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Half Yearly Report **2021**

Glaxosmithkline Consumer
Healthcare Pakistan Limited

the extra mile

Corporate information

Board of Directors

Mr. M.Z. Moin Mohajir
(Chairperson)

Mr. Farhan Muhammad Haroon

Mr. Dilawar Meghani

Syed Anwar Mahmood

Ms. Ayesha Aziz

Mr. Oussama Abbas

Ms. Erum Shakir Rahim

Management Committee

Mr. Farhan Muhammad Haroon
(Chief Executive Officer)

Mr. Dilawar Meghani
(Finance Director /Chief Financial Officer)

Syed Abrar Ali
(Sales Director)

Mr. Salman Altaf
(Director Marketing)

Mr. Faisal Rafiq
(Head of Expert)

Mr. Khurram H. Khan
(Head of Commercial Excellence)

Mr. Moien Ahmed Khan
(Pakistan E2E SC and Jamshoro Site Lead)

Mr. Mazhar Shams
(Regulatory Affairs Head)

Ms. Mashal Mohammad
(Legal Director and Company Secretary)

Integration Supply and Network Optimization Committee

Mr. Oussama Abbas
(Chairperson)

Mr. Farhan Muhammad Haroon

Mr. Dilawar Meghani

Secretary

Mr. Irfan Qureshi

Human Resource and Remuneration Committee

Syed Anwar Mahmood
(Chairperson)

Mr. M.Z. Moin Mohajir

Ms. Ayesha Aziz

Secretary

Mr. Farqaleet Iqbal

Board Audit Committee

Syed Anwar Mahmood
(Chairperson)

Mr. M.Z. Moin Mohajir

Ms. Ayesha Aziz

Secretary

Ms. Mariam Maqsood

Company Secretary

Ms. Mashal Mohammad

Chief Financial Officer

Mr. Dilawar Meghani

Chief Internal Auditor

Ms. Mariam Maqsood

Bankers

Citibank N.A
Standard Chartered Bank
(Pakistan) Limited

Auditors

Yousuf Adil,
Chartered Accountants

Legal Advisors

Hashmi & Hashmi

GSKCH Shares Department

35 Dockyard Road, West Wharf, Karachi-74000

Email:

chc.shareinfo@gsk.com

Website:

www.pk-consumerhealthcare.gsk.com

Registered Office:

35 Dockyard Road, West Wharf, Karachi-74000

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present your Company's un-audited condensed financial information for the six months ended June 30, 2021.

Composition of the Board:

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

Male: 5

Female: 2

The composition of the Board as at June 30, 2021 is as follows:

Category	Name
Independent Directors	Mr. M. Z. Moin Mohajir
	Syed Anwar Mehmood
	Ms. Ayesha Aziz
Executive Directors	Mr. Farhan Muhammad Haroon
	Mr. Dilawar Meghani
Non - Executive Directors	Mr. Oussama Abbas
	Ms. Erum Shakir Rahim



Business Overview

2021 is proving to be a remarkable year for your Company. On the basis of data published by IQVIA for the last twelve months ended June 30, 2021, your Company has registered a market share of 3.3% in overall Pharmaceutical Industry which is +30 basis points versus the same period last year (SPLY). Our standing in the market has improved and your Company now has the 7th largest pharmaceutical portfolio in the country (8th SPLY). In terms of brands, Panadol has become the biggest pharmaceutical / over the counter (OTC) brand of Pakistan, registering a growth of 32.1%. Additionally, CaC 1000 Plus ranks as the 4th largest Pharmaceutical / OTC brand versus 7th last year, with a growth of 18.2%. This has enabled the Company to deliver an exponential growth in net revenue and earnings per share by 29% and 87% respectively.

We feel proud in serving our consumers and patients in need; supporting the healthcare system while also delivering sound financial performance despite challenges resulting from fluctuations in international commodity prices and exchange rates.



Review of Operating Results

The turnover of your Company for the first six months recorded at Rs. 11.9 billion, with the core business (excluding toll and exports) growing by 27% versus SPLY. The performance was mainly driven by increase in demand and underlying consumption trend. Our best in class supply chain and in market execution teams ensured that your Company was able to meet consumer needs across all categories.

The core business witnessed healthy performance in both OTC and Fast-Moving Consumer Goods (FMCG) portfolios. In terms of categories, Oral Healthcare registered a growth of 46%, while Nutrition & Digestive Health and Pain category registered a growth of 27% and 18% respectively as compared to the corresponding period last year. Similarly, our toll manufacturing business witnessed a growth of 38% in revenue.

Your company is pleased to report gross profit for the half year at Rs. 3.4 billion, which represents 29% of sales. Your Company has managed to maintain its profitability versus Q1-2021 despite the closure of a major Chinese source for paracetamol (para-aminophenol – PAP) causing significant spike in prices. Further, devaluation of the Pakistani Rupee against the currencies in which our key imports are made has also impacted profitability to a certain extent.

While increasing sales and delivering healthy gross margins, your Company is keeping good control on its cost levers. Total expenses to net sales ratio have improved from 18% to 15% as compared to SPLY. Further, other income of the Company has increased by Rs. 182 million versus SPLY mainly on account of better cashflow management and no reliance on running finance facility along with unrealized gain on foreign currency liabilities.

Your Company posted a net profit after tax of Rs. 1.2 billion amounting to an Earnings Per Share (EPS) of Rs. 10.92 (Compared to H1 2020: Rs. 5.84).



Future Outlook and Challenges

Your Company is well poised to grow its market share and deliver sustainable growth, both in terms of revenue and profitability. In an environment where preventive care has become an essential part of daily lives and consumers are more aware of their everyday health needs, we believe that we can serve our consumers better with our best in class OTC and FMCG brands.

Your Company is placing an emphasis on increased productivity, reduced cost and improved technology to enable long-term profitability and fulfil the dynamic needs of our consumers and healthcare professionals. Global commodity prices and logistical challenges internationally however pose a risk in terms of profitability in the short term. With current paracetamol prices escalating to multiple levels compared to last year and supply challenges, our Pain category may remain a margin dilutor.

To meet the current and future demands, your Company remains agile and proactively engaged in strengthening its pipeline of high-quality innovations. Conducive regulatory framework is however essential to enable an environment where innovative solutions can be fast tracked to cater for unmet consumer needs. We believe that sustainable pricing and timely regulatory approvals are key pre-requisites, especially when innovations require high capital investment.



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 to ensure we **deliver better everyday health with humanity**. 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,

Farhan Muhammad Haroon
Chief Executive Officer
24 August 2021

Dilawar Meghani
Chief Financial Officer

شیئر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

محترم شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم نہایت مسرت کے ساتھ 30 جون 2021 کو ختم ہونے والی کمپنی کی ششماہی غیر پڑتال شدہ عبوری مالیاتی معلومات پیش کر رہے ہیں۔

بورڈ کی کمپوزیشن:

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد سات (7) ہے۔

مرد حضرات: 5

خواتین: 2

30 جون 2021 تک بورڈ کی کمپوزیشن ذیل کے مطابق ہے:

کمٹیگری

نام

خود مختار ڈائریکٹرز جناب ایم زیڈ معین مہاجر

جناب سید انور محمود

محترمہ عائشہ عزیز

جناب فرحان ہارون

جناب دلاور میگھانی

جناب اُسامہ عباس

محترمہ ارم شا کر رجم

ایگزیکٹو ڈائریکٹرز

نان ایگزیکٹو ڈائریکٹرز

کاروباری جائزہ

2021 آپ کی کمپنی کے لیے قابل ذکر سال ثابت ہو رہا ہے۔ 30 جون 2021 کو ختم ہونے والے پچھلے بارہ مہینوں کے لیے IQVIA کے شائع کردہ اعداد و شمار کی بنیاد پر، آپ کی کمپنی نے مجموعی طور پر دو سازی کی صنعت میں 3.3 فیصد کا مارکیٹ شیئر رجسٹر کیا ہے جو کہ پچھلے سال کی اسی مدت کے مقابلے میں +30 پیس پوائنٹس ہے۔ مارکیٹ میں ہماری پوزیشن مزید مستحکم ہوئی ہے اور اب ہمارے پاس ملک کا 7 واں سب سے بڑا فارماسیوٹیکل پورٹ فولیو ہے (8th SPLY)۔ برانڈز کے لحاظ سے پیناڈول پاکستان کا سب سے بڑا اور دی کاؤنٹر (OTC) برانڈ بن گیا ہے، جس میں 32.1 فیصد ترقی ریکارڈ کی گئی ہے۔ مزید برآں، سی اے سی 1000 پلس 18.2 فیصد ترقی کے ساتھ پچھلے سال 7 ویں کے مقابلے میں اس سال پاکستان کا چوتھا بڑا فارماسیوٹیکل / اوٹی سی برانڈ کی حیثیت اختیار کر چکا ہے۔ اس نے کمپنی کو خالص آمدنی اور فی حصص آمدنی میں بالترتیب 29 اور 87 فیصد کی نمو فراہم کی ہے۔

ہم اپنے صارفین اور ضرورت مند مریضوں کی خدمت کرنے اور صحت کی دیکھ بھال کے نظام میں بہتری کی حمایت کرنے میں فخر محسوس کرتے ہیں۔ اس کے ساتھ، ہم بین الاقوامی اشیاء کی قیمتوں اور زر مبادلہ کی شرحوں میں اتار چڑھاؤ کے نتیجے میں چیلنجوں کے باوجود اچھی کارکردگی کا بھی مظاہرہ کر رہے ہیں۔

آپریٹنگ نتائج کا جائزہ

آپ کی کمپنی نے مالی سال 2021 کی پہلی ششماہی میں 11.9 بلین روپے کا خالص کاروبار (بشمول ٹول اور برآمدات) کیا، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 27 فیصد زیادہ ہے۔ بہتر کارکردگی بنیادی طور پر طلب میں اضافے اور بنیادی کھپت کے رجحان کی وجہ سے تھی۔ سپلائی چین اور مارکیٹ ایگزیکوشن ٹیموں کی شاندار کارکردگی نے اس بات کو یقینی بنایا کہ ہم تمام کیٹیگریز میں صارفین کی ضروریات کو پورا کرنے کے قابل رہے۔

بنیادی کاروبار نے اوور دی کاؤنٹر (OTC) اور فاسٹ مووونگ کنزیومر گڈز (FMCG) پورٹ فولیو میں صحت افزاء ترقی کا مشاہدہ کیا۔ کیٹیگریز کے حساب سے، گزشتہ سال کے مقابلے میں اوورل ہیلتھ کیئر میں 46 فیصد، غذائیت و ہاضمہ صحت اور در دکش کیٹیگری میں بالترتیب 27 اور 18 فیصد ترقی ریکارڈ کی گئی۔ اسی طرح سے ہمارے ٹول مینیوفیکچرنگ کی آمدنی میں 38 فیصد اضافہ ریکارڈ کیا گیا۔

اس ششماہی کا گروس پرافٹ 3.4 بلین روپے رہا ہے جو کہ 29 فیصد فروخت کو ظاہر کرتا ہے اگرچہ پیراسیٹامول (para-aminophenol-PAP) کے ایک بڑے چینی وسائل کی بندش کی وجہ سے اس کی قیمتوں میں خاصہ اضافہ ہوا ہے لیکن پھر بھی کمپنی نے سال 2021 کی پہلی سہ ماہی کے مقابلے میں منافع کے حصول کو ممکن بنایا۔ مزید یہ کہ ایسی کرنسی جن میں ہم خام مال خریدتے ہیں، اُن کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے سبب ہمارے منافع پر خاصی حد تک فرق پڑا۔

بڑھتی ہوئی سیلز اور گراس مارجن میں صحت افزاء اضافے کے باوجود ہم نے اپنی لاگت اور اخراجات پر کافی حد تک کنٹرول رکھا۔ نیٹ سیلز کے مقابلے میں ٹول اخراجات کا تناسب گزشتہ سال کی اسی مدت کے مقابلے میں 18 فیصد سے 15 فیصد بہتر ہوا۔ مزید یہ کہ کمپنی کی دیگر آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 182 ملین روپے بڑھی، جس کی وجہ بہتر کیش فلو مینجمنٹ اور فارن کرنسی لائبلٹیز کے اُن ریٹلائزڈ گین کے ساتھ رنگ فنانس کی سہولت پر انحصار نہ ہونا تھا۔

آپ کی کمپنی کا بعد از ٹیکس منافع 1.2 بلین روپے رہا، جس سے آمدنی فی حصص 10.92 روپے رہی (H1 2020: Rs 5.84)۔

مستقبل کے خدو خال اور مشکلات

آپ کی کمپنی اپنے مارکیٹ شیئر کو بڑھانے اور آمدنی اور منافع کے لحاظ سے پائیدار ترقی دینے کے لیے اچھی طرح تیار ہے۔ ایک ایسے ماحول میں جہاں احتیاطی دیکھ بھال روزمرہ کی زندگی کا ایک لازمی حصہ بن چکی ہے اور صارفین اپنی روزمرہ کی صحت کی ضروریات کے بارے میں زیادہ آگاہ ہیں، ہمارے بہترین اوٹ سی اور اوورل ہیلتھ کیئر برانڈز کے ساتھ ہمیں یقین ہے کہ ہم اپنے صارفین کی بہتر خدمت کر سکتے ہیں۔

طویل مدتی منافع کو قابل بنانے اور ہمارے صارفین اور صحت کی دیکھ بھال کرنے والے پیشہ ور افراد کی متحرک ضروریات کو پورا کرنے کے لیے بڑھتی ہوئی پیداواری صلاحیت، کم لاگت اور بہتر ٹیکنالوجی پر زور دیا جا رہا ہے۔ تاہم بین الاقوامی سطح پر اجناس کی قیمتیں اور لاجسٹک چیلنجز مختصر مدت میں منافع کے لحاظ سے خطرہ ہیں۔ موجودہ پیراسیٹامول کی قیمتوں میں پچھلے سال کے مقابلے میں کئی سطحوں تک اضافہ اور سپلائی کے چیلنجز کے ساتھ، ہماری در دکش کیٹیگری میں منافع کی شرح میں کمی واقع ہو سکتی ہے۔

موجودہ اور مستقبل کے تقاضوں کو پورا کرنے کے لیے، آپ کی کمپنی چست اور فعال طور پر اپنی اعلیٰ معیار کی جدت سازی کے تسلسل کو مضبوط بنانے میں برسرِ پیکار ہے۔ تاہم سازگار ریگولیٹری فریم ورک ایک ایسے ماحول کو شروع کرنے کے لیے ضروری ہے جہاں صارفین کی اُن اہم ضروریات کو پورا کرنے کے لیے جدید حل کو تیزی سے ٹریک کیا جاسکے، جو ابھی تک پوری نہیں کی گئی ہیں۔ ہم سمجھتے ہیں کہ پائیدار قیمتوں کا تعین اور بروقت ریگولیٹری منظوری کلیدی ضروریات ہیں، خاص طور پر جب جدت سازی میں زیادہ سرمایہ کاری کی ضرورت ہو۔

مشاہرے کی پالیسی

گلکسو اسمتھ کلائن کزن یومر ہیلتھ پاکستان لمیٹڈ کے نان ایگزیکٹو بورڈ ڈائریکٹرز ہیومن ریسورس اور مشاہرے کی کمیٹی کی منظوری سے اُس مشاہرے کے حقدار ہیں جو کزن یومر ہیلتھ کیئر انڈسٹری اور اسی طرح کے دوسرے کاروباری اداروں میں مارکیٹ کی مناسبت سے رائج الوقت ہے۔

اظہارِ تشکر

بورڈ آف ڈائریکٹرز اس موقع پر GSK کے تمام ملازمین کا اُن کی اُس انتھک محنت اور لگن کا شکریہ ادا کرتے ہیں جس کے ذریعے انہوں نے ہمیشہ صارفین کی روزمرہ صحت کو بہتر بنانے کے لیے کمپنی کے اقدامات پر عمل کو یقینی بنایا ہے۔ اس کے علاوہ، ہم کمپنی کے بہترین نتائج کے حصول میں اپنے سپلائرز اور پارٹنرز کا مسلسل سپورٹ مہیا کرنے پر پرتہ دل سے شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے،
نیک تمناؤں کے ساتھ

Danish Mughani

دلاور میگھانی
چیف فنانشل آفیسر

Bashir

فرحان محمد ہارون
چیف ایگزیکٹو آفیسر

24 اگست 2021

INDEPENDENT

AUDITORS' REVIEW REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of GlaxoSmithKline Consumer Healthcare Pakistan Limited as at June 30, 2021 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 "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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 quarter ended June 30, 2021 and June 30, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2021.

The engagement partner on the review resulting in this independent auditors' review report is Nadeem Yousuf Adil.



Chartered Accountants

Place: Karachi

Date: August 26, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2021

		Un-audited June 30, 2021	Audited December 31, 2020
	Note	Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,464,373,461	3,493,313,411
Intangible		127,674,000	127,674,000
Long-term loans to employees		6,794,063	9,259,701
Long-term deposits		8,069,898	8,069,898
		3,606,911,422	3,638,317,010
Current assets			
Stores and spares		94,802,579	61,955,626
Inventories	5	4,267,622,331	2,902,221,833
Trade debts		1,157,559,129	669,584,857
Loans and advances		377,084,765	491,187,380
Trade deposits and prepayments		43,207,088	42,947,491
Interest accrued		1,227,397	640,574
Refunds due from Government		16,327,149	32,391,291
Other receivables		342,155,740	333,738,818
Taxation - payments less provision		473,442,470	668,936,184
Bank balances	6	2,373,204,654	2,132,049,617
		9,146,633,302	7,335,653,671
Total assets		12,753,544,724	10,973,970,681
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,170,545,080	1,170,545,080
Reserves		4,686,839,072	3,993,383,399
		5,857,384,152	5,163,928,479
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		96,068,954	88,029,023
Deferred taxation	7	155,061,819	151,724,857
		251,130,773	239,753,880
Current liabilities			
Trade and other payables	8	4,727,644,176	4,155,521,907
Mark-up accrued		-	2,768,521
Current portion of lease liability		-	2,300,837
Unpaid dividend		1,917,385,623	1,409,697,057
		6,645,029,799	5,570,288,322
Total liabilities		6,896,160,572	5,810,042,202
Total equity and liabilities		12,753,544,724	10,973,970,681
Contingencies and commitments	9		

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



Chief Financial Officer



Director



Chief Executive Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**FOR THE HALF YEAR ENDED
JUNE 30, 2021 (UN-AUDITED)**

		Half year ended		Quarter ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Note		Rupees			
Revenue from contracts with customers - net	10	11,922,841,399	9,208,381,716	6,688,013,145	4,900,326,883
Cost of sales		(8,497,768,957)	(6,582,886,444)	(4,773,924,602)	(3,679,207,625)
Gross profit		3,425,072,442	2,625,495,272	1,914,088,543	1,221,119,258
Selling, marketing and distribution expenses	11	(1,527,885,610)	(1,450,050,946)	(916,039,660)	(577,134,475)
Administrative expenses		(136,556,595)	(120,869,722)	(75,519,547)	(55,658,755)
Other operating expenses		(156,786,659)	(83,357,095)	(78,861,424)	(48,129,845)
Other income	12	201,951,356	20,040,847	65,267,839	24,776,611
Operating profit		1,805,794,934	991,258,356	908,935,751	564,972,794
Financial charges	13	(2,748,354)	(36,215,022)	(2,029,225)	(27,284,635)
Profit before taxation		1,803,046,580	955,043,334	906,906,526	537,688,159
Taxation - net		(524,318,367)	(271,444,677)	(243,187,631)	(154,750,776)
Profit after taxation		1,278,728,213	683,598,657	663,718,895	382,937,383
Other comprehensive income		-	-	-	-
Total comprehensive income		1,278,728,213	683,598,657	663,718,895	382,937,383
Earnings per share	14	10.92	5.84	5.67	3.27

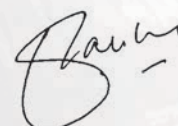
The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2021 (UN-AUDITED)

		Capital reserves		Revenue reserve	
	Share capital	Reserve arising under the Scheme of Arrangement	Reserve arising on Amalgamation under the Scheme of Merger	Unappropriated profit	Total
	Rupees				
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 recorded directly in equity - distribution					
Final dividend for the year ended December 31, 2019 @ Rs. 5 per share	-	-	-	(585,272,540)	(585,272,540)
Total comprehensive income for the half year ended June 30, 2020					
Profit after taxation for the half year ended June 30, 2020	-	-	-	683,598,657	683,598,657
Other comprehensive income for the half year ended June 30, 2020	-	-	-	-	-
	-	-	-	683,598,657	683,598,657
Balance as at June 30, 2020	<u>1,170,545,080</u>	<u>101,913,533</u>	<u>728,725,969</u>	<u>2,597,745,470</u>	<u>4,598,930,052</u>
Balance as at January 01, 2021	1,170,545,080	101,913,533	728,725,969	3,162,743,897	5,163,928,479
Transactions with owners recorded directly in equity - distribution					
Final dividend for the year ended December 31, 2020 @ Rs. 5 per share	-	-	-	(585,272,540)	(585,272,540)
Total comprehensive income for the half year ended June 30, 2021					
Profit after taxation for the half year ended June 30, 2021	-	-	-	1,278,728,213	1,278,728,213
Other comprehensive income for the half year ended June 30, 2021	-	-	-	-	-
	-	-	-	1,278,728,213	1,278,728,213
Balance as at June 30, 2021	<u>1,170,545,080</u>	<u>101,913,533</u>	<u>728,725,969</u>	<u>3,856,199,570</u>	<u>5,857,384,152</u>

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

Chief Financial Officer

Director

Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

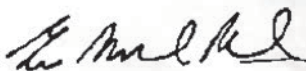
**FOR THE HALF YEAR ENDED
JUNE 30, 2021 (UN-AUDITED)**

		Half year ended	
		June 30, 2021	June 30, 2020
	Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	740,117,195	756,514,129
Staff retirement benefits paid		(36,332,271)	(35,534,659)
Interest paid		(5,358,024)	(44,282,636)
Income taxes paid		(325,487,691)	(247,885,837)
Decrease in long-term loans to employees		2,465,638	2,958,773
Net cash generated from operating activities		375,404,847	431,769,770
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(128,518,586)	(120,653,034)
Proceeds from disposal of operating assets		22,094,349	-
Return received		80,623,819	20,707,843
Net cash used in investing activities		(25,800,418)	(99,945,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to shareholders		(77,583,974)	(78,563,738)
Lease principal repayments		(2,459,688)	(327,772)
Net cash used in financing activities		(80,043,662)	(78,891,510)
Net increase in cash and cash equivalents during the year		269,560,767	252,933,069
Cash and cash equivalents at beginning of the period	16	1,897,774,302	(120,338,720)
Cash and cash equivalents at end of the period	16	2,167,335,069	132,594,349

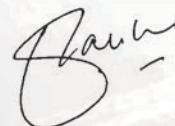
The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE HALF YEAR ENDED
JUNE 30, 2021 (UN-AUDITED)**

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 Half year ended 2021, the marketing authorisation and permission for one OTC product has been transferred to the Company, therefore, the Company has been involved in procurement, manufacturing and management of the related inventory and receivable balances pertaining to such product since the approval date.

1.3 The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan were although affected but continued since then. However healthcare businesses were allowed to continue their operations by both provincial and federal governments in order to ensure availability of products in the market. Staff of the company were working without any disruption either from office or online remotely.

The management of the Company is closely monitoring the situation, and there has not been any material impact on the financial performance of the Company as it is fully operational during the period.

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 from the requirements of IAS- 34 & IFASs standard, 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, 2020.

2.2 These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements have 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 statement of financial position presented has been extracted from annual financial statements for the year ended December 31, 2020, 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 stated from the unaudited condensed interim financial statements for the half year ended June 30, 2020. Condensed interim statement of profit or loss and other comprehensive income for quarter ended June 30, 2021 were not subject to review by external auditors.

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

The following standards, amendments and interpretation are effective for the year ending December 31, 2021. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Effective from accounting periods beginning on or after

- | | |
|--|------------------|
| - Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions | June 01, 2020 |
| - Interest Rate Benchmark Reform - Phase 2
(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | January 01, 2021 |

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, 2020.

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, 2020.

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, 2020.

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		Rupees	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	2,639,041,505	2,655,046,783
Capital work-in-progress		824,340,274	836,283,266
Right-of-use assets - building		991,682	1,983,362
		3,464,373,461	3,493,313,411

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

	Half year ended June 30, 2021 (Un-audited)		Half year ended June 30, 2020 (Un-audited)	
	Additions - at Cost	Disposals - at net book value	Additions - at Cost	Disposals - at net book value
	Rupees		Rupees	
Building and improvements on leasehold land	1,705,981	-	2,319,880	-
Plant and machinery	30,388,558	1,361,465	176,132,252	-
Furniture and fixtures	10,824,641	-	5,898,695	-
Vehicles	68,215,775	11,795,684	7,447,000	-
Office equipments	29,326,623	-	1,003,261	285,062
	140,461,578	13,157,149	192,801,088	285,062

		Un-audited June 30, 2021	Audited December 31, 2020
	Note	Rupees	
5. INVENTORIES			
Raw and packing materials		2,697,297,321	1,582,789,812
Work-in-process		82,769,553	14,374,923
Finished goods		1,625,732,653	1,442,493,038
		4,405,799,527	3,039,657,773
Less: provision for slow moving, obsolete and damaged stock	5.1	(138,177,196)	(137,435,940)
		4,267,622,331	2,902,221,833

5.1 During the period, inventories of Rs. 36.26 million (December 31, 2020: Rs. 159.87 million) have been written off against provision.

		Un-audited June 30, 2021	Audited December 31, 2020
	Note	Rupees	
6. BANK BALANCES			
With banks:			
- in deposit accounts (other financial asset at amortised cost)	6.1	1,000,000,000	1,300,000,000
- in PLS savings accounts	6.2	880,514,215	561,897,202
- in current accounts including foreign currency account		492,690,439	270,152,415
		2,373,204,654	2,132,049,617

6.1 This represents term deposit certificates, with a maturity period of 1 to 3 months with a rate of return of 6.35% to 6.4% per annum.

6.2 These accounts carries profit rates ranging from 5.5% to 6.5% per annum

7. DEFERRED TAXATION

Deferred tax liability on taxable temporary differences

Accelerated tax depreciation and amortisation	230,978,844	225,581,404
Right-of-use assets - building	282,298	565,733
	231,261,142	226,147,137

Deferred tax asset on deductible temporary differences

Allowance for impairment of trade debts	(8,782,515)	(8,800,209)
Provision for slow moving, obsolete and damaged stock	(40,071,387)	(39,856,423)
Staff retirement benefits	(27,345,421)	(25,109,359)
Lease liability	—	(656,289)
	(76,199,323)	(74,422,280)
	155,061,819	151,724,857

8. TRADE AND OTHER PAYABLES

Creditors and bills payable	1,333,201,259	752,424,873
Accrued liabilities	2,204,006,963	2,502,990,755
Contract liabilities	668,151,741	442,748,225
Book overdraft	205,869,585	234,275,315
Others	316,414,628	223,082,739
	4,727,644,176	4,155,521,907

8.1 This balance represents book overdraft against the cheques issued but not yet presented. As per arrangement with the bank, the payments to these cheques will be made by transferring balance from the savings account as and when presented.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in status of pending tax and legal contingencies disclosed in note 21 to the annual audited financial statements of the Company for the year ended December 31, 2020, except that following matter arose during the period:

(a) Income tax

GlaxoSmithKline OTC (Private) Limited (now GlaxoSmithKline Consumer Healthcare Pakistan Limited) received a notice issued under section 161(1A) / 205 of the Income tax Ordinance, 2001 (Ordinance) for tax year 2017 whereby the authorities alleged that the Company did not deduct / withhold / collect tax on certain expenses and intended to recover Rs. 19.35 million along with default surcharge of Rs. 2.32 million. Subsequent to the show cause notice, the authorities passed the order dated January 30, 2019, raising demand of Rs. 4.43 million (inclusive of default surcharge Rs. 0.44 million and penalty Rs. 0.36 million). Against the order, the Company filed appeal before Commissioner Inland Revenue (Appeals) (CIRA). The CIRA, through his order dated June 22, 2021, has set-aside the demand raised by the Department. Further, the CIRA has directed the Department to re-examine issues, the proceedings of which are yet to be initiated.

(b) During the year ended December 31, 2020, the Assessing Officer (AO) amended the assessment of the Company and passed an order under section 122(5A) of the Ordinance raising demand of Rs. 80.45 million. Such demand is on account of Apportionment of various expenditures, Non declaration of FTR receipts of imports, Intercompany loan of Rs. 1,000 million added back, stock written off and provision for obsolete stock. The Company has filed an appeal against the said order before Commissioner Inland Revenue Appeals which is due for hearing and has also obtained stay order from Honorable Sindh High Court against any recovery proceedings.

The company had also filed a rectification application against the aforementioned order identifying apparent mistake in the order related to incorrect addition made on account of intercompany loan amounting to Rs 1,000 million, which the AO has accepted the contention and , accordingly, deleted such addition through order dated 24 June, 2021 passed under section 221 of the Ordinance

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

9.2 Commitments

9.2.1 The facilities for opening letters of credit and guarantees as at June 30, 2021, amounted to Rs. 1,059 million (December 31, 2020: Rs. 1,061 million) and Rs. 110 million (December 31, 2020: Rs. 110 million) respectively of which the amount remaining unutilised at period end was Rs. 696 million (December 31, 2020: Rs. 136 million) and Rs. 42 million (December 31, 2020: Rs. 70 million) respectively.

9.2.2 Commitments for capital expenditure outstanding as at June 30, 2021, amount to Rs. 169.05 million (December 31, 2020: Rs. 400.07 million).

10. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

10.1 This includes sales amounting to Rs. 0.39 billion (June 30, 2020: Rs. 1.37 billion) made by GSK Pakistan on behalf of the Company (refer note 1.2).

11. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs.989.46 million (June 30, 2020: Rs. 939.71 million).

12. OTHER INCOME	Half year ended - Un-audited		Quarter ended - Un-audited	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rupees		Rupees	
Income from financial assets				
Income on savings and deposit account	81,210,642	20,529,761	38,879,334	14,081,221
Income from non-financial assets				
Gain on disposal of operating assets - net	8,937,200	-	3,028,860	-
Scrap Sales	10,335,112	3,040,019	4,974,823	1,749,142
Exchange gain / (loss) - net	54,466,482	(3,528,933)	(26,576,181)	8,946,248
Others	47,001,920	-	44,961,003	-
	201,951,356	20,040,847	65,267,839	24,776,611

	Half year ended - Un-audited		Quarter ended - Un-audited	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rupees		Rupees	
13. FINANCIAL CHARGES				
Interest on running finance	-	35,496,469	-	26,684,200
Interest on lease liability	158,851	200,179	125,964	83,561
Bank charges	2,589,503	518,374	1,903,261	516,874
	<u>2,748,354</u>	<u>36,215,022</u>	<u>2,029,225</u>	<u>27,284,635</u>
14. EARNINGS PER SHARE				
Profit after taxation (Rupees)	<u>1,278,728,213</u>	<u>683,598,657</u>	<u>663,718,895</u>	<u>382,937,383</u>
Weighted average number of shares outstanding (Number)	<u>117,054,508</u>	<u>117,054,508</u>	<u>117,054,508</u>	<u>117,054,508</u>
Earnings per share (Rupees)	<u>10.92</u>	<u>5.84</u>	<u>5.67</u>	<u>3.27</u>
		Note	Un-audited June 30, 2021	Un-audited June 30, 2020
			Rupees	
15. CASH GENERATED FROM OPERATIONS				
Profit before taxation		1,803,046,580		955,043,334
Add / (less): Adjustments for non-cash charges and other items				
Depreciation and amortization		144,301,387		132,209,813
Interest expense		2,748,354		36,215,022
(Gain) / loss on disposal of operating assets - net		(8,937,200)		285,062
Provision for slow moving, obsolete and damaged stock		54,473,884		159,482,476
Allowance for impairment of trade debts		-		2,207,762
Provision for staff retirement benefits		44,372,202		42,554,730
Interest income		(81,210,642)		(20,529,761)
Profit before working capital changes		<u>1,958,794,565</u>		<u>1,307,468,438</u>
Effect on cash flow due to working capital changes				
Decrease / (increase) in current assets				
Stores and spares		(32,846,953)		(7,795,905)
Inventories		(1,419,874,382)		(936,949,286)
Trade debts		(487,974,272)		(48,939,679)
Loans and advances		114,102,615		(320,696,586)
Trade deposits and prepayments		(259,597)		7,551,998
Refunds due from Government		16,064,142		10,861,985
Other receivables		(8,416,922)		107,496,205
		<u>(1,819,205,369)</u>		<u>(1,188,471,268)</u>
Increase in current liabilities				
Trade and other payables		600,527,999		637,516,959
		<u>(1,218,677,370)</u>		<u>(550,954,309)</u>
		<u>740,117,195</u>		<u>756,514,129</u>

	Note	Un-audited June 30, 2021	Audited December 31, 2020 Rupees	Un-audited June 30, 2020
16. CASH AND CASH EQUIVALENTS				
Bank balances	6	2,373,204,654	2,132,049,617	525,621,408
Running finance		-	-	(393,027,059)
Book overdraft	8.1	(205,869,585)	(234,275,315)	-
		<u>2,167,335,069</u>	<u>1,897,774,302</u>	<u>132,594,349</u>

17. 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 June 30, 2021	Un-audited June 30, 2020
		Rupees	
17.1 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	1,616,426,645	1,290,427,780
	b. Expenses cross charged by GSK Pakistan	28,114,968	48,739,453
	c. Recovery of expenses	44,163,276	-
	d. Services fee charged by GSK Pakistan	6,000,000	6,000,000
Staff retirement funds:	a. Expense charged for retirement benefit plans	44,372,202	42,554,730
	b. Payments to retirement benefit plans	36,332,271	35,534,659
Key management personnel:	a. Salaries and other employee benefits	88,836,331	74,929,627
	b. Post employment benefits	4,594,982	3,714,848
	c. Proceeds from sale of fixed assets	8,271,350	-

17.2 Details of outstanding balances as at period / year end with the related parties are as follows:

Holding Company:	Dividend Payable	1,900,932,572	1,398,827,260
Associated companies:	a. Other receivables	44,163,276	-
	b. Trade and other payables	755,340,208	311,916,850
Payable to staff retirement funds		96,068,954	88,029,023

18. FAIR VALUE MEASUREMENTS

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- | | |
|----------|---|
| 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). |

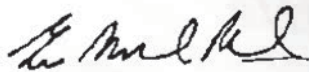
As at June 30, 2021, the Company does not have any financial instruments carried at fair values which are measured using methods falling under above categories, and the carrying values of financial assets and financial liabilities approximate their fair values at the reporting date.

19. DATE OF AUTHORISATION FOR ISSUE

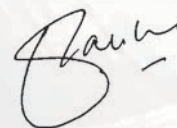
These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on August 24, 2021.



Chief Financial Officer



Director



Chief Executive Officer



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