

**GLAXOSMITHKLINE PAKISTAN LIMITED**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30<sup>TH</sup>, 2020**

## GLAXOSMITHKLINE PAKISTAN LIMITED

### Corporate Information

as at September 30, 2020

#### Board of Directors

**Mr. Dmytro Oliinyk**  
Chairman  
**Ms. Erum Shakir Rahim**  
Chief Executive Officer  
**Mr. Abdul Samad**  
Chief Financial Officer  
**Ms. Maheen Rahman**  
Independent Director  
**Mr. Muneer Kamal**  
Independent Director  
**Mr. Mehmood Mandviwalla**  
Non-Executive Director  
**Mr. Mark Dawson**  
Non-Executive Director

#### Audit Committee

**Mr. Muneer Kamal**  
Chairman  
**Mr. Dmytro Oliinyk**  
Member  
**Mr. Mark Dawson**  
Member  
**Mr. Mehmood Mandviwalla**  
Member  
**Ms. Maheen Rahman**  
Member

#### Human Resource

##### & Remuneration

#### Committee

**Ms. Maheen Rahman**  
Chairperson  
**Mr. Dmytro Oliinyk**  
Member  
**Mr. Mehmood Mandviwalla**  
Member  
**Mr. Mark Dawson**  
Member  
**Ms. Erum Shakir Rahim**  
Member

#### Disclosure Committee

**Ms. Erum Shakir Rahim**  
Chairperson  
**Mr. Abdul Samad**  
Member  
**Mr. Dmytro Oliinyk**  
Member

#### Management Committee

**Ms. Erum Shakir Rahim**  
Chief Executive Officer  
**Mr. Abdul Samad**  
Chief Financial Officer  
**Syed Azeem Abbas Naqvi**  
Legal Director  
**Dr. Tariq Farooq**  
Business Unit Director BU 1  
**Ms. Samreen Hashmi Kidwai**  
Business Unit Director BU 2  
**Dr. Naved Masoom Ali \*\***  
Business Unit Director BU 3  
**Khurram Amjad**  
Director Commercial Excellence & CTC  
**Dr. Gohar Nayab Khan**  
Regulatory Affairs Cluster Head - Pakistan & Iran  
**Mr. Abdul Haseeb Pirzada**  
Director Corporate Affairs and Administration  
**Mr. Zain Anjum \***  
Country Compliance Officer  
**Dr. Yousuf Hasan Khan**  
Director Medical  
**Syed Nabigh Raza Alam**  
Tech Head  
**Mr. Obaid Siddiqui**  
Head of Procurement  
**Mr. Farqaleet Iqbal**  
HR Country Head  
**Imtiaz Hussain**  
Site Director - West Wharf  
**Javed Tariq**  
Site Director - Korangi  
**Joseph Thibaut**  
Site Director - F/268

#### Company Secretary

Syed Azeem Abbas Naqvi

#### Chief Financial Officer

Mr. Abdul Samad

#### Chief Internal Auditor

Syed Ahsan Ejaz

#### Bankers

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

#### Auditors

Deloitte Yousuf Adil & Co. 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)  
Fax: 92-21-32314898, 32311122  
Website: www.pk.gsk.com

\* Zain Anjum has joined GSK Pakistan and taking over from Imran Amin as Country Compliance Officer, effective July 27, 2020

\*\* Dr. Naved Masoom Ali appointed as Director Business Unit 3, effective September 01, 2020



On behalf of the Board of Directors, we are pleased to present the un-audited financial information of your Company for the period ended September 30, 2020. This financial information is submitted in accordance with Section 227 of the Companies Act, 2017.

**Composition of the Board:**

1. The total number of Directors are 7, with the following breakup:

- a) Male: 5
- b) Female: 2

2. The composition of the Board is as follows:

Category	Name
Independent Directors	<ul style="list-style-type: none"><li>• Maheen Rahman</li><li>• Muneer Kamal</li></ul>
Executive Directors	<ul style="list-style-type: none"><li>• Erum Shakir Rahim</li><li>• Abdul Samad</li></ul>
Non-Executive Directors	<ul style="list-style-type: none"><li>• Mehmood Mandviwalla</li><li>• Dmytro Oliinyk</li><li>• Mark Dawson</li></ul>

• The Board has formed committees comprising of members given below:

**a) Audit Committee**

- i. Muneer Kamal - Chairman
- ii. Maheen Rahman - Member
- iii. Mehmood Mandviwalla - Member
- iv. Dmytro Oliinyk - Member
- v. Syed Ahsan Ejaz - Secretary

**b) HR and Remuneration Committee**

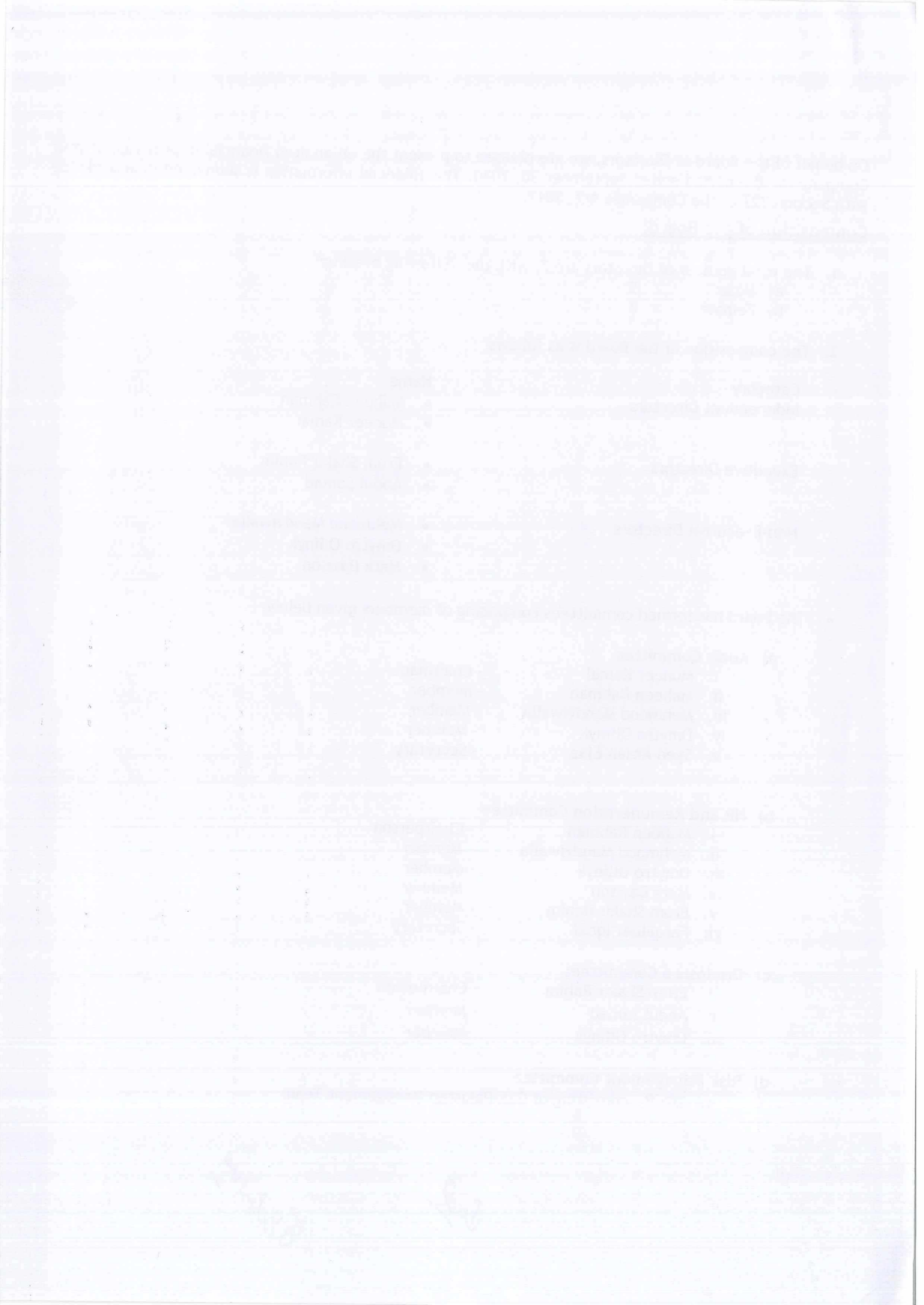
- i. Maheen Rahman - Chairperson
- ii. Mehmood Mandviwalla - Member
- iii. Dmytro Oliinyk - Member
- iv. Mark Dawson - Member
- v. Erum Shakir Rahim - Member
- vi. Farqaleet Iqbal - Secretary

**c) Disclosure Committee:**

- i. Erum Shakir Rahim - Chairperson
- ii. Abdul Samad - Member
- iii. Dmytro Oliinyk - Member

**d) Risk Management Committee**

- i. RMCB - consisting of GSK Pakistan Management Team





## Review of Operating Results:

2020 to date has been a challenging year due to COVID 19 and its impact on the economy, however your Company has remained resilient in terms of continuity of business, employee wellbeing and ensuring business delivery.

For the nine months ended September 30, 2020, the company recorded net sales of Rs. 26.6 billion versus Rs 25.8 billion last year. The total Net sales also includes intercompany sales of Rs. 0.97 billion (as compared to Rs. 3.2 billion in the same period last year) to GlaxoSmithKline Consumer Healthcare Pakistan Limited on account of products manufactured by the Company for which market authorization rights remain with GlaxoSmithKline Pakistan Limited. As mentioned in the previous quarter's report, the transfer of market authorization rights has commenced, and some products have already been transferred to GlaxoSmithKline Consumer Healthcare. The process for the remaining products will be completed within this year.

Our core pharmaceutical business achieved net sales of Rs. 25.6 billion, reflecting a growth of 13% in the year to date period. In this period our sales also include stock build with the distributor during quarter 3, as we migrate to SAP ERP system in October and most of our invoicing and dispatching activities will be placed on hold. Excluding the impact of one-off stock built and discontinuation of Ranitidine base product the company has delivered a healthy underlying growth of 8% which has also improved from H1 2020.

Despite the challenging situation during pandemic and country wide lock down, GSK Pakistan remained focused towards ensuring access to quality medicines for patients. Our essential staff remained operational both in manufacturing and as well as in managing key accounts, hospitals and government institutions in the field. GSK Pakistan adopted quickly to the situation and interacted with our health care partners through digital channels. We have started more web to web seminars for our healthcare professional (Doctor and Pharmacist). As seen globally, the patient flows especially for acute therapies have seen a decline during the pandemic period. However with return to new normal, GSK Pakistan has geared up to the pre COVID level of engagement by the commercial staff.

The gross margin for the period under review was Rs. 6.03 billion, showing an improvement of 1% in GP as compared to last year. This improvement was primarily due to stable exchange rate coupled with better product mix and our continuous cost efficiency initiatives across the organization.

Selling, marketing and distribution expenses were recorded at Rs. 2.1 billion, a decrease of 13.8%, primarily due to lower spend during COVID 19 lockdown situation during which time the Company managed most of its interaction with Healthcare Professionals and other customers virtually. Administrative expenses were recorded at Rs. 1.1 billion; increase under this head is mainly due to one-off severance cost recorded in quarter 1 and the impact of inflation. Our financial charges also showed a significant reduction compared to last year.

Our profit after tax in this period is Rs 2.4 billion reflecting good growth as compared to last year. During this period our cash and cash equivalents increased by Rs.1.3 billion, which was mainly driven by profit from operations and working capital changes.

Inspired by our Values of "Trust" and "Respect for People", the Company during the COVID -19 took immediate action to implement work from home for Office and field-based employees and prioritized Supply Chain operations to ensure smooth product supply. With the reduction in the number of cases, 30% of office-based personnel, returned to work on a rotational basis. Our sales force also resumed face-to-face interactions with HCPs from mid August 2020. The company leadership, through Issue Management Team's (IMT) platform is continuously monitoring of the situation and providing all necessary support to the employees during this crisis including access to Online mental Healthcare Physician and Ergonomic support for home office equipment.





## **Outlook and Challenges**

There has been a significant reduction of COVID-19 cases in Pakistan since the beginning of July. However we are cognizant of the need to quickly adapt to any changing scenario in the COVID to ensure people safety and business continuity.

As the lockdown continues to be eased, patient flow in OPD and doctors is increasing, which corresponds with the return of our field force for face-to-face detailing with HCPs. This in our view will have a positive impact on the business.

The industry is facing challenges on import of some materials, GSK Pakistan is keeping close watch on the situation and is working to develop alternate sources however it may have an impact on the cost of the impacted products.

## **Remuneration Policy of GSK Pakistan Limited for Non-Executive Board Directors**

The Non-Executive Board Directors of GlaxoSmithKline Pakistan Limited are entitled to remuneration approved by the HR and Remunerations Committee, based on an appropriately developed market benchmark.

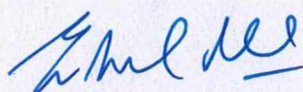
## **Acknowledgment:**

GSK Pakistan also successfully went live on SAP during the month of October in commercial operations. This was an aligned key global deliverable involving multiple cross functional teams within and above country. The virtual implementation was challenging due to COVID-19 period, however the team showed good resilience and ownership. This has been a record breaking SAP deployment across GSK global.


GSK Pakistan has recently won the 1<sup>st</sup> position in the Best corporate report under Pharma category.

On behalf of the Board we would like to thank the entire GSK Pakistan team for their outstanding contribution and resilience for delivering medicines to the patient. We also acknowledge the support of our vendors and channel partners in such a challenging environment.

By order of the Board



**Erum Shakir Rahim**  
Chief Executive Officer



**Abdul Samad**  
Director


Karachi  
October 28, 2020

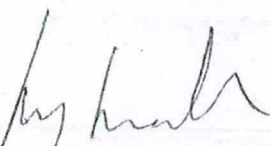
**GLAXOSMITHKLINE PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2020**

		Un-audited September 30, 2020	Audited December 31, 2019
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	9,739,590	9,480,061
Intangibles	5	1,041,742	1,041,742
Long-term loans to employees		73,026	103,222
Long-term deposits		22,011	22,010
		<u>10,876,369</u>	<u>10,647,037</u>
<b>Current assets</b>			
Stores and spares		207,718	206,202
Stock-in-trade		6,776,965	6,070,253
Trade debts		1,607,124	1,126,700
Loans and advances		281,035	347,465
Trade deposits and prepayments		210,986	313,979
Interest accrued		1,085	1,573
Taxation - payments less provision		143,031	679,876
Refunds due from government		18,683	30,543
Other receivables		700,481	1,105,578
Investments - at amortised cost		198,123	342,863
Cash and bank balances		3,838,419	2,347,033
		<u>13,983,650</u>	<u>12,572,065</u>
<b>Total assets</b>		<u><b>24,860,019</b></u>	<u><b>23,219,102</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		3,184,672	3,184,672
Reserves		13,171,733	12,952,724
		<u>16,356,405</u>	<u>16,137,396</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits		626,781	228,437
Deferred taxation		728,816	645,955
Long-term portion of lease liabilities		40,288	42,564
		<u>1,395,885</u>	<u>916,956</u>
<b>Current liabilities</b>			
Trade and other payables	6	6,903,488	5,977,292
Accrued mark-up		-	2,353
Provisions	7	74,554	78,762
Current portion of lease liabilities		6,745	8,867
Unclaimed dividend		122,942	97,476
		<u>7,107,729</u>	<u>6,164,750</u>
<b>Total liabilities</b>		<u><b>8,503,614</b></u>	<u><b>7,081,706</b></u>
<b>Total equity and liabilities</b>		<u><b>24,860,019</b></u>	<u><b>23,219,102</b></u>
<b>Contingencies and commitments</b>			
	8		

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

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**





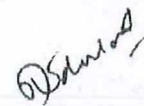



GLAXOSMITHKLINE PAKISTAN LIMITED  
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	Note	Quarter ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Rupees '000					
Revenue from contracts with customers	9	10,812,709	8,171,440	26,585,018	25,824,915
Cost of sales		(8,239,694)	(6,218,191)	(20,551,253)	(20,259,214)
Gross profit		2,573,015	1,953,249	6,033,765	5,565,701
Selling, marketing and distribution expenses	10	(687,941)	(768,858)	(2,096,002)	(2,432,582)
Administrative expenses		(307,117)	(262,522)	(1,072,382)	(824,608)
Other operating expenses		(161,724)	(109,857)	(327,793)	(244,845)
Other income	11	473,070	434,457	1,280,653	1,072,894
Operating profit		1,889,303	1,246,469	3,818,241	3,136,560
Financial charges		(29,482)	27,439	(48,623)	(275,839)
Profit before taxation		1,859,821	1,273,908	3,769,618	2,860,721
Taxation		(733,680)	(350,147)	(1,400,129)	(1,062,372)
Profit after taxation		1,126,141	923,761	2,369,489	1,798,349
Other comprehensive loss					
Items that will not be reclassified to statement of profit or loss					
Remeasurement of staff retirement benefits	3.5	(337,331)	-	(337,331)	-
Impact of taxation		97,655	-	97,655	-
		(239,676)	-	(239,676)	-
Total comprehensive income		886,465	923,761	2,129,813	1,798,349
Earnings per share	12	Rs. 3.54	Rs. 2.90	Rs. 7.44	Rs. 5.65

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

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

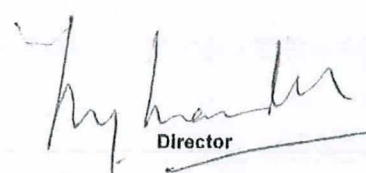
**GLAXOSMITHKLINE PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 (UN-AUDITED)**

		September 30, 2020	September 30, 2019
Note		Rupees '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	4,682,608	1,686,059
Staff retirement benefits paid		(78,138)	(264,564)
Income taxes paid		(780,423)	(1,624,759)
Mark-up paid		(2,353)	-
Increase / (decrease) in long-term loans to employees		30,198	(15,500)
Net cash generated from / (used in) operating activities		3,851,892	(218,764)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(819,728)	(751,491)
Proceeds from sale of operating assets		37,176	57,294
Return received		171,037	52,472
Net cash used in investing activities		(611,516)	(641,725)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		(8,392)	(20,853)
Dividend paid		(1,885,338)	(2,218,047)
Net cash used in financing activities		(1,893,730)	(2,238,900)
Net decrease in cash and cash equivalents		1,346,646	(3,099,389)
Cash and cash equivalents at beginning of the period		2,689,896	3,432,851
Cash and cash equivalents at end of the period	14	4,036,542	333,462

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

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



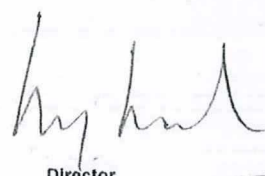
GLAXOSMITHKLINE PAKISTAN LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Reserves				Total Reserves	Total
	Share capital	Capital Reserve	Revenue Reserves			
		Reserve arising on Schemes of Arrangements	General reserve	Unappropriated profit		
	----- Rupees '000 -----					
Balance as at January 1, 2019	3,184,672	1,126,923	3,999,970	7,107,885	12,234,778	15,419,450
Final dividend for the year ended December 31, 2018 @ Rs. 7 per share	-	-	-	(2,229,271)	(2,229,271)	(2,229,271)
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	1,798,349	1,798,349	1,798,349
Balance as at September 30, 2019	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>6,676,963</u>	<u>11,803,856</u>	<u>14,988,528</u>
Balance as at January 1, 2020	3,184,672	1,126,923	3,999,970	7,825,831	12,952,724	16,137,396
Final dividend for the year ended December 31, 2019 @ Rs. 6 per share	-	-	-	(1,910,804)	(1,910,804)	(1,910,804)
Profit after taxation for the nine months ended September 30, 2020	-	-	-	2,369,489	2,369,489	2,369,489
Remeasurement of staff retirement benefits - net of tax	-	-	-	(239,676)	(239,676)	(239,676)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	2,129,813	2,129,813	2,129,813
Balance as at September 30, 2020	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>8,044,840</u>	<u>13,171,733</u>	<u>16,356,405</u>

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

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

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

**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 specialities and pharmaceutical products.

The Company is a subsidiary of S.R. One International B.V., Netherlands, whereas its ultimate parent company is GlaxoSmithKline plc, UK.

- 1.1** Due to the pending transfer of marketing authorisations and certain permissions for Over the Counter (OTC) products of GlaxoSmithKline Consumer Healthcare Pakistan Limited (GSK CH) with Drug Regulatory Authority of Pakistan (DRAP), the Company, for and on behalf of GSK CH 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. During the year, the marketing authorisation and permissions for certain OTC products have been transferred to GSK CH and therefore, GSK CH is now involved in procurement, manufacturing and managing of such inventory items.
- 1.2** 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, pharmaceutical 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**

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, 2019.
- 2.2** Standards, interpretations and amendments to published approved accounting standards that became effective during the period
- Certain amendments and interpretations became effective that are mandatory for accounting periods beginning on or after January 01, 2020.

**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
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

However, these are not relevant for the Company's condensed interim financial statements and therefore have not been discussed in detail.



### 3. ACCOUNTING POLICIES

#### 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, other than those mentioned in note 3.5.

#### 3.5 Change in estimate of staff retirement benefits

During the period, keeping in view the fluctuations in interest rates and COVID-19 impacts, actuarial valuation was carried out as of September 30, 2020 as a result of which an actuarial loss has been recognised amounting to Rs. 337.33 million. The changes in actuarial assumptions are as under:

	Gratuity plans	
	(Un-audited) September 30, 2020 %	(Audited) December 31, 2019 %
Discount rate at September 30	8.60	12.00
Future salary increases	8.50	12.00

### 4. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) September 30, 2020 Rupees '000	(Audited) December 31, 2019
Operating assets	4.1	8,547,785	8,673,011
Capital work-in-progress		995,548	599,311
Right of use of asset		41,709	52,011
Major spare parts and standby equipments		154,548	155,728
		<u>9,739,590</u>	<u>9,480,061</u>

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)	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	Rupees '000			
Improvements on buildings	107,949	107,512	-	-
Plant and machinery	142,614	131,731	2,762	-
Furniture and fixtures	20,866	9,967	-	5,880
Vehicles	135,784	149,164	21,139	37,512
Office equipments	21,815	75,682	-	675
	<u>429,028</u>	<u>474,056</u>	<u>23,901</u>	<u>44,067</u>

4.2 The Company intends to dispose off its old and inactive warehouses situated in 6 different locations across the country having total carrying value of Rs. 83 million. The management is initiating necessary procedure for their disposal.

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		Rupees '000	
5. INTANGIBLES			
Goodwill		955,742	955,742
Marketing authorisation rights	5.1	86,000	86,000
		<u>1,041,742</u>	<u>1,041,742</u>

5.1 This represents Rs. 86 million paid as consideration for acquiring market authorisation rights of Traxon from Akhai Pharmaceuticals (Private) Limited.

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	Rupees '000	
6. TRADE AND OTHER PAYABLES		
Creditors and bills payable	2,360,570	1,698,945
Accrued liabilities	2,146,399	2,522,647
Others	<u>2,396,519</u>	<u>1,755,700</u>
	<u>6,903,488</u>	<u>5,977,292</u>

7. PROVISIONS		
Balance at beginning of the period	78,762	74,602
Charge for the period	299,201	452,606
Payments during the period	<u>(303,410)</u>	<u>(448,446)</u>
Balance at end of the period	<u>74,553</u>	<u>78,762</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Following is the change in the status of contingencies as reported in the financial statements for the year ended December 31, 2019:

- (i) During year ended December 31, 2018, the AO raised aggregate demand of Rs. 31.39 million in tax years 2014, 2015 and 2016 on the issue of non-withholding of tax on sale by auction / tender. Against the orders of AO, the Company has filed an appeal before CIRA. The CIRA confirmed the order of AO against which the Company filed appeal before the ATIR. The ATIR maintained the order of CIRA except for the penalty under section 182 of the Income Tax Ordinance, 2001 against which the Company filed appeal before the Sindh High Court on 22 September 2020.

The management is confident that the ultimate decision in the above cases will be in favour of the Company, hence, no provision has been recognised in respect of the aforementioned additional tax demands.

8.2 Commitments for capital expenditure outstanding as at September 30, 2020, amounted to Rs. 435.06 million (December 31, 2019: Rs. 594.37 million).



9. REVENUE FROM CONTRACTS WITH CUSTOMERS

- 9.1 The net sales include sales of Over the Counter Products amounting to Rs. 0.97 billion (September 30, 2019: 3.17 billion to GSK CH being manufactured by the Company due to pending transfer of marketing authorisations by Drug Regulatory Authority of Pakistan ('DRAP') - refer note 1.1.

10. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 226.23 million (September 30, 2019: Rs. 349.99 million).

11. OTHER INCOME

		Quarter ended - (Un-audited)		Nine months ended - (Un-audited)	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	Note	Rupees '000			
Income from financial assets					
Return on Treasury bills		1,072	243	13,446	9,996
Income on savings and deposit accounts		29,982	2,718	167,104	74,191
		31,054	2,961	170,549	84,187
Income from non-financial assets					
Gain on disposal of operating assets		3,872	3,940	13,274	26,825
Others					
Scrap sales		16,811	8,012	39,651	35,676
Insurance Commission		-	4,911	-	14,732
Promotional allowance	11.1	395,858	400,000	951,702	667,000
Liabilities no longer payable written off		17,978	-	79,228	-
Service fee		3,000	3,000	9,000	9,000
Others		5,497	11,633	17,351	35,474
		473,070	434,457	1,280,653	1,072,894

- 11.1 This represents allowance from GSK group against various promotional activities for brand building and sustainable investments.

	(Un-audited)	
	September 30, 2020	September 30, 2019
Rupees '000		
Profit after taxation	2,369,489	1,786,349
Number of shares		
Weighted average number of shares outstanding during the period	318,467,278	318,467,278
Earnings per share - basic	Rs. 7.44	Rs. 5.65

- 12.1 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) September 30, 2020	(Un-audited) September 30, 2019
	Rupees '000	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	3,769,618	2,860,721
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation and impairment	536,297	562,056
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	31,167	478,940
Gain on disposal of operating fixed assets	(13,274)	(26,025)
Interest income	(170,549)	(84,167)
Financial charges	3,994	94,172
Provision for staff retirement benefits	236,806	211,302
Profit before working capital changes	4,394,059	4,096,979
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(1,618)	56,557
Stock-in-trade	(737,879)	(3,531,253)
Trade debts	(480,424)	711,482
Loans and advances	66,430	(109,220)
Trade deposits and prepayments	102,993	(54,384)
Refunds due from the government	11,860	3,174
Other receivables	406,097	(288,676)
	(833,439)	(3,220,320)
Increase / (decrease) in current liabilities		
Trade and other payables	926,196	845,554
Provisions	(4,208)	(36,154)
	288,649	(2,410,920)
	<u>4,682,608</u>	<u>1,686,059</u>

	(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
	Rupees '000	
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,838,419	333,462
Investments - at amortised cost	198,123	-
	<u>4,036,542</u>	<u>333,462</u>

**15. TRANSACTIONS WITH RELATED PARTIES**

The related parties include associated companies, directors 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 period end, other than those which have been disclosed elsewhere in these financial statements, are as follows:



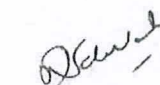
		(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
		Rupees '000	
15.1	Details of transactions carried out during the period with the related parties are as follows:		
Relationship	Nature of transactions		
Holding company:	Dividend paid	1,578,179	1,841,209
Associated companies:	a. Royalty expense charged	311,212	251,445
	b. Purchase of goods	6,314,300	5,920,030
	c. Sale of goods	986,364	3,252,392
	d. Recovery of expenses - note 15.1.1	420,101	744,496
	e. Services fees	9,000	9,000
	f. Sales as an agent of GSK CH	1,621,864	4,938,078
	g. Promotional allowance	861,702	867,000
Staff retirement funds:	a. Expense charged for retirement benefit plans	238,761	211,302
	b. Payments to retirement benefit plans	199,475	282,530
Key management personnel:	a. Salaries and other employee benefits	274,796	209,200
	b. Post employment benefits	19,765	15,700
	c. Proceeds from sale of fixed assets	4,389	15,327

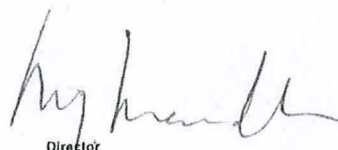
15.1.1 This includes reimbursement from GSK Group of one-off severance cost of Nil (September 30, 2019: Rs. 348.8 million) incurred during the period to restructure our sales operations.

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements was approved and authorised for issue by the Board of Directors of the Company on

  
Chief Executive Officer

  
Chief Financial Officer

  
Director