase) in long-term loans to employees		853,392	(6,813,283)
Increase in long term-deposits		(1,573,700)	(2,220,394)
		<hr/>	<hr/>
Net cash generated from operating activities		643,778,970	859,730,580
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(308,535,345)	(287,213,074)
Proceeds from sale of operating assets		4,005,340	10,281,860
Interest received		23,960,803	31,311,513
		<hr/>	<hr/>
Net cash used in investing activities		(280,569,202)	(245,619,701)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to shareholders		(79,842,563)	(80,227,764)
Lease rental paid		(1,767,592)	(2,236,079)
		<hr/>	<hr/>
Net cash used in financing activities		(81,610,155)	(82,463,843)
Net increase in cash and cash equivalents		281,599,613	531,647,036
Cash and cash equivalents at beginning of the period	13	(120,338,720)	(884,337,324)
		<hr/>	<hr/>
Cash and cash equivalents at end of the period	13	161,260,893	(352,690,288)
		<hr/> <hr/>	<hr/> <hr/>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Chief Executive Officer

GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1** GlaxoSmithKline Consumer Healthcare Pakistan Limited (the Company) was incorporated in Pakistan as a public unlisted company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on March 31, 2015 principally to effect the demerger of Consumer Healthcare business of GlaxoSmithKline Pakistan Limited (GSK Pakistan) under a Scheme of Arrangement (the Scheme) which was approved by the Honourable High Court of Sindh (SHC) and its order was submitted to the Registrar of Companies on April 01, 2016. The Company is a subsidiary of GlaxoSmithKline Consumer Healthcare B.V. The ultimate parent of the Company is GlaxoSmithKline plc, UK. The Company is engaged in manufacturing, marketing and sale of consumer healthcare products. The Company has been listed at the Pakistan Stock Exchange Limited since March 22, 2017. The registered office of the Company is situated at 35-Dockyard Road, West Wharf, Karachi.
- 1.2** Due to the pending transfer of marketing authorisations and certain permissions for Over the Counter (OTC) products of the Company with Drug Regulatory Authority of Pakistan (DRAP), GSK Pakistan, for and on behalf of the Company was engaged in the procurement, manufacturing and managing the related inventory and receivable balances pertaining to such products against a service fee charged by GSK Pakistan. During the year, the marketing authorisations and permissions for certain OTC products have been transferred to the Company.
- 1.3** The coronavirus outbreak situation, during the period, was evolving in the country. Up to the date of these financial statements, the outbreak has not had a material adverse impact on the financial results of the Company. Presently, healthcare businesses have been allowed to continue their operations by both provincial and federal governments in order to ensure availability of our products in the market.

2. BASIS OF PREPARATION

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

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

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

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, 2019.

2.2 Standards, interpretations and amendments to published approved accounting standards that became effective during the period

The following amendments became effective for accounting periods, beginning on or after the date mentioned against each of them.

**Effective from accounting periods
beginning on or after:**

Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS

January 01, 2020

	Effective from accounting periods beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020

These amendments do not have any material impact on the financial reporting of the Company and therefore have not been discussed in detail.

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

3.1 Significant accounting policies

3.1.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2019.

3.1.2 Taxes on income are accrued using the average tax rate that is expected to be applicable to the full financial year.

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, 2019.

3.3 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.4 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, 2019.

	Note	Un-audited September 30, 2020	Audited December 31, 2019
		----- Rupees -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	2,557,994,341	2,484,606,742
Capital work-in-progress		458,533,792	426,729,845
Right-of-use assets - building and improvements on leasehold land		2,479,202	3,555,381
		<u>3,019,007,335</u>	<u>2,914,891,968</u>

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

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
	Un-audited		Un-audited	
	Additions- at cost	Disposals- at net book value	Additions- at cost	Disposals- at net book value
	----- Rupees -----		----- Rupees -----	
Operating assets				
Building and improvements on leasehold land	35,780,003	-	34,155,325	-
Plant & machinery	204,915,869	3,383,367	135,799,301	-
Furniture & fixtures	29,372,947	-	4,237,594	-
Vehicles	43,242,000	66,667	44,606,500	5,505,577
Office equipment	40,827,039	285,062	36,790,312	-
	354,137,858	3,735,096	255,589,032	5,505,577

	Un-audited September 30, 2020	Audited December 31, 2019
	----- Rupees -----	
5. INVENTORIES		
Raw and packing materials	2,332,146,539	1,490,083,243
Work-in-process	77,059,276	35,441,780
Finished goods	1,736,852,854	1,392,293,893
	4,146,058,669	2,917,818,916
Less: provision for slow moving, obsolete and damaged stock	(138,539,329)	(148,694,445)
	4,007,519,340	2,769,124,471

	Un-audited September 30, 2020	Audited December 31, 2019
	----- Rupees -----	
6. BANK BALANCES		
With banks		
on deposit accounts	-	500,000,000
on PLS savings accounts	179,076,330	1,911,363
on current accounts	473,047,933	141,329,480
	652,124,263	643,240,843

	Un-audited September 30, 2020	Audited December 31, 2019
	----- Rupees -----	
7. TRADE AND OTHER PAYABLES		
Creditors and bills payable	956,155,865	698,034,504
Accrued liabilities	1,615,149,540	1,390,080,621
Others	911,302,033	511,675,831
	3,482,607,438	2,599,790,956

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in status of pending tax and legal contingencies disclosed in note 22 to the annual audited financial statements of the Company for the year ended December 31, 2019, except that following matter arose during the period:

(a) Sales tax

During the period, Assistant Commissioner - Sindh Revenue Board raised a demand of Rs. 190.558 million (including default surcharge and penalty) in respect of year ended December 31, 2016. Such demand is on account of non-withholding of Sindh sales tax on certain transactions under various heads of expenses such as transport, advertisement and third-party manufacturing services.

The Company has filed an appeal against the said Order before Commissioner Appeals which is due for hearing and has also obtained Stay Order from Sindh High Court against any recovery proceedings.

Based on views of legal and tax counsels of the Company, the management is confident that the ultimate decision in the respect of pending tax and legal contingencies will be in favour of the Company, hence, no provision has been recognised in this respect.

8.2 Commitments

8.2.1 Commitments for capital expenditure outstanding as at September 30, 2020, amount to Rs. 410.05 million (December 31, 2019: Rs. 238.78 million).

9. NET SALES

9.1 This includes sales amounting to Rs. 1.62 billion (September 30, 2019: Rs. 4.94 billion) made by GSK Pakistan on behalf of the Company (refer note 1.2).

10. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs.1447.84 million (September 30, 2019: Rs. 1,412.67 million).

11. EARNINGS PER SHARE

	Nine months ended - Unaudited		Quarter ended - Unaudited	
	September 30,	September 30,	September 30,	September 30,
	2020	2019	2020	2019
	----- Rupees -----		----- Rupees -----	
Profit after taxation	979,557,994	888,342,219	295,959,337	279,524,834
Weighted average number of shares outstanding during the period	117,054,508	117,054,508	117,054,508	117,054,508*
Earnings per share - basic & diluted	8.37	7.59	2.53	2.39
			Un-audited	Un-audited
			September 30,	September 30,
			2020	2019
			----- Rupees -----	

12. CASH GENERATED FROM OPERATIONS

Profit before taxation			1,381,466,079	1,238,520,291
Add / (less): Adjustments for non-cash charges and other items				
Depreciation			200,684,882	166,557,404
Interest expense			42,484,126	90,629,765
Gain on disposal of operating assets			(270,244)	(4,776,283)
Provision for slow moving, obsolete and damaged stock			150,706,791	33,943,881
Allowance for impairment of trade debts			-	9,462,991
Provision for staff retirement benefits			59,287,587	50,142,319
Interest income			(23,782,721)	(31,311,513)
Profit before working capital changes			1,810,576,500	1,553,168,855

	Un-audited September 30, 2020	Un-audited September 30, 2019
	----- Rupees -----	
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(12,194,163)	(4,660,093)
Inventories	(1,389,101,660)	(404,291,914)
Trade debts	(53,597,924)	(321,779)
Loans and advances	(91,142,391)	(123,167,642)
Trade deposits and prepayments	27,111,098	20,684,484
Refunds due from Government	(30,152,797)	79,468,917
Other receivables	104,905,042	57,101,509
	(1,444,172,795)	(375,186,518)
Increase in current liabilities		
Trade and other payables	882,816,482	255,399,666
	(561,356,313)	(119,786,852)
	1,249,220,187	1,433,382,003

	Note	Un-audited September 30, 2020	Audited December 31, 2019	Un-audited September 30, 2019
		----- Rupees -----		
13. CASH AND CASH EQUIVALENTS				
Bank balances	6	652,124,263	643,240,843	325,352,127
Running finance under mark-up arrangement		(490,863,370)	(763,579,563)	(678,042,415)
		161,260,893	(120,338,720)	(352,690,288)

14. TRANSACTIONS WITH RELATED PARTIES

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

		Un-audited September 30, 2020	Un-audited September 30, 2019
		----- Rupees -----	
14.1	Details of transactions carried out during the period with the related parties are as follows:		
Relationship	Nature of transactions		
Holding Company:	Dividend	502,116,295	502,116,295
Associated Companies:	a. Purchase of goods and services	1,974,125,703	3,843,903,964
	b. Expenses cross charged by GSK Pakistan	74,494,180	68,562,891
	c. Services fee charged by GSK Pakistan	9,000,000	9,000,000
Staff retirement funds:	a. Expense charged for retirement benefit plans	59,287,587	50,142,319
	b. Payments to retirement benefit plans	54,214,383	46,232,744
Key management personnel:	a. Salaries and other employee benefits	109,627,878	125,689,737
	b. Post employment benefits	6,106,236	11,047,634

15. 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. IFRS 13 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).

The carrying values of all the financial assets and financial liabilities reported in the condensed interim statement of financial position approximate their fair values as these are of short term in nature and not repriced frequently.

16. 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 October 27, 2020.



Chief Financial Officer



Director



Chief Executive Officer



do more
feel better
live longer



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GlaxoSmithKline Consumer Healthcare Pakistan Limited
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