

GSK



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Together**

FIRST QUARTER REPORT 2023

Corporate Information

As at March 31, 2023

Board of Directors

Ms. Lai Kuen Goh
Chairperson

Ms. Erum Shakir Rahim
Chief Executive Officer

Mr. Hasham Ali Baber
Chief Financial Officer

Ms. Maheen Rahman
Independent Director

Mr. Muneer Kamal
Independent Director

Mr. Mehmood Mandviwalla
Non-Executive Director

Mr. Simon Foster
Non-Executive Director

Audit Committee

Mr. Muneer Kamal
Chairman

Ms. Lai Kuen Goh
Member

Mr. Simon Foster
Member

Mr. Mehmood Mandviwalla
Member

Ms. Maheen Rahman
Member

Mr. Ovais Farooq
Secretary

Human Resource & Remuneration Committee

Ms. Maheen Rahman
Chairperson

Mr. Mehmood Mandviwalla
Member

Ms. Lai Kuen Goh
Member

Mr. Simon Foster
Member

Ms. Erum Shakir Rahim
Member

Mr. Farqaleet Iqbal
Secretary

Disclosure Committee

Ms. Erum Shakir Rahim
Chairperson

Ms. Lai Kuen Goh
Member

Ms. Mehar-e-daraksha Ameer
Member

Mr. Hasham Ali Baber
Secretary

Management Committee

Ms. Erum Shakir Rahim
Chief Executive Officer

Mr. Hasham Ali Baber
Chief Financial Officer

Ms. Mehar-e-Daraksha Ameer
Legal Director

Dr. Tariq Farooq
Director Business Unit 1

Syed Nasir Farid
Director Business Unit 2

Dr. Naved Masoom Ali
Director Business Unit 3 & CTC

Mr. Rafay Ahmed
Director Commercial Operations

Dr. Gohar Nayab Khan
Head of Regulatory Affairs

Ms. Sumera Naveed *
Director Corporate Affairs and Administration

Ms. Esra Mezrea
Interim Country Compliance Officer

Dr. Yousuf Hasan Khan
Director Medical

Syed Nabigh Raza Alam
Tech Head

Mr. Farqaleet Iqbal**
HR Country Head

Mr. Yasir Rehman
Head of Transformation

Mr. Imtiaz Hussain
Site Director - F/268

Mr. Muhammad Kashif Ayub
Site Director - Korangi

Mr. Khurshand Iqbal
Site Director - West Wharf

Company Secretary

Ms. Mehar-e-Daraksha Ameer

Chief Financial Officer

Mr. Hasham Ali Baber

Chief Internal Auditor

Mr. Ovais Farooq

Bankers

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

Auditors

Yousuf Adil Chartered Accountants

Legal Advisors

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

Registered Office

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

Share Registrar

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

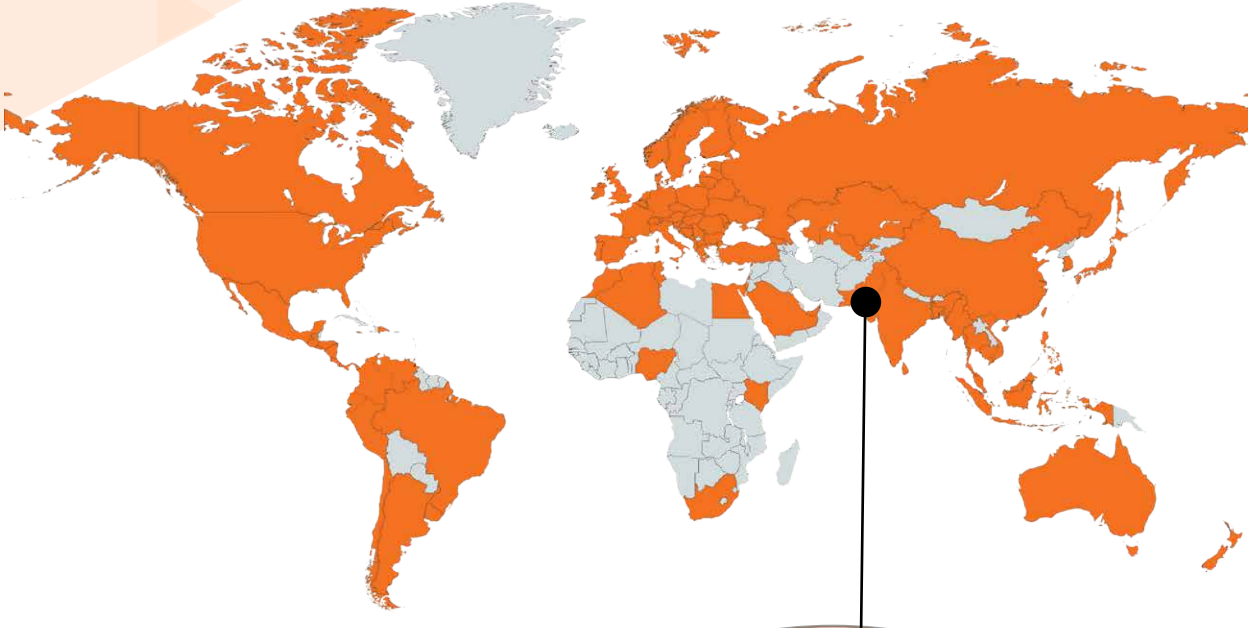
*Ms. Sumera Naveed was appointed as Director Corporate Affairs and Administration on 13 March 2023, replacing Mr. Abdul Haseeb Pirzada

** Mr. Farqaleet Iqbal, HR Country Head resigned as at 3 March 2023



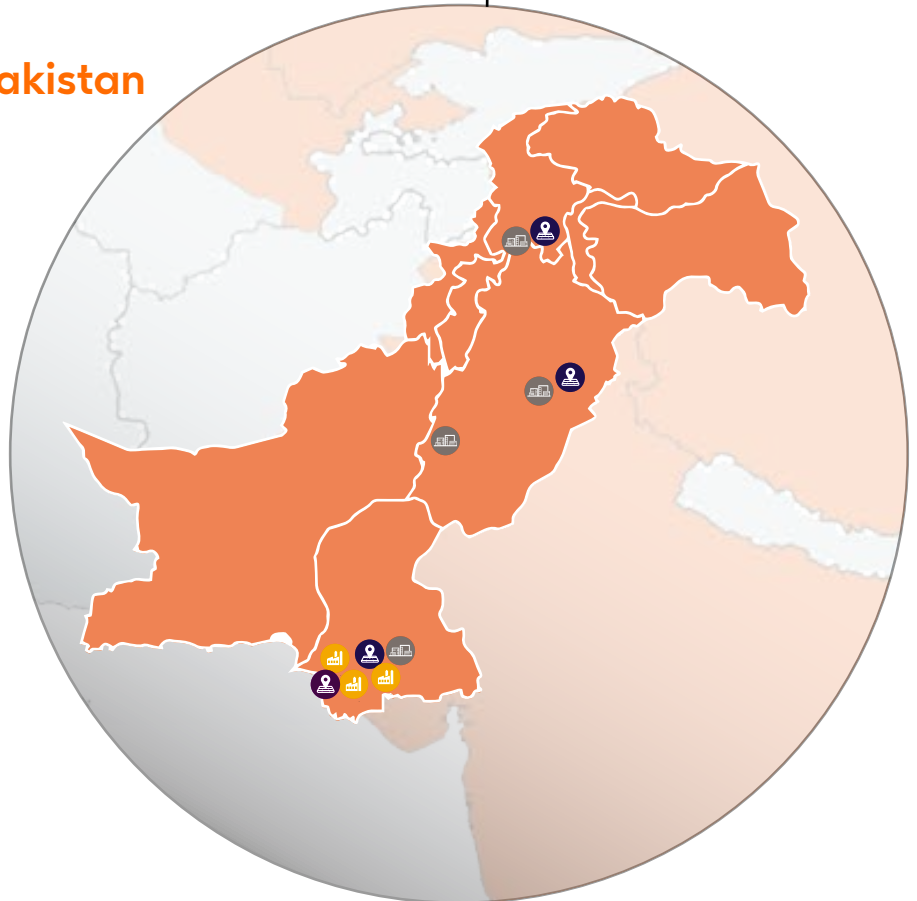
Our Presence

Global Landscape



Our Footprint in Pakistan

-  Head Office
-  Sales Office
-  Warehouse
-  Factory



Directors' Report to Shareholders

The Directors of GlaxoSmithKline Pakistan Limited (the "Company") are pleased to present the un-audited financial information of your Company for the three months period ended March 31, 2023. This financial information is submitted in accordance with Section 227 of the Companies Act, 2017.

Business environment and challenges:

The economy of Pakistan is going through a critical phase with high interest rates, inflation, increase in energy prices, GST, imposition of new taxes and currency adjustment. It is expected that the pressure will continue to increase until the finalization of staff level agreement with the IMF.

The Pak rupee has hit an all-time low at PKR 290 against the US dollar and the consumer price inflation jumped to 35.4% in March, its highest since June 1974.

The Government through Finance (Supplementary) Bill, 2023 (effective February 21, 2023) has introduced a few changes including the upward revision of general sales tax rate to 18% (previously 17%). The additional tax has increased the cost of the import of excipients, packaging material and machinery.

The Government has fixed the prices of pharmaceutical products and have not granted inflationary adjustments in drug selling prices to offset the above, despite persistent requests. This has impacted the profitability of the industry as well as the Company.

Review of Operating Results:

For the period ended March 31, 2023, the Company achieved net sales of Rs. 11.4 billion. The total net sales also include Haleon Pakistan Limited (formerly GlaxoSmithKline Consumer Healthcare Pakistan Limited) of Rs. 0.39 billion as compared to Rs. 0.34 billion in the same period last year. The sale to Haleon Pakistan Limited is on account of products manufactured by the Company for which market authorization rights remain with GlaxoSmithKline Pakistan Limited. The underlying sales growth, excluding sales to Haleon Pakistan Limited, is 33%. The growth is driven by sharpened execution, robust HCP engagement, use of digital channels, and price increase vs same period last year. Resulting in key brands showing double digit growth.

The gross margin of the Company for the year was 10% showing a decline of 16% from last year. The lower gross

profit percentage this year was due to increased costs driven by the significant devaluation of currency, inflation and the factors mentioned above.

During the year, the Company continued to prudently invest behind key business drivers to deliver competitive growth and higher return on investment. Operating expenses as a percentage of sales increased only by 1% vs LY despite a high inflation rate.

Earnings per share for this quarter declined to Rs. 1.35 as compared to Rs. 2.90 in the corresponding period last year.

Future Outlook

The Country is going through an extremely challenging phase facing a multitude of problems including acute Forex crisis, marginal economic growth, very high inflation, and a fiscal deficit. The Company continues to engage with the stakeholders and build advocacy to ensure GSK's point of view is presented at relevant forums to safeguard the Company's investment. Despite the challenges, the Company remains committed to ensure an uninterrupted supply of quality medicines to patients in Pakistan.

In this inflationary environment we would expect the regulator to play the important role of addressing the industry's concern by granting inflationary adjustments and the approval of all hardship cases to ensure the industry's right to do business is maintained, for unhindered access to quality healthcare products to the patients and doctors. This has become business critical for the sustainability of the industry.

As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and in line with changing dynamics in the local and global marketplace.

Most importantly, we will continue to invest in human capital and foster a caring culture that encourages collaboration, creativity, and innovation.

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

- a) Male: 4
- a) Female: 3

The composition of the Board is as follows:

Category	Name
Independent Directors	<ul style="list-style-type: none">• Ms. Maheen Rahman• Mr. Muneer Kamal
Executive Directors	<ul style="list-style-type: none">• Ms. Erum Shakir Rahim• Mr. Hasham Ali Baber
Non-Executive Directors	<ul style="list-style-type: none">• Mr. Mehmood Mandviwalla• Ms. Lai Kuen Goh• Mr. Simon Foster

The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Muneer Kamal	• Chairman
Ms. Maheen Rahman	• Member
Mr. Mehmood Mandviwalla	• Member
Ms. Lai Kuen Goh	• Member
Mr. Simon Foster	• Member
Mr. Ovais Farooq	• Secretary

b) HR and Remuneration Committee

Ms. Maheen Rahman	• Chairperson
Mr. Mehmood Mandviwalla	• Member
Ms. Lai Kuen Goh	• Member
Mr. Simon Foster	• Member
Ms. Erum Shakir Rahim	• Member
Mr. Farqaleet Iqbal	• Secretary

c) Disclosure Committee:

Ms. Erum Shakir Rahim	• Chairperson
Ms. Lai Kuen Goh	• Member
Ms. Mehar Ameer	• Member
Mr. Hasham Ali Baber	• Secretary

d) Other Committees include:

a) Risk Management and Compliance Board

- i. RMCB – consisting of GSK Pakistan Management Team

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


The external Non-Executive Board Directors of GlaxoSmithKline Pakistan Limited are entitled to remuneration approved by the HR and Remuneration

Committee, based on an appropriately developed market benchmark.

Acknowledgment:

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

By order of the Board


Erum Shakir Rahim
Chief Executive Officer

Karachi
April 27, 2023


Hasham Ali Baber
Director

- .iv محترم سائنس فوسٹر - ممبر
- .v محترمہ ارم شاکر رحیم - ممبر
- .vi محترم فرقلیت اقبال - سیکریٹری

(c) ڈسکلوزر کمیٹی:

- .i محترمہ ارم شاکر رحیم - چیئر پرسن
- .ii محترمہ لائی کیون گوہ - ممبر
- .iii محترمہ مہرا میر - ممبر
- .iv محترمہ حشام علی بابر - سیکریٹری

دیگر کمیٹیز میں شامل ہیں:

(a) رسک مینجمنٹ اینڈ کمپلائنس بورڈ

i - GSK - RMCB پاکستان مینجمنٹ ٹیم پر مشتمل ہے


نان ایگزیکٹو بورڈ ڈائریکٹرز کے لیے GSK پاکستان لمیٹڈ کی مشاہرہ پالیسی


گلیکو اسمتھ کلائن پاکستان لمیٹڈ کے بیرونی نان ایگزیکٹو بورڈ ڈائریکٹرز HR اور مشاہرہ کمیٹی کی جانب سے منظور کردہ مشاہرے کا استحقاق رکھتے ہیں، جو کہ موزوں طور پر مقرر شدہ مارکیٹ کے معیار پر مبنی ہے۔

ستائشی کلمات:

بورڈ آف ڈائریکٹرز ہر سطح پر ملازمین کا ان کے عزم و ہمت، محنت، حوصلے اور جذبے پر دل کی گہرائیوں سے شکریہ ادا کرتے ہیں کہ جنہیں وہ ہمارے اہداف کے حصول کے لیے بروئے کار لائے۔ ہم اپنے کاروبار کی مسلسل سپورٹ اور معاونت کرنے پر اپنے معزز کسٹمرز، سپلائرز، بینکرز اور شیئرز ہولڈرز کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے ہماری کمپنی اور پراڈکٹس پر بھرپور اعتماد کیا۔

حسب الحکم بورڈ


حشام علی بابر
ڈائریکٹر


ارم شاکر رحیم
چیف ایگزیکٹو آفیسر
کراچی

12 اپریل، 2023ء

• ڈائریکٹرز کی مجموعی تعداد 7 ہے، جن کی تقسیم اس طرح ہے:

(a) مرد: 4

(b) خواتین: 3

• بورڈ کی تشکیل حسب ذیل ہے:

کیٹگری	نام
خود مختار ڈائریکٹرز	• محترمہ ماہین رحمان
	• محترم منیر کمال
ایگزیکٹیو ڈائریکٹرز	• محترمہ ارم شا کر رحیم
	• محترم حشام علی بابر
نان ایگزیکٹیو ڈائریکٹرز	• محترم محمود مانڈوی والا
	• محترمہ لانی کیون گوہ
	• محترم سائمن فوسٹر

• بورڈ نے کمیٹی تشکیل دی ہیں، جن میں درج ذیل عہدیدار شامل ہیں:

(a) آڈٹ کمیٹی	
i. محترم منیر کمال	- چیئر مین
ii. محترمہ ماہین رحمان	- ممبر
iii. محترم محمود مانڈوی والا	- ممبر
iv. محترمہ لانی کیون گوہ	- ممبر
v. محترم سائمن فوسٹر	- ممبر
vi. محترم اولیس فاروق	- سیکریٹری
(b) ہیومن ریسورس اور مشاہرہ کمیٹی	
i. محترمہ ماہین رحمان	- چیئر پرسن
ii. محترم محمود مانڈوی والا	- ممبر
iii. محترمہ لانی کیون گوہ	- ممبر

اس سال کے لیے کمپنی کا مجموعی مارجن 10% تھا جو گزشتہ سال کے مقابلے میں 16% کی گراؤٹ کو ظاہر کر رہا ہے۔ اس سال مجموعی منافع کی شرح میں کمی میں کرنسی کی قدر میں نمایاں کمی، افراط زر اور مذکورہ بالا عوامل شامل ہیں۔

دورانِ سال، کمپنی نے مسابقتی ترقی اور سرمایہ کاری پر زیادہ منافع فراہم کرنے کے لیے اہم کاروباری ڈرائیورز پر سمجھداری سے سرمایہ کاری جاری رکھی۔

بلند افراط زر کے باوجود انتظامی اخراجات کی شرح میں صرف 1% کا اضافہ ہوا ہے۔

اس سہ ماہی میں فی شیئر آمدنی کم ہو کر 1.35 روپے ہو گئی جو کہ گزشتہ سال اسی مدت کے دوران 2.90 روپے تھی۔

پیش منظر اور مسائل

ملک ایک انتہائی نازک دور سے گزر رہا ہے جس میں اسے فاریکس بحران، مارچینل معاشی ترقی، بلند تر افراط زر اور مالیاتی خسارے جیسے بڑے مسائل کا سامنا ہے۔ کمپنی، اپنے اسٹیک ہولڈرز کے ساتھ مسلسل مصروف عمل ہے اور اپنی سرمایہ کاری کا تحفظ کرتے ہوئے GSK کا نقطہ نظر متعلقہ فورمز پر پھر پورا انداز میں پیش کر رہی ہے۔ درپیش چیلنجز کے باوجود کمپنی، پاکستان کے مریضوں کو اپنی معیاری ادویات بلا تعطل فراہم کرنے کے عزم پر پوری طرح کاربند ہے۔

افراط زر کی اس صورتحال کے پیش نظر ہم ریگولیٹر سے یہ امید رکھیں گے کہ وہ انڈسٹری کو درپیش مسائل حل کرنے میں اہم کردار ادا کرے گا اور افراط زر کی ایڈجسٹمنٹس اور دیگر تمام مشکل معاملات کی منظوری دے کر انڈسٹری کی تشویش دور کرے گا اور انڈسٹری کے کاروبار کرنے کے حق کو تسلیم اور برقرار رکھے گا، تاکہ مریضوں اور ڈاکٹرز تک معیاری ہیلتھ کیئر پراڈکٹس کی بلا تعطل رسائی ممکن بنائی جاسکے۔ یہ انڈسٹری کے استحکام کے لیے وقت کی اہم ضرورت ہے۔

ہم آئندہ سال کے دیکھتے ہوئے اپنی مہارتوں میں اضافے پر کام جاری رکھیں گے اور اپنی حکمت عملیوں کا گاہے بہ گاہے جائزہ لیتے رہیں گے، تاکہ یہ یقینی بنایا جاسکے کہ وہ بدلتے ہوئے مقامی اور بین الاقوامی مارکیٹ سے مطابقت رکھیں۔

سب سے اہم بات یہ ہے کہ ہم انسانی سرمائے میں سرمایہ کاری کرنا جاری رکھیں گے اور ایک ایسے خیال رکھنے والے کلچر کو فروغ دیں گے جو اشتراکیت، تخلیقی صلاحیتوں اور جدت پسندی کی حوصلہ افزائی کرتا ہو۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

گلیکسو اسمتھ کلائن پاکستان لمیٹڈ ("کمپنی") کے ڈائریکٹرز آپ کی کمپنی کی غیر آڈٹ شدہ مالیاتی معلومات برائے اختتام سہ ماہی 31 مارچ 2023ء پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔ یہ مالیاتی معلومات کمپنیز ایکٹ 2017ء کے سیکشن 227 کے مطابق جمع کروائی گئی ہیں۔

کاروباری ماحول

پاکستان کی معیشت بلند شرح سود، مہنگائی، توانائی کے ذرائع کی قیمتوں میں اضافے، جنرل سیلز ٹیکس، نئے ٹیکسز کے نفاذ اور کرنسی ایڈجسٹمنٹ کی دولت بہت نازک صورتحال سے دوچار ہے۔ امید ہے کہ آئی ایم ایف سے اسٹاف لیول معاہدے کو حتمی شکل دینے تک معیشت پر یہ دباؤ بڑھتا رہے گا۔

پاکستانی روپیہ، امریکی ڈالر کے مقابلے میں اب تک کی تاریخ میں کم ترین سطح، یعنی 290 روپے تک پہنچ چکا ہے اور مارچ میں کنزیومر پرائس پرافراط زر کی شرح %35.4 تک پہنچ چکی ہے، جو کہ جون 1974ء کے بعد سے اب تک سب سے زیادہ ہے۔

حکومت نے (ضمنی) فنانس بل، 2023ء (21 فروری، 2023ء سے نافذ العمل) کے ذریعے کچھ ترامیم متعارف کرائی ہیں جن میں جنرل سیلز ٹیکس کی شرح کو بڑھا کر %18 (سابقہ %17) کرنا شامل ہیں۔ اضافی ٹیکس کی وجہ سے معاون اشیاء، پیکیجنگ میٹریل اور مشینری کی درآمدی لاگت میں اضافہ ہو گیا ہے۔

حکومت نے فارماسیوٹیکل پراڈکٹس کی قیمتیں مقرر کردی ہیں اور فارماسیوٹیکل کی مسلسل درخواستوں کے باوجود مذکورہ بالا کی تکمیل کے لیے ادویات کی قیمت فروخت میں افراط زر کی ایڈجسٹمنٹ کی منظوری نہیں دی ہے۔ اس کی وجہ سے انڈسٹری کے ساتھ ساتھ کمپنی کے منافع پر بھی اثر پڑا ہے۔

عملی نتائج کا جائزہ:

کمپنی نے 31 مارچ 2023ء کو ختم ہونے والی مدت کے لیے 11.4 بلین روپے کی نیٹ سیلز حاصل کیں۔ ٹوٹل نیٹ سیلز میں GSK کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ (GSK CH) کے گزشتہ سال میں اسی مدت کے دوران 0.34 بلین روپے کے بجائے 0.39 بلین روپے بھی شامل ہیں۔ گلیکسو اسمتھ کلائن کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ (GSK CH) کو کمپنی کی جانب سے تیار کردہ ان پراڈکٹس کی مدد میں کی جانے والی باہمی کمپنی سیلز بھی شامل ہیں، جن کے مجاز بازاری حقوق کمپنی کے پاس ہیں۔ گلیکسو اسمتھ کلائن کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ کو کی جانے والی سیلز کو منہما کرنے کے بعد بنیادی سیلز میں ترقی %33 ہے۔ ترقی کے بنیادی عناصر میں تیز ترین عملدرآمد، مستحکم HCP مشغولیت، ڈیجیٹل چینلز کے استعمال اور قیمتوں میں گزشتہ سال کی اسی مدت کے مقابلے میں اضافہ ہے۔ جس کے نتیجے میں اہم برانڈز میں ڈگنی بڑھوتری نظر آ رہی ہے۔

Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,066,659	10,997,341
Intangibles	5	955,742	955,742
Long-term loans to employees		57,781	58,052
Long-term deposits		27,520	27,520
		<u>12,107,702</u>	<u>12,038,655</u>
Current assets			
Stores and spares		190,113	181,140
Stock-in-trade		11,699,508	9,545,315
Trade receivables		1,905,687	1,584,526
Loans and advances		1,586,192	1,644,515
Trade deposits and prepayments		291,055	211,029
Interest accrued		-	2,433
Refunds due from Government		1,241,792	1,250,816
Other receivables		6,100,882	4,328,953
Cash and bank balances		2,314,725	4,754,525
		<u>25,329,954</u>	<u>23,503,252</u>
Total assets		<u><u>37,437,656</u></u>	<u><u>35,541,907</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		3,184,672	3,184,672
Reserves		18,298,997	17,868,435
Total equity		<u>21,483,669</u>	<u>21,053,107</u>
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		611,582	577,804
Deferred taxation		945,234	957,001
Lease liabilities		20,071	45,424
		<u>1,576,887</u>	<u>1,580,229</u>
Current liabilities			
Trade and other payables	6	11,701,447	9,911,009
Taxation - provision less payments		596,941	936,806
Provisions	7	81,303	65,069
Current portion of lease liabilities		18,224	16,502
Unpaid dividend	8	1,841,209	1,841,209
Unclaimed dividend		137,976	137,976
		<u>14,377,100</u>	<u>12,908,571</u>
Total liabilities		<u>15,953,987</u>	<u>14,488,800</u>
Total equity and liabilities		<u><u>37,437,656</u></u>	<u><u>35,541,907</u></u>
Contingencies and commitments	9		

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended March 31, 2023 (Unaudited)

		March 31, 2023	March 31, 2022
	Note	----- Rupees in '000 -----	
Revenue from contracts with customers - net	10	11,399,120	8,625,964
Cost of sales		<u>(10,286,273)</u>	<u>(6,388,456)</u>
Gross profit		1,112,847	2,237,508
Selling, marketing and distribution expenses	11	(1,061,572)	(696,750)
Administrative expenses		(438,816)	(391,983)
Other operating expenses		(59,151)	(120,561)
Other income	12	1,798,279	474,037
Operating profit		1,351,587	1,502,251
Financial charges		(688,345)	(115,789)
Profit before taxation		663,242	1,386,462
Taxation - net		(232,680)	(461,421)
Profit after taxation		430,562	925,041
Other comprehensive income		-	-
Total comprehensive income		430,562	925,041
		----- Rupees -----	
Earnings per share - basic and diluted	13	<u>1.35</u>	<u>2.90</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Changes in Equity

For the quarter ended March 31, 2023 (Unaudited)

	Share capital	Reserves			Total Reserves	Total
		Capital reserve	Revenue reserves			
		Reserve arising on schemes of arrangements	General reserve	Unappropriated profit		
----- Rupees in '000 -----						
Balance as at January 1, 2022	3,184,672	1,126,923	3,999,970	12,675,100	17,801,993	20,986,665
Total comprehensive income for the quarter ended March 31, 2022	-	-	-	925,041	925,041	925,041
Balance as at March 31, 2022	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>13,600,141</u>	<u>18,727,034</u>	<u>21,911,706</u>
Balance as at January 1, 2023	3,184,672	1,126,923	3,999,970	12,741,542	17,868,435	21,053,107
Total comprehensive income for quarter ended March 31, 2023	-	-	-	430,562	430,562	430,562
Balance as at March 31, 2023	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>13,172,104</u>	<u>18,298,997</u>	<u>21,483,669</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Cash Flows

For the quarter ended March 31, 2023 (Unaudited)

	Note	March 31, 2023	March 31, 2022
----- Rupees in '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(1,557,578)	1,038,968
Contribution to retirement benefits fund		(25,000)	(39,900)
Income taxes paid		(584,312)	(731,856)
Decrease / (increase) in long-term loans to employees		271	(3)
Increase in long-term deposits		-	(4,910)
Net cash (used in) / generated from operating activities		(2,166,619)	262,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(341,058)	(183,801)
Proceeds from sale of operating assets		55,418	23,338
Return received on bank balances and investments		154,070	201,514
Net cash (used in) / generated from investing activities		(131,570)	41,051
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(2,642)	(2,618)
Dividend paid		-	(83)
Net cash used in financing activities		(2,642)	(2,701)
Net (decrease) / increase in cash and cash equivalents		(2,300,831)	300,649
Cash and cash equivalents at beginning of the period		4,470,382	8,482,773
Cash and cash equivalents at end of the period	15	2,169,551	8,783,422

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2023 (Unaudited)

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 pharmaceutical products.

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

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

2. BASIS OF PREPARATION

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

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

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

- 2.1** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022.

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, 2022.

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

- 3.1.3** Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on December 31, 2022, therefore, no impact of actuarial gain / loss has been calculated for the current period and comparative condensed financial statements has also not been adjusted for the same reason.

3.2 Application of new standards, amendments and interpretations to the published approved accounting and reporting standards

3.2.1 Amendments to IFRS that are effective for the year ending December 31, 2023

The following amendments are effective for the year ending December 31, 2023. These 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
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023

3.3 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, 2022.

3.4 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.

3.5 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, 2022.

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
Note	----- Rupees in '000 -----	-----
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	9,427,648	9,522,602
Capital work-in-progress	1,428,461	1,235,589
Right-of-use assets - land and building	30,608	44,542
Major spare parts	179,942	194,608
	11,066,659	10,997,341

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)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----			
Improvements on buildings	-	7,800	-	-
Plant and machinery	-	107,899	6,584	1,256
Furniture and fixtures	-	15,518	-	-
Vehicles	154,799	-	32,723	4,108
Office equipments	8,052	15,750	685	272
	162,851	146,967	39,992	5,636

5. INTANGIBLES

Goodwill	955,742	955,742
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6. TRADE AND OTHER PAYABLES

Creditors and bills payable	4,902,888	2,811,384
Accrued liabilities	3,241,337	3,197,332
Others	3,557,222	3,902,293
	11,701,447	9,911,009

7. PROVISIONS

During the period ended March 31, 2023, Provisions include restructuring costs and government levies of Rs. 28.47 million and Rs. 52.83 million (2022: Rs. 28.47 million and Rs. 36.6 million) respectively.

8. UNPAID DIVIDEND

This represents part of final dividend for the year ended December 31, 2021, which remained unpaid to GSK International Holding and Finance B.V., Netherlands (The Holding Company) due to pending approval from the State Bank of Pakistan.

9. CONTINGENCIES AND COMMITMENTS

9.1 Following is the change in the status of contingencies as reported in the financial statements for the year ended December 31, 2022:

- (i) During the period ended March 31, 2023, the Assistant Commissioner Sindh Revenue Board, raised an aggregate demand of Rs. 18.3 million for the period July 2020 to June 2021 on the issue of non-deposit of Sindh sales tax withheld against various vendors. The Company has filed an appeal before the Commissioner Appeals which is pending adjudication..

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

- 9.2 Commitments for capital expenditure outstanding as at March 31, 2023, amounted to Rs. 756.03 million (December 31, 2022: Rs. 601.33 million).

10. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

- 10.1 The revenue from contract with customers include sales of Over the Counter products amounting to Rs. 0.39 billion (March 31, 2022: Rs. 0.34 billion) to Haleon Pakistan Limited (formerly GlaxoSmithKline Consumer Healthcare Pakistan Limited) being manufactured by the Company due to pending transfer of marketing authorisations by Drug Regulatory Authority of Pakistan ('DRAP') - refer note 11.

11. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 166.47 million (March 31, 2022: Rs. 116.58 million).

12. OTHER INCOME

Income from financial assets

Return on Treasury bills
Income on savings and deposit accounts

Income from non-financial assets

Gain on disposal of operating assets

Others

Scrap sales
Promotional allowance - note 12.1
Service fee
Liabilities no longer required written back
Others

	Quarter ended	
	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
	-	46,363
	151,637	155,151
	151,637	201,514
	15,426	17,702
	25,053	11,212
	1,535,514	237,085
	3,300	3,000
	54,969	-
	12,380	3,524
	1,798,279	474,038

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

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	----- Rupees in '000 -----	
13. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation	<u>430,562</u>	<u>925,041</u>
Weighted average number of shares outstanding during the period (in thousand)	<u>318,467</u>	<u>318,467</u>
	----- Rupees -----	
Earnings per share - basic and diluted	<u>1.35</u>	<u>2.90</u>

- 13.1** A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at March 31, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

(Un-audited) (Un-audited)
March 31, March 31,
2023 2022

----- Rupees in '000 -----

14. CASH GENERATED FROM OPERATIONS

Profit before taxation	663,242	1,386,462
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	221,242	200,593
Provision / (reversal) for slow moving, obsolete and damaged stock-in-trade net of stock written off	17,882	(10,285)
Gain on disposal of operating fixed assets	(15,426)	(17,702)
Interest income	(151,637)	(201,514)
Interest on lease liabilities	1,067	1,106
Provision for staff retirement benefits	58,778	53,819
Profit before working capital changes	795,148	1,412,479
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(8,973)	13,687
Stock-in-trade	(2,172,075)	(2,131,499)
Trade receivables	(321,161)	430,678
Loans and advances	58,323	(108,390)
Trade deposits and prepayments	(80,026)	(82,267)
Refunds due from the government	9,024	(411,609)
Other receivables	(1,771,929)	155,160
	(4,286,817)	(2,134,240)
Increase in current liabilities		
Trade and other payables	1,917,857	1,738,480
Provisions	16,234	22,249
	(2,352,726)	(373,511)
	(1,557,578)	1,038,968

(Un-audited)
March 31,
2023

(Un-audited)
March 31,
2022

----- Rupees in '000 -----

15. CASH AND CASH EQUIVALENTS

Cash and bank balances	2,314,725	6,800,260
Investments - at amortised cost	-	1,983,162
Book overdraft	(145,174)	-
	2,169,551	8,783,422

16. 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)
March 31,
2023

(Un-audited)
March 31,
2022

----- Rupees in '000 -----

16.1 Details of transactions carried out during the period with the related parties are as follows:

Relationship	Nature of transactions		
Associated companies:	a. Royalty expense charged	111,017	84,154
	b. Purchase of goods	2,539,659	1,958,093
	c. Sale of goods	-	344,780
	d. Recovery of expenses	185,584	188,892
	e. Services fees	-	3,000
	f. Promotional allowance	1,535,514	237,085
Staff retirement funds:	b. Payments to retirement benefit plans	51,668	54,945
Key management personnel:	a. Salaries and other employee benefits	225,895	154,008
	b. Post employment benefits	8,445	6,796

17. 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 April 27, 2023.



Chief Executive Officer



Chief Financial Officer



Director



GlaxoSmithKline Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000

GlaxoSmithKline Pakistan Limited is a member of
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