

The background is a vibrant, abstract collage of various colors and textures, including shades of orange, yellow, red, and blue. A large, white, stylized number '7' is superimposed over the collage, extending from the top left towards the center. The number has a slightly distressed or hand-drawn appearance.

**YEARS OF
INSPIRING
CONFIDENCE**

**GSK PAKISTAN LIMITED
THIRD QUARTER REPORT 2022**

Corporate Information

as at September 30, 2022

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

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
Business Unit Director BU-1

Syed Nasir Farid
Business Unit Director BU-2

Dr. Naved Masoom Ali
Business Unit Director BU-3

Mr. Rafay Ahmed **
Director Commercial Operations

Dr. Gohar Nayab Khan
Regulatory Affairs Cluster Head -
Pakistan and Iran

Mr. Abdul Haseeb Pirzada
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. Khawaja Saad
Senior Manager Procurement

Mr. Yasir Rehman ***
Head of Transformation

Mr. Imtiaz Hussain
Site Director - F/268

Mr. Muhammad Kashif Ayub
Interim Site Director - Korangi

Mr. Khurshand Iqbal
Site Director - West Wharf

Human Resource 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

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

* Mr. Simon Foster appointed as Non-Executive Director of GSK Pakistan Limited w.e.f. September 28, 2022

**Mr. Rafay Ahmed appointed as Director Commercial Operations on October 01, 2022

***Mr. Yasir Rehman appointed as Head of Transformation on October 04, 2022



Sykes Building

WE'RE A
TOP EMPLOYER
2022

A graphic for the Top Employer 2022 award, featuring a large number '7' and the 'top' logo.

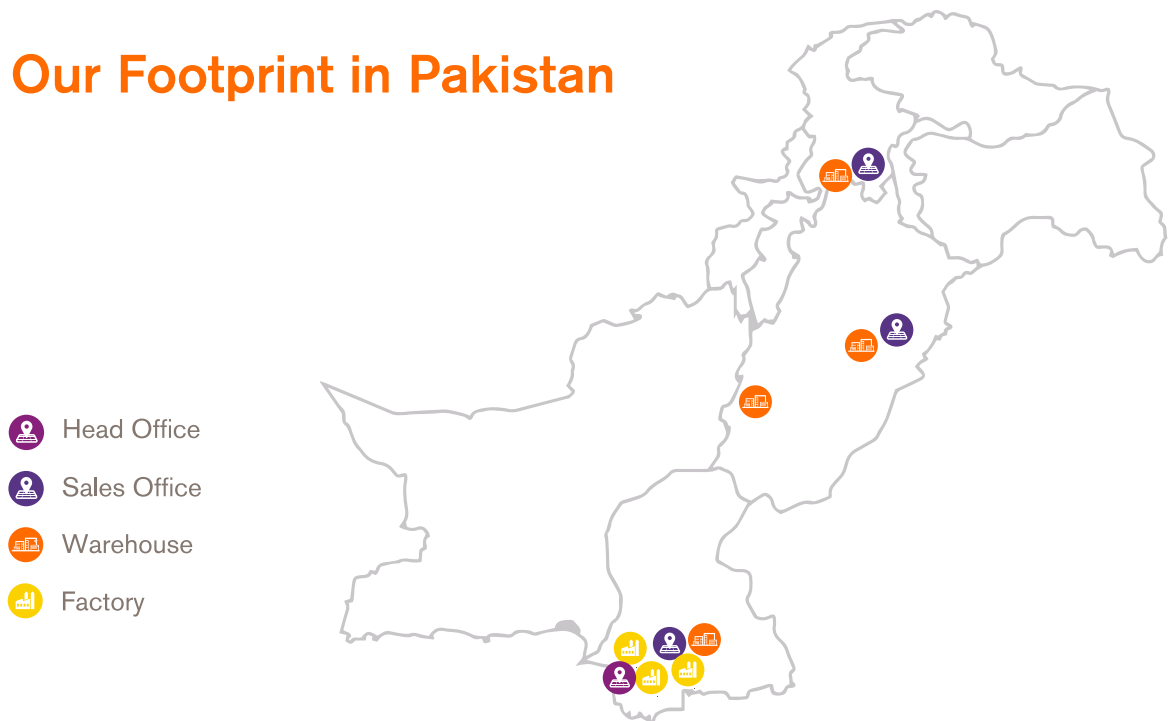
Our Presence

Global Landscape



📍 Consumer Healthcare 📍 Pharma Supply Chain 📍 Pharmaceuticals 📍 Research and Development

Our Footprint in Pakistan



👤 Head Office
👤 Sales Office
🏠 Warehouse
🏭 Factory

Directors' Report to the Shareholders

The Directors of GlaxoSmithKline Pakistan Limited (the "Company") are pleased to present the un-audited financial information of your Company for the nine months period ended September 30, 2022. This financial information is submitted in accordance with Section 227 of the Companies Act, 2017.

Business Environment:

The economy of Pakistan continued showing overheating effect driven by political uncertainty coupled with recent floods. The financial and commodity markets felt these shockwaves resulting in increase in energy and food prices. PKR continued to devalue against the USD which also increased inflation further. Q3 also saw severe dengue fever outbreak creating increased demand for Paracetamol.

In addition, the Russia-Ukraine conflict, in early 2022, created risks to economic growth and posed uncertainty about the global economic outlook. The economic impact of the conflict is manifesting in terms of higher commodity prices and disruption of trade and supply chains.

We remain committed to ensuring that your Company continues to remain at the forefront of serving the healthcare needs of the country by efforts to provide access to our high-quality medicines to patients and people affected by floods and by dengue outbreak.

The resilience and commitment of your Company, the robustness of the operating model and the product portfolio driven by our focus brands supports our top line growth and unlocking of shareholder value.

Review of Operating Results:

Your Company recorded a turnover of Rs. 30.1 billion for nine months ending September 30, 2022 showing a growth of 13.2% (underlying growth excluding sales to GSK Consumer Healthcare Pakistan Limited is 12%). The growth is mainly driven by increased field engagement, channel penetration strategies, increase in volumes of Anti-infectives and Analgesics portfolio due to floods and dengue outbreak and price increase vs same period last year. The total turnover also includes sales to GlaxoSmithKline Consumer Healthcare Pakistan Limited (GSK CH) on account of products manufactured by the Company for which market authorization rights remain with the Company. During the period, sales of Rs. 1.1 billion was recorded as sales to GSK CH compared to Rs. 0.7 billion in the same period last year.

Your Company posted a profit before tax of Rs. 2.5 billion (Rs. 4.4 billion in SPLY). The Gross profit % decreased from 26.3% to 18.3% mainly as a result of increased costs levers driven by high inflation, devaluation of currency and higher cost of energy. The profit was also negatively impacted by increase in tax expense mainly due to higher tax rate and imposition of super tax on tax year 2022, in accordance with the Finance Act, 2022.

During the period, the Company remained focused to invest behind strategically prioritized brands for enhanced focus thus, improving product contribution and shareholders' value generation. While delivering growth on our key brands with focus on improved gross margins, your company has also been able to exercise due control on its cost levers as a result Selling, Marketing and Distribution spend as a % of sales remained consistent with LY at 8% despite high inflation. Administrative expenses (as a % of sales) also remained flat at 4%.

Challenges and Outlook

The topline growth reflects the strength and resilience of Company's market leadership amid macroeconomic challenges. We remain confident in the future of our Company as we continue to ensure that we have the right resources to execute our strategies. However, the recent changes in the tax laws (including no input tax adjustment) coupled with macroeconomic uncertainties and high cost of doing business due to global commodity prices pose a risk on the Company's profitability in the near future.

A portion of sales tax refundable arising out of zero rating of the pharma products in H1 2022, consequent to Finance (Supplementary) Act 2022, is still refundable. The Government has in principle agreed to the industry's demand and is making progress to make these refunds.

Consistency in policies is considered as one of the most essential parts of an enabling business environment and abrupt policy changes create an impediment. We hope that the Government provides the right enablers and a supportive business environment for growth. We urge the Government to implement its commitment on sales tax reversal and hope that a fair and transparent policy is implemented for pharmaceutical pricing that would support the availability of quality medicines for the patients.

We remain committed to building a diverse workforce and creating an inclusive working environment for people to thrive. This includes providing support during difficult times such as pandemics and natural calamities as well as having policies that promote Equity and Wellbeing through Employee Assistance Program. We have been continuously looking for ways to ensure that our efforts are in the right direction and in line with our Cultural Pillars and believe that such an environment for our employees is essential to best deliver on our ambition for patients, being accountable for Impact and always doing the right thing.

Composition of the Board:

- The total number of Directors are 7, with the following breakup:
 - a) Male: 5
 - b) Female: 2

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*

* Mr. Simon Foster appointed as Non-Executive Director of GSK Pakistan Limited w.e.f. September 28, 2022.

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
Mr. 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
Mr. Lai Kuen Goh	Member
Ms. Mehar Ameer	Member
Mr. Hasham Ali Baber	Secretary

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 Directors express sincere thanks to all our partners for their unwavering support, to our employees for their continued passion and commitment, and to all our shareholders for your continued trust and confidence.

By order of the Board



Erum Shakir Rahim
Chief Executive Officer



Hasham Ali Baber
Director

Karachi
October 25, 2022

- محترمہ لائی کیون گوہ - ممبر
- محترم سائمن فوسٹر* - ممبر
- محترمہ ارم شا کرجم - ممبر
- محترم فرقیلت اقبال - سیکرٹری

(c) اجراء کمیٹی:

- محترمہ ارم شا کرجم - چیئر پرسن
- محترمہ لائی کیون گوہ - ممبر
- محترمہ مہرا میر - ممبر
- محترم حشام علی باہر - سیکرٹری

دیگر کمیٹیوں میں شامل ہیں:

(a) رسک مینجمنٹ اینڈ کمپلائنس بورڈ

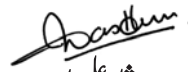
i - GSK - RMCB پاکستان مینجمنٹ ٹیم پر مشتمل ہے

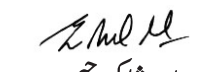
نان ایگزیکٹو بورڈ ڈائریکٹرز کے لیے GSK پاکستان لمیٹڈ کی مشاہرہ پالیسی
گلیکسو اسمتھ کلائن پاکستان لمیٹڈ کے بیرونی نان ایگزیکٹو بورڈ ڈائریکٹرز IHR اور مشاہرہ کمیٹی کی جانب سے منظور کردہ مشاہرے کا استحقاق رکھتے ہیں، جو کہ
موزوں طور پر مرتب شدہ مارکیٹ کے معیار پر مبنی ہے۔

ستائشی کلمات:

ڈائریکٹرز، اپنے تمام پارٹنرز کی مستقل اور غیر متزلزل معاونت، ملازمین کے گراں قدر جذبوں اور کاوشوں اور دیگر تمام اسٹیک ہولڈرز کا، ان کے مسلسل اعتماد
اور بھروسے کے اظہار پر دل کی گہرائیوں سے شکریہ ادا کرتے ہیں۔

بحکم بورڈ


حشام علی باہر
ڈائریکٹر


ارم شا کرجم
چیف ایگزیکٹو آفیسر

کراچی

اکتوبر 25، 2022

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

(a) مرد: 5

(b) خواتین: 2

بورڈ کی تشکیل حسب ذیل ہے:

کیٹگری	نام
خود مختار ڈائریکٹرز	• محترمہ ماہین رحمان • محترم منیر کمال
ایگزیکٹیو ڈائریکٹرز	• محترمہ ارم شاکر رحیم • محترم حشام علی بابر
نان ایگزیکٹیو ڈائریکٹرز	• محترم محمود مانڈوی والا • محترمہ لائی کیون گوہ • محترم سائن فوسٹر *

* محترم سائن فوسٹر کا تقرر 28 ستمبر 2022 کو GSK پاکستان لمیٹڈ کے نان ایگزیکٹیو ڈائریکٹر کے طور پر کیا گیا تھا۔

بورڈ نے کمیٹیاں تشکیل دی ہیں جن میں درج ذیل ارکان شامل ہیں:

(a)	آڈٹ کمیٹی
چیئر مین	- محترم منیر کمال
ممبر	- محترمہ ماہین رحمان
ممبر	- محترم محمود مانڈوی والا
ممبر	- محترمہ لائی کیون گوہ
ممبر	- محترم سائن فوسٹر *
سیکرٹری	- محترم اولیس فاروق

(b)	ہیومن ریسورس اور مشاہرہ کمیٹی
چیئر پرسن	- محترمہ ماہین رحمان
ممبر	- محترم محمود مانڈوی والا

کی لاگت میں اضافہ تھا۔ ٹیکس کی زیادہ شرح کے باعث ٹیکس کے اخراجات میں اضافے اور فنانس ایکٹ 2022 کے تحت، محصولاتی سال 2022 پر سپر ٹیکس کے اطلاق نے منافع پر منفی اثر مرتب کیا۔

اس مدت کے دوران، کمپنی نے مطمح نظر میں اضافے کے لیے حکمت آمیز ترجیحی برانڈز میں سرمایہ کاری پر توجہ مرکوز کیے رکھی جس کی بدولت پراڈکٹ کنٹری بیوشن اور شیئر ہولڈرز کی ویلیو جزییشن میں بہتری آئی۔ پہلے سے بہتر غیر حتمی مارجنز پر توجہ کے ساتھ اپنے بنیادی برانڈز پر گروتھ حاصل کرتے ہوئے، آپ کی کمپنی اپنے لاگتی لیورز پر بھرپور کنٹرول اپنانے میں بھی کامیاب رہی۔ نتیجتاً بلند افراط زر کے باوجود سیلز کی فیصد شرح کے طور پر فروخت، مارکیٹنگ اور ڈسٹری بیوشن گزشتہ سال کی طرح 8 فیصد پر برقرار رہی۔ انتظامی اخراجات بھی (سیلز کی فیصد شرح کے طور پر) 4 فیصد پر برقرار رہے۔

مسائل اور پیش منظر

گلی معاشی مسائل کے دوران ٹاپ لائن گروتھ کمپنی کی مارکیٹ لیڈرشپ کے استحکام اور استقامت کی عکاسی کرتی ہے۔ ہم کمپنی کے مستقبل کے حوالے سے پُر اعتماد ہیں کیونکہ ہم مستقل بنیادوں پر یہ یقینی بناتے ہیں کہ اپنی حکمت عملیوں کی تکمیل کے لیے ہمارے پاس درست وسائل ہوں۔ تاہم، ٹیکس کے قوانین میں حالیہ تبدیلیاں (بشمول کوئی ان پٹ ٹیکس ایڈجسٹمنٹ نہ ہونا) اور ان کے ساتھ ساتھ گلی معاشی غیر یقینی صورتحال اور ایشیائے تجارت کی عالمی قیمتوں کے باعث بلند کاروباری لاگت مستقبل قریب میں کمپنی کی منافع پذیری کے لیے خطرے کا سبب ہیں۔

فنانس (سپلیمنٹری) ایکٹ 2022 کے تحت، 2022 کی پہلی ششماہی میں فارما پروڈکٹس کی صفراء ریٹنگ سے پیدا شدہ قابل واپسی سیلز ٹیکس کا ایک حصہ ابھی تک غیر ادا شدہ ہے۔ حکومت اصولی طور پر انڈسٹری کے مطالبے سے متفق ہو چکی ہے اور وہ ان قابل واپسی رقوم کے حوالے سے پیش رفت کر رہی ہے۔

پالیسیوں میں تسلسل کو ایک فعال کاروباری ماحول کے سب سے لازمی عوامل میں سے ایک سمجھا جاتا ہے اور پالیسی میں غیر متوقع تبدیلیاں خلل پیدا کرتی ہیں۔ ہم امید کرتے ہیں کہ حکومت گروتھ کے لیے درست اہل کار عوامل اور معاون کاروباری فضاء فراہم کرے گی۔ ہم حکومت سے درخواست کرتے ہیں کہ وہ سیلز ٹیکس واپس لینے کا اپنا فیصلہ نافذ کرے اور پُر امید ہیں کہ فارماسیوٹیکل نرخ بندی کے لیے ایک منصفانہ اور شفاف پالیسی کا نفاذ کیا جائے گا جس کی بدولت مریضوں کے لیے معیاری ادویات کی دستیابی میں مدد ملے گی۔

ہم ایک ہمہ گیر افرادی قوت کی تشکیل اور شرکت عمل کے حامل ایک ایسے ماحول کی تخلیق کے لیے مسلسل کوشاں رہیں گے جہاں ہم سے وابستہ افراد فروغ پاسکیں۔ اس میں مشکل وقت جیسے کہ وبائی امراض اور قدرتی آفات کے دوران معاونت کی فراہمی کے ساتھ ساتھ ایسی پالیسیوں کا نفاذ بھی شامل ہے جن سے ملازمین کی معاونت کے پروگرام کے ذریعے مساوات اور فلاح و بہبود کو فروغ ملے۔ ہم یہ یقینی بنانے کے لیے مسلسل راہیں تلاش کر رہے ہیں کہ ہماری کاوشیں درست سمت اور ہمارے تہذیبی ستونوں سے ہم آہنگ رہیں اور ہمارا اس پر یقین ہے کہ ملازمین کے لیے ایک ایسا ماحول لازمی ہے جہاں وہ مریضوں کے لیے ہمارے جذبہ خدمت کی بہترین تعمیل کریں، اپنے افعال کے حوالے سے جوابدہ رہیں اور ہمیشہ عمدہ کام کریں۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

گلیکسو اسمتھ کلائن پاکستان لمیٹڈ ("کمپنی") کے ڈائریکٹرز آپ کی کمپنی کی غیر آڈٹ شدہ مالیاتی معلومات برائے نو ماہ از اختتامِ مدت 30 ستمبر 2022 پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔ یہ مالیاتی معلومات کمپنیز ایکٹ 2017 کے سیکشن 227 کے مطابق جمع کروائی گئی ہیں۔

کاروباری ماحول:

ملک میں سیاسی عدم استحکام اور اس کے ساتھ حالیہ سیلاب کے باعث پاکستان کی معیشت کے لیے ناسازگار حالات جاری رہے۔ توانائی اور ایشیائے خورونوش کی قیمتوں میں اضافے کے نتیجے میں مالیاتی اور تجارتی اشیاء کی مارکیٹس متزلزل رہیں۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی جاری رہی جس سے افراطِ زر میں مزید اضافہ ہوا۔ تیسری سہ ماہی میں ڈیٹنگی بخار کی شدید وبا بھی پھیلی جس سے پیراسیٹامول کی طلب میں اضافہ ہوا۔

علاوہ ازیں، 2022 کے اوائل میں، روس اور یوکرین کے مابین تنازعے نے معاشی ترقی کو خطرات سے دوچار کیا اور عالمی معاشی منظر نامے کے حوالے سے غیر یقینی کیفیت میں مبتلا کیے رکھا۔ اس تنازعے کے معاشی اثرات ایشیائے تجارت کی قیمتوں میں اضافے اور تجارت اور رسدی سلسلوں میں خلل کی صورت میں سامنے آ رہے ہیں۔

ہم یہ یقینی بنانے کے لیے پُر عزم رہے کہ سیلاب اور ڈیٹنگی کی وبا سے متاثرہ افراد اور مریضوں کو اپنی اعلیٰ معیاری ادویات تک رسائی فراہم کرنے کے لیے کی جانے والی کوششوں کے ذریعے آپ کی کمپنی صحتِ عامہ کی ضروریات کی تکمیل میں سب سے آگے رہے۔

آپ کی کمپنی کی استقامت اور حوصلہ، آپریٹنگ ماڈل کا استحکام اور ہمارے زیر توجہ برانڈز کا حامل پراڈکٹ پورٹ فولیو ہماری ٹاپ لائن گروتھ اور شیئر ہولڈرز کی قدر میں اضافے کا باعث ہے۔

عملی نتائج کا جائزہ:

آپ کی کمپنی نے برائے نو ماہی اختتامِ مدت 30 ستمبر 2022، 30.1 بلین روپے کی آمدنی ریکارڈ کی۔ یعنی 13.2 فیصد کی گروتھ (GSK کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ کو کی جانے والی سیلز نکال کر ضمنی گروتھ 12%) سامنے آئی۔ اس گروتھ کا بنیادی سبب فیلڈ میں پہلے سے بہتر سرگرمی، چینل پر فعالیت کی حکمت عملیاں، سیلاب اور ڈیٹنگی کی وبا کے باعث اینٹی انفیکشن اور اینٹی جیسک ادویات کے پورٹ فولیو حجم میں اضافہ اور گزشتہ سال کی اسی مدت کے مقابلے میں قیمت کا بڑھنا تھا۔ مجموعی آمدنی میں گلیکسو اسمتھ کلائن کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ (GSK CH) کو کمپنی کی جانب سے تیار کردہ ان مصنوعات کی مدد میں کی جانے والی باہمی کمپنی سیلز بھی شامل ہیں جن کے مجاز بازاری حقوق کمپنی کے پاس ہیں۔ اس میعاد کے دوران، 1.1 بلین روپے کی سیلز کو، گزشتہ سال کی اسی مدت کے دوران ہونے والی 0.7 بلین روپے کے مقابلے میں، GSK CH کو کی جانے والی سیلز کے طور پر ریکارڈ کیا گیا۔

آپ کی کمپنی نے قبل ازیں 2.5 بلین روپے (گزشتہ سال کی اسی مدت میں 4.4 بلین روپے) کا منافع حاصل کیا۔ غیر حتمی منافع کی فیصدی شرح 26.3 فیصد سے کم ہو کر 18.3 فیصد ہو گئی، جس کی بنیادی وجہ بلند افراطِ زر کے باعث لاگتوں کے بڑھتے ہوئے ذرائع (لیورز)، کرنسی کی مالیت میں کمی اور توانائی

Condensed Interim Statement of Financial Position

As at September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	10,437,356	10,407,875
Intangibles	5	991,742	991,742
Long-term loans to employees		59,517	64,521
Long-term deposits		27,520	22,010
		<u>11,516,135</u>	<u>11,486,148</u>
Current assets			
Stores and spares		188,781	190,666
Stock-in-trade		10,536,220	6,505,401
Trade receivables		1,862,639	1,315,550
Loans and advances		1,737,786	412,422
Trade deposits and prepayments		227,644	157,963
Refunds due from Government		1,722,864	43,643
Other receivables		1,530,705	1,624,991
Investments - at amortised cost		3,500,900	1,633,183
Cash and bank balances		3,913,008	7,085,344
		<u>25,220,547</u>	<u>18,969,163</u>
Total assets		<u><u>36,736,682</u></u>	<u><u>30,455,311</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		3,184,672	3,184,672
Reserves		16,352,598	17,801,993
		<u>19,537,270</u>	<u>20,986,665</u>
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		360,131	298,885
Deferred taxation		785,303	806,632
Long-term portion of lease liabilities		25,429	32,710
		<u>1,170,863</u>	<u>1,138,227</u>
Current liabilities			
Trade and other payables	6	12,538,991	7,035,632
Taxation - provision less payments		1,422,209	1,116,360
Provisions	7	59,389	32,591
Current portion of lease liabilities		27,314	20,891
Unclaimed dividend		139,437	124,945
Unpaid dividend		1,841,209	-
		<u>16,028,549</u>	<u>8,330,419</u>
Total liabilities		<u>17,199,412</u>	<u>9,468,646</u>
Total equity and liabilities		<u><u>36,736,682</u></u>	<u><u>30,455,311</u></u>
Contingencies and commitments	8		

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended September 30, 2022 (Unaudited)

	Note	Quarter ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		----- Rupees in '000 -----			
Revenue from contracts with customers	9	11,925,662	9,825,226	30,094,003	26,576,829
Cost of sales		(10,304,734)	(7,092,566)	(24,581,431)	(19,593,097)
Gross profit		1,620,928	2,732,660	5,512,572	6,983,732
Selling, marketing and distribution expenses	10	(985,581)	(777,895)	(2,489,953)	(2,162,980)
Administrative expenses		(593,149)	(330,921)	(1,302,779)	(1,004,783)
Other operating expenses		(17,952)	(154,417)	(209,463)	(378,627)
Other income	11	688,453	358,274	1,765,202	982,768
Operating profit		712,699	1,827,701	3,275,579	4,420,110
Financial charges		(430,363)	(59,896)	(790,871)	(65,896)
Profit before taxation		282,336	1,767,805	2,484,708	4,354,214
Taxation		(133,672)	(572,602)	(1,704,832)	(1,453,199)
Profit after taxation		148,664	1,195,203	779,876	2,901,015
Other comprehensive loss					
Items that will not be reclassified to statement of profit or loss					
Remeasurement of staff retirement benefits		-	-	-	-
Impact of taxation		-	-	-	-
		-	-	-	-
Total comprehensive income		148,664	1,195,203	779,876	2,901,015
		----- Rupees -----			
Earnings per share	12	Rs. 0.47	Rs. 3.75	Rs. 2.45	Rs. 9.11

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Changes in Equity

For the nine months ended September 30, 2022 (Unaudited)

	Share capital	Capital reserve Reserve arising on schemes of arrangements	Reserves		Total Reserves	Total
			General reserve	Unappropriated profit		
----- Rupees in '000 -----						
Balance as at January 1, 2021	3,184,672	1,126,923	3,999,970	9,166,699	14,293,592	17,478,264
Final dividend for the year ended December 31, 2020 @ Rs. 6.5 per share	-	-	-	(2,070,037)	(2,070,037)	(2,070,037)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	2,901,015	2,901,015	2,901,015
Balance as at September 30, 2021	3,184,672	1,126,923	3,999,970	9,997,677	15,124,570	18,309,242
Balance as at January 1, 2022	3,184,672	1,126,923	3,999,970	12,675,100	17,801,993	20,986,665
Final dividend for the year ended December 31, 2021 @ Rs. 7 per share	-	-	-	(2,229,271)	(2,229,271)	(2,229,271)
Profit after taxation for the nine months ended September 30, 2022	-	-	-	779,876	779,876	779,876
Remeasurement of staff retirement benefits - net of tax	-	-	-	-	-	-
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	779,876	779,876	779,876
Balance as at September 30, 2022	3,184,672	1,126,923	3,999,970	11,225,705	16,352,598	19,537,270

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Cash Flows

For the nine months ended September 30, 2022 (Unaudited)

	Note	September 30, 2022	September 30, 2021
----- Rupees in '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	767,486	2,704,293
Staff retirement benefits paid		(92,845)	(95,766)
Income taxes paid		(1,420,312)	(684,384)
Decrease in long-term loans to employees		5,004	8,955
Increase in long-term deposits		(5,510)	-
Net cash (used in) / generated from operating activities		(746,177)	1,933,098
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(708,802)	(733,111)
Proceeds from sale of operating assets		158,657	87,151
Return received		605,620	246,007
Net cash generated from / (used in) investing activities		55,475	(399,953)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(4,593)	(9,219)
Dividend paid		(373,570)	(2,060,045)
Net cash used in financing activities		(378,163)	(2,069,264)
Net decrease in cash and cash equivalents		(1,068,865)	(536,119)
Cash and cash equivalents at beginning of the period		8,482,773	6,052,073
Cash and cash equivalents at end of the period	14	7,413,908	5,515,954

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



Chief Executive Officer



Chief Financial Officer



Director

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 (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 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 (GSK Plc.).

Due to the pending transfer of marketing authorisations and permissions for few 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.

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, 2021.

2.2 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, 2022. 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 condensed interim financial statements other than certain additional disclosures:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021

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, 2021.

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, 2021.

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, 2021.

(Un-audited)
September 30,
2022

(Audited)
December 31,
2021

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

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets	4.1	8,826,061	9,007,834
Capital work-in-progress		1,404,726	1,178,022
Right-of-use assets		33,298	44,686
Major spare parts and standby equipments		173,271	177,333
		10,437,356	10,407,875

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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- Rupees in '000 -----			
Improvements on buildings	44,489	58,289	-	3,559
Plant and machinery	303,264	510,427	5,336	14,610
Furniture and fixtures	22,556	25,124	-	203
Vehicles	34,225	190,060	67,687	23,299
Office equipments	88,491	100,799	463	1,537
	493,025	884,699	73,486	43,208

(Un-audited)
September 30,
2022

(Audited)
December 31,
2021

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

5. INTANGIBLES

Goodwill		955,742	955,742
Marketing authorisation rights	5.1	36,000	36,000
		991,742	991,742

- 5.1** This includes Rs. 40.3 million paid as consideration to Novartis Pharma (Pakistan) Limited (NPPL) in respect of acquiring market authorisation rights in relation to NPPL's vaccine business and Rs. 86 million paid as consideration for acquiring market authorisation rights of Traxon from Akhai Pharmaceuticals (Private) Limited. The Company has written off Rs. 40.3 million and Rs. 50 million in respect of marketing authorisation of NPPL's vaccine business and Traxon from Akhai Pharmaceuticals (Private) Limited respectively.

(Un-audited) September 30, 2022	(Audited) December 31, 2021
----- Rupees in '000 -----	

6. TRADE AND OTHER PAYABLES

Creditors and bills payable	6,345,407	1,819,606
Accrued liabilities	5,425,768	3,770,762
Others	767,816	1,445,264
	12,538,991	7,035,632

7. PROVISIONS

Provisions represent restructuring costs and government levies of Rs. 28.31 million and Rs. 31.08 million (December 31, 2021: Rs. 28.47 million and Rs. 4.12 million) respectively.

8. CONTINGENCIES AND COMMITMENTS

- 8.1** Following are the changes in the status of contingencies as reported in the audited financial statements for the year ended December 31, 2021 or new contingencies arising during the period ended September 30, 2022:

- (i) During the year ended December 31, 2021, the Assessing Officer (AO), amended the assessment of the Company for tax year 2017 under section 122(5A) of Income Tax Ordinance (Ordinance) and raised demand of Rs. 801.87 million on account of disallowance of various expenses including share based compensation, certain provisions and treatment of other income under Normal Tax Regime as well as tax credit under section 65B of the Ordinance.

The Company filed appeal against the said Order before CIRA and has also filed rectification application for certain apparent mistakes in the Order.

During the period ended June 30, 2022, through CIRA's order certain additions were partially deleted and few were remanded back. Against the CIRA order, the Company has filed an appeal before ATIR against the issues maintained / remanded back by CIRA which is pending for adjudication.

- (ii) During the year ended December 31, 2021, the AO, while amending the assessment of the Company for tax year 2018 under section 122(1)/(5) of the Ordinance, raised demand of Rs. 613.62 million on the contention that the Company allegedly paid excessive amounts on account of royalty and certain imported raw materials to associated undertakings. Further, various expenses were also disallowed which include share-based compensation, salaries, certain provisions, restructuring cost, Worker Welfare Fund as well as tax credit under section 65B of the Ordinance.

The Company filed appeal against the said Order before CIRA and has also filed rectification application for certain apparent mistakes in the Order. During the period ended June 30, 2022, through CIRA's order certain additions were deleted and few were remanded back. Against the CIRA order, the Company has filed an appeal before ATIR against the issues maintained / remanded back by CIRA which is pending for adjudication.

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, 2022, amounted to Rs. 602.23 million (December 31, 2021: Rs. 241.04 million).

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

- 9.1** The net sales include sales of Over the Counter Products amounting to Rs. 1.17 billion (September 30, 2021: 0.75 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. 369.19 million (September 30, 2021: Rs. 255.16 million).

Note	Quarter ended - (Un-audited)		Nine months ended - (Un-audited)	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021

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

11. OTHER INCOME

Income from financial assets

Return on Treasury bills	10,498	7,284	92,787	25,060
Income on savings and deposit accounts	202,579	68,679	512,833	217,850
	213,077	75,963	605,620	242,910

Income from non-financial assets

Gain on disposal of operating assets	20,933	28,939	85,171	43,943
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Others

Exchange loss - net	-	(28,951)	-	-
Scrap sales	15,084	10,920	40,325	29,941
Promotional allowance	422,861	264,403	993,433	647,184
Service fee	8,400	3,000	14,400	9,000
Others	8,098	4,000	26,253	9,790
	688,453	358,274	1,765,202	982,768

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

(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
---------------------------------------	---------------------------------------

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

12. EARNINGS PER SHARE

Profit after taxation	779,876	2,901,015
	Number of shares	
Weighted average number of shares outstanding during the period	318,467,278	318,467,278
Earnings per share - basic	Rs. 2.45	Rs. 9.11

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,
2022
 ----- Rupees in '000 -----

(Un-audited)
 September 30,
 2021

13. CASH GENERATED FROM OPERATIONS

Profit before taxation	2,484,708	4,354,214
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	605,835	594,417
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	83,377	(91,999)
Gain on disposal of operating fixed assets	(85,171)	(43,943)
Interest income	(605,620)	(242,910)
Financial charges	3,735	4,594
Provision for staff retirement benefits	154,091	174,185
Profit before working capital changes	2,640,955	4,748,558
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	1,885	(1,601)
Stock-in-trade	(4,114,196)	(1,996,982)
Trade receivables	(547,089)	(568,308)
Loans and advances	(1,325,364)	38,108
Trade deposits and prepayments	(69,681)	96,758
Refunds due from the government	(1,679,221)	(1,159)
Other receivables	94,286	254,442
	(7,639,380)	(2,178,742)
Increase / (decrease) in current liabilities		
Trade and other payables	5,739,113	137,750
Provisions	26,798	(3,273)
	(1,873,469)	(2,044,265)
	767,486	2,704,293
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,913,008	5,020,802
Investments - at amortised cost	3,500,900	495,152
	7,413,908	5,515,954

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,
2022
----- Rupees in '000 -----

(Un-audited)
September 30,
2021

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	-	1,709,693
Associated companies:	a. Royalty expense charged	268,395	303,143
	b. Purchase of goods	6,035,339	4,956,036
	c. Sale of goods	840,514	765,203
	d. Recovery of expenses	466,017	512,718
	e. Services fees	6,000	9,000
	g. Promotional allowance	993,433	647,184
	Staff retirement funds:	a. Payments to retirement benefit plans	203,762
Key management personnel:	a. Salaries and other employee benefits	274,069	231,873
	b. Post employment benefits	20,730	22,210
	c. Proceeds from sale of fixed assets	14,659	629

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 October 25, 2022.



Chief Executive Officer



Chief Financial Officer



Director



GlaxoSmithKline Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000

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