

GSK



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Together**

THIRD QUARTER REPORT 2023

Corporate Information

As at September 30, 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. Paul Banks *
Secretary

Disclosure Committee

Ms. Erum Shakir Rahim
Chairperson

Ms. Lai Kuen Goh
Member

Agha Salman Taimur **
Member

Mr. Hasham Ali Baber
Secretary

Management Committee

Ms. Erum Shakir Rahim
Chief Executive Officer

Mr. Hasham Ali Baber
Chief Financial Officer

Syed Azeem Abbas Naqvi ***
Interim 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

Mr. Faisal Ahmed ****
Country Ethics & Compliance Head

Dr. Yousuf Hasan Khan
Director Medical

Syed Nabigh Raza Alam
Tech Head

Mr. Yasir Rehman
Head of Transformation

Mr. Khurshand Iqbal *****
Site Director - F/268

Mr. Kashif Ayub *****
Site Director - West Wharf

Mr. Masood Khan *****
Interim Site Director - Korangi

Company Secretary

Agha Salman Taimur **

Chief Financial Officer

Mr. Hasham Ali Baber

Chief Internal Auditor

Mr. Ovais Farooq

Bankers

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

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 Shakra-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

* Mr. Paul Banks appointed as Secretary of HR & Remuneration Committee as at 14 July 2023 upon the resignation of Mr. Farqaleet Iqbal, HR Country Head

** Agha Salman Taimur was appointed as Company Secretary on 2 June 2023, replacing Ms. Mehar-e-daraksha Ameer

*** Syed Azeem Abbas Naqvi was appointed as Interim Legal Director, replacing Ms. Mehar-e-daraksha Ameer

**** Mr. Faisal Ahmed was appointed as Country Ethics & Compliance Head on 13 April 2023, replacing Ms. Esra Mezrea

***** Mr. Khurshand Iqbal appointed as SITE Director F/268 as at 1 August 2023 upon the retirement of Mr. Intiaz Hussain

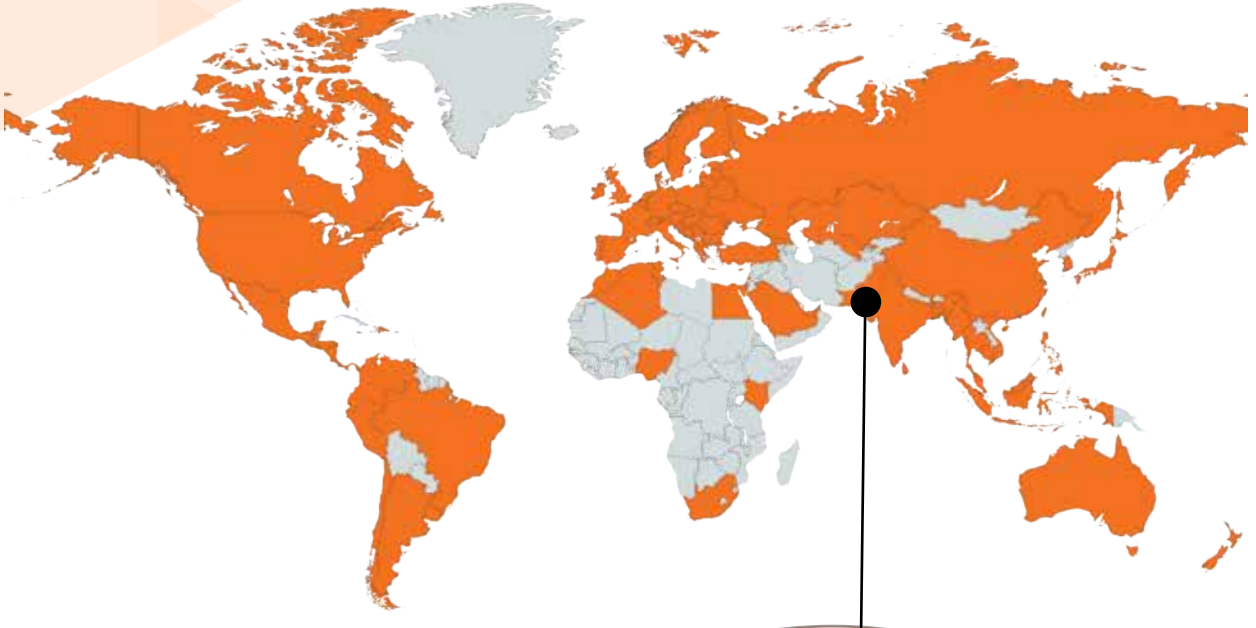
***** Mr. Kashif Ayub appointed as SITE Director West Wharf as at 1 August 2023 replacing Mr. Khurshand Iqbal

***** Mr. Masood Khan appointed as Interim SITE Director Korangi as at 1 August 2023 replacing Mr. Kashif Ayub



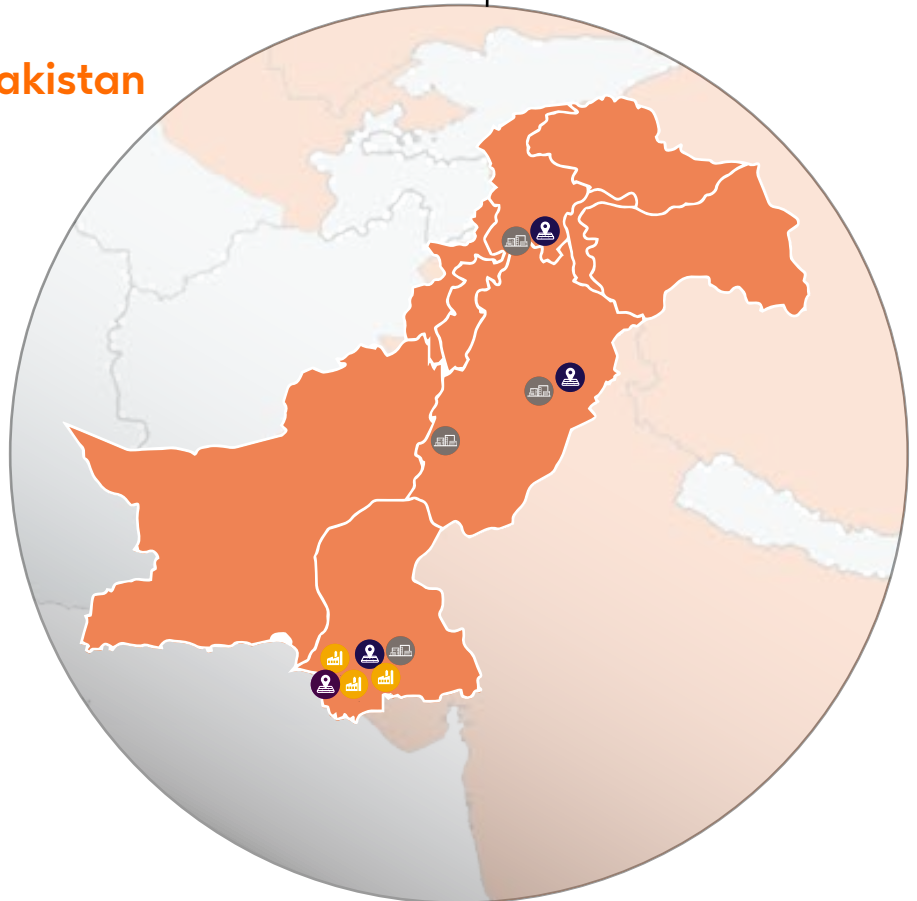
Our Presence

Global Landscape



Our Footprint in Pakistan

-  Head Office
-  Sales Office
-  Warehouse
-  Factory



Directors' Report to the Shareholders

The Directors of GlaxoSmithKline Pakistan Limited (the "Company") present the un-audited financial information for the nine months period ended September 30, 2023. This financial information is submitted in accordance with Section 227 of the Companies Act, 2017.

Business environment and challenges:

The IMF program and financial support from friendly countries has given some relief to the economy of Pakistan which was under significant pressure. This has been evidenced by slight improvement in the exchange rates. However, long standing issues such as high inflation rate, increasing fuel cost and current account deficit remain of significant concern.

Despite these challenges, GSK is operating as a responsible business, displaying dedication to address the hurdles through portfolio optimisation, cost control, improved working capital management, and efficient operations management.

Review of Operating Results:

The Company achieved net sales of Rs. 37 billion, representing a growth rate of 23%. Within the total net sales figure, Rs. 1.25 billion was generated from Haleon Pakistan Limited, pertaining to products manufactured by the Company for Haleon Pakistan Limited, for which the marketing authorisation rights remain with GSK.

Excluding these specific sales, the underlying sales growth remains at 24%. This growth can be attributed to our robust execution strategies, effective engagement with Healthcare Professionals (HCPs) through multiple channels, and price increase compared to the previous year. This resulted in our key brands demonstrating strong double-digit growth.

Despite the sales performance, the Company's gross margin for the fiscal year stood at 7%, reflecting a decrease of 11% compared to the corresponding period in the previous year. This decline can be primarily attributed to substantial currency devaluation, inflationary pressures, and rising fuel costs. The impact of margin erosion was partially offset by a one-time inflationary adjustment permitted by the Government.

The Company remained focused in enhancing operational efficiency and cost saving measures. Consequently, despite encountering significant inflationary pressures, the proportion of operating expenses relative to sales

witnessed a mere 1% increase in comparison to the prior period.

Furthermore, the Company made prudent investments in key business drivers with the objective of achieving competitive growth and enhancing return on investment.

(Loss) / earnings per share for this quarter declined to Rs. (1.23) as compared to Rs. 2.45 in the corresponding period last year.

Future Outlook

The Pharmaceutical industry is in a difficult situation with soaring inflation, weakened currency and its prices fixed by the regulator. The industry plays a critical role in the healthcare ecosystem in Pakistan, by developing and ensuring supply of life-saving medicines and sustaining medical advancements. Therefore, we hope that the Government will make all efforts to provide a conducive business environment for the industry to grow by resolving pending hardship cases and an equitable pricing policy that caters to external economic issues.

We will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited with the changing business environment. Your company remains focused on making concerted efforts to improve performance through efficient and effective cost containment initiatives.

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, and shareholders and thank them for reposing confidence in our Company and products.

By order of the Board


Erum Shakir Rahim
Chief Executive Officer


Hasham Ali Baber
Director

Karachi
October 24, 2023

کے اثرات کا مقابلہ کیا جائے۔ افراط زر کے زیادہ دباؤ کے باوجود، عمل درآمدی اخراجات میں سیلز کے تناسب سے گزشتہ عرصے کے مقابلے میں صرف 1% فیصد اضافہ ہوا۔ اضافی طور پر کمپنی نے کلیدی کاروباری محرکات میں محتاط سرمایہ کاری کی تاکہ مسابقتی ترقی اور سرمایہ کاری پر بہتر منافع حاصل ہو سکے۔

(نقصان) / آمدنی فی شیئر اس سہ ماہی میں (1.23) روپے تک گر گیا، جو کہ گزشتہ سال اسی عرصے کے دوران 2.45 روپے تھا۔

مستقبل کا جائزہ:

دو اساز صنعت، اپنی قیمتیں ریگولیٹر کے ہاتھوں طے ہونے کے باعث ایک مشکل پوزیشن میں ہے کیونکہ مہنگائی بڑھ رہی ہے اور کرنسی کی قدر کم ہو رہی ہے۔ صنعت، پاکستان میں ہیلتھ کیئر کے ماحولیاتی نظام میں ایک کلیدی کردار ادا کرتی ہے جس میں جان بچانے والی ادویات کی تیاری و ترسیل اور طبی میدان میں ترقی کا جاری رکھنا شامل ہے۔ اس لئے ہمیں امید ہے کہ حکومت صنعت کے فروغ و ترقی کے لئے مساعد حالات کے قیام کی بھرپور کوشش کرے گی جس میں مشکلات کے زیر التوا کیسز کا حل، اور ایک ایسی منصفانہ پرائسنگ پالیسی کا نفاذ شامل ہے جو بیرونی معاشی چیلنجز کا سامنا کر سکے۔

ہم اپنی اہلیت اور قابلیت میں اضافے کے لئے کوشاں رہیں گے، اور اپنی حکمت عملی کا اس اعتبار سے جائزہ لیتے رہیں گے کہ وہ بدلتے ہوئے کاروباری ماحول سے مسابقت رکھتی ہو۔ آپ کی کمپنی کارکردگی کو لاگت کم کرنے کی موثر اور بھرپور کوششوں کے ذریعے بہتر بنانے پر یقین رکھتی ہے۔

ستائشی کلمات:

بورڈ آف ڈائریکٹرز اس موقع پر کمپنی کے ملازمین کے گرانقدر جذبے، ثابت قدمی، حوصلے اور عزم کا دل کی گہرائیوں سے شکریہ ادا کرتے ہیں۔ ہم اپنے معزز کسٹمرز، سپلائرز، بینکرز اور شراکت داروں کی مسلسل سپورٹ اور تعاون کے لئے بھی ممنون ہیں اور کمپنی اور اس کی پراڈکٹس پر ان کے اعتماد کے لئے شکر گزار ہیں۔

بحکم بورڈ

Asad

حشام علی بابر

ڈائریکٹر

Arif

ارم شا کریم

چیف ایگزیکٹو آفیسر

کراچی

124 اکتوبر، 2023

ڈائریکٹرز کی جائزہ رپورٹ برائے شیئر ہولڈرز

گلیکسو اسمتھ کلائن پاکستان لمیٹڈ ("کمپنی") کے ڈائریکٹر غیر آڈٹ شدہ مالیاتی معلومات برائے نو ماہ از اختتام مدت 30 ستمبر 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 اور مشکلات:

آئی ایم ایف پروگرام اور دوست ممالک سے ملنے والی سپورٹ نے پاکستان کی معیشت کو کچھ استحکام بخشا ہے جو کافی دباؤ میں تھی۔ یہ بات زرمبادلہ کی شرح میں کسی قدر بہتری سے ظاہر ہے۔ البتہ طویل مدتی مسائل جیسے مہنگائی کی زیادہ شرح، ایندھن کی بڑھتی ہوئی قیمتیں اور کرنٹ اکاؤنٹ کا خسارہ اب بھی تشویش کا باعث ہیں۔

ان چیلنجز کے باوجود کمپنی نے ذمہ دارانہ کاروباری حکمت عملی کا مظاہرہ کرتے ہوئے مشکلات کا سامنا پورٹ فولیو میں اضافے، لاگت پہ کنٹرول، کاروباری سرمائے کی بہتر مینجمنٹ اور موثر عمل درآمد کے ذریعے کرنے کا عزم کیا ہے۔

عملی نتائج کا جائزہ:

دشوار گزار کاروباری ماحول کا سامنا کرنے کے باوجود، کمپنی نے 37 بلین روپے کی نیٹ سیلز کر کے 23% فیصد کی ترقی حاصل کی۔ مجموعی نیٹ سیلز میں ہیلیون پاکستان لمیٹڈ کے ذریعے حاصل ہونے والے 1.25 بلین روپے کی آمدنی بھی شامل ہے۔ اس سیلز کا تعلق ہیلیون پاکستان لمیٹڈ کی ان مصنوعات سے ہے جو کمپنی تیار کرتی ہے اور جن کی مارکیٹنگ کے اختیاری حقوق بھی کمپنی کے پاس محفوظ ہیں۔

ان مخصوص سیلز کے علاوہ، سیلز کی بنیادی ترقی 24% فیصد رہی۔ اس ترقی کی وجوہات جامع عمل درآمد، مختلف ذرائع سے ہیلتھ کیئر پر فیشنلز کے ساتھ موثر روابط، اور گزشتہ سال اس عرصے کے مقابلے میں قیمتوں میں اضافہ رہیں۔ نتیجتاً کلیدی برانڈز نے دہرے اعداد میں ترقی حاصل کی۔

سیلز کی کارکردگی کے باوجود، مالی سال کے لئے کمپنی کا مجموعی مارجن 7% فیصد تھا جو گزشتہ سال اسی عرصے کے مقابلے میں 11% فیصد کی تنزلی تھی۔ اس تنزلی کی وجہ کرنسی کی قدر میں کمی، مہنگائی اور ایندھن کی بڑھتی ہوئی قیمتیں ہیں۔ تاہم مارجن کی کمی کا اثر جزوی طور پر پوری صنعت کو حکومت کی جانب سے دی گئی ایک بار کی مہنگائی ایڈجسٹمنٹ کی اجازت کے ذریعے ہلکا ہو گیا۔

کمپنی نے اپنی توجہ اندرونی اخراجات میں بچت کے اقدامات اور پوری آرگنائزیشن میں عملی کارکردگی موثر بنانے پر مرکوز رکھی تاکہ مہنگائی

Condensed Interim Statement of Financial Position

As at September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,217,221	10,997,341
Intangibles		955,742	955,742
Long-term loans to employees		84,760	58,052
Long-term deposits		33,234	27,520
		<u>12,290,957</u>	<u>12,038,655</u>
Current assets			
Stores and spares		204,227	181,140
Stock-in-trade		13,132,320	9,545,315
Trade receivables		1,032,200	1,584,526
Loans and advances		1,417,088	1,644,515
Trade deposits and prepayments		121,800	211,029
Interest accrued		-	2,433
Taxation - payments less provision		203,633	-
Refunds due from government		1,241,496	1,250,816
Other receivables		5,629,755	4,328,953
Cash and bank balances		3,824,096	4,754,525
		<u>26,806,615</u>	<u>23,503,252</u>
Total assets		<u><u>39,097,572</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		17,476,814	17,868,435
Total equity		<u>20,661,486</u>	<u>21,053,107</u>
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		677,615	577,804
Deferred taxation		797,122	957,001
Lease liabilities		13,765	45,424
		<u>1,488,502</u>	<u>1,580,229</u>
Current liabilities			
Trade and other payables	5	14,889,215	9,911,009
Taxation - provision less payments		-	936,806
Provisions	6	71,008	65,069
Current portion of lease liabilities		11,945	16,502
Unclaimed dividend		134,207	137,976
Unpaid dividend	7	1,841,209	1,841,209
		<u>16,947,584</u>	<u>12,908,571</u>
Total liabilities		<u>18,436,086</u>	<u>14,488,800</u>
Total equity and liabilities		<u><u>39,097,572</u></u>	<u><u>35,541,907</u></u>
Contingencies and commitments			
	8		

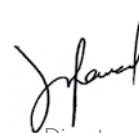
The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended September 30, 2023 (Unaudited)

	Note	Quarter ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		Rupees '000			
Revenue from contracts with customers - net	9	13,770,544	11,925,662	37,029,870	30,094,003
Cost of sales		(12,742,467)	(10,304,734)	(34,406,705)	(24,581,431)
Gross profit		1,028,077	1,620,928	2,623,165	5,512,572
Selling, marketing and distribution expenses	10	(1,167,304)	(985,581)	(3,436,017)	(2,489,953)
Administrative expenses		(622,193)	(593,149)	(1,491,802)	(1,302,779)
Other operating income / (expenses)		5,067	(17,952)	(26,744)	(209,463)
Other income	11	672,644	688,453	2,964,813	1,765,202
Operating (loss) / profit		(83,709)	712,699	633,415	3,275,579
Financial charges		(11,733)	(430,363)	(377,935)	(790,871)
(Loss) / profit before taxation		(95,442)	282,336	255,480	2,484,708
Taxation - net	12	25,652	(133,672)	(647,101)	(1,704,832)
(Loss) / profit after taxation		(69,790)	148,664	(391,621)	779,876
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income		(69,790)	148,664	(391,621)	779,876
(Loss) / earnings per share - Rupees	13	(0.22)	0.47	(1.23)	2.45

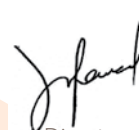
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Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Changes in Equity

For the nine months ended September 30, 2023 (Unaudited)

	Share capital	Capital reserve	Revenue reserves		Total reserves	Total
		Reserve arising on schemes of arrangements	General reserve	Unappropriated profit		
----- Rupees '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
Final dividend for the year ended December 31, 2021 @ Rs. 7 per share	-	-	-	(2,229,271)	(2,229,271)	(2,229,271)
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	779,876	779,876	779,876
Balance as at September 30, 2022	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>11,225,705</u>	<u>16,352,598</u>	<u>19,537,270</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 loss for the nine months ended September 30, 2023	-	-	-	(391,621)	(391,621)	(391,621)
Balance as at September 30, 2023	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>12,349,921</u>	<u>17,476,814</u>	<u>20,661,486</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 nine months ended September 30, 2023 (Unaudited)

	September 30, 2023	September 30, 2022
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	2,057,168	767,486
Contribution to staff retirement benefit fund	(104,954)	(92,845)
Income taxes paid	(1,947,419)	(1,420,312)
Decrease in long-term loans to employees	(26,708)	5,004
Increase in long-term deposits	(5,714)	(5,510)
Net cash used in operating activities	(27,627)	(746,177)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(999,887)	(708,802)
Proceeds from disposal of operating assets	147,566	158,657
Return received on bank balances and investments	242,668	605,620
Net cash (used in) / generated from investing activities	(609,653)	55,475
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(12,353)	(4,593)
Dividend paid	(3,769)	(373,570)
Net cash used in financing activities	(16,122)	(378,163)
Net decrease in cash and cash equivalents	(653,402)	(1,068,865)
Cash and cash equivalents at beginning of the period	4,470,382	8,482,773
Cash and cash equivalents at end of the period	3,816,980	7,413,908

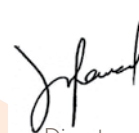
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Chief Executive Officer



Chief Financial Officer



Director

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 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 research based ethical specialties and 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.

2.2 Application of new standards, interpretations and amendments to the published approved accounting and reporting standards that are effective during the period

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 condensed interim financial statements other than certain additional disclosures:

- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

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.

3.2 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, 2022.

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, 2022.

4. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
Operating assets	4.1	9,593,171	9,522,602
Capital work-in-progress		1,389,452	1,235,589
Right of use of asset		21,408	44,542
Major spare parts		213,190	194,608
		11,217,221	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)	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----			
Building on leasehold land	47,987	44,489	-	-
Plant and machinery	156,061	303,264	5,944	5,336
Furniture and fixtures	27,241	22,556	-	-
Vehicles	496,099	34,225	76,035	67,687
Office equipments	100,054	88,491	1,325	463
	827,442	493,025	83,304	73,486

(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----	

5. TRADE AND OTHER PAYABLES

Creditors and bills payable	5,882,153	2,811,384
Accrued liabilities	5,434,813	3,197,332
Contract liabilities	2,106,257	2,367,838
Others	1,465,992	1,534,455
	14,889,215	9,911,009

6. PROVISIONS

Provisions include restructuring costs and government levies of Rs. 28.47 and Rs. 42.54 (December 31, 2022: Rs 28.47 million and Rs. 36.6 million) respectively.

7. 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. (formerly S.R One International B.V), Netherlands (The Holding Company) due to pending approval from the State Bank of Pakistan.

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, 2022 or new contingencies arising during the period ended September 30, 2023:

- (i) During the period ended June 30, 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 filed an appeal before the Commissioner Appeals, The Commissioner Appeals has reduced the demand to Rs. 1.56 million which has been discharged by the Company.

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.

- 8.2 Commitments for capital expenditure outstanding as at September 30, 2023, amounted to Rs. 750.22 million (December 31, 2022: Rs. 601.33 million).

9. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

- 9.1 The net revenue include sales of Over the Counter Products amounting to Rs. 1.25 billion (September 30, 2022: 1.17 billion to Haleon Pakistan Limited (Formerly GSK Consumer Pakistan Limited) 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. 568.47 million (September 30, 2022: Rs. 369.19 million).

11. OTHER INCOME

	Note	Un-audited			
		Quarter ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		----- Rupees '000 -----			
Income from financial assets					
Return on Treasury Bills		-	10,498	-	92,787
Income on savings and deposit accounts		30,029	202,579	240,235	512,833
		30,029	213,077	240,235	605,620
Income from non-financial assets					
Gain on disposal of operating assets		36,593	20,933	64,262	85,171
Others					
Scrap sales		17,886	15,084	49,550	40,325
Promotional allowance	11.1	561,087	422,861	2,488,795	993,433
Service fee		3,300	8,400	9,900	14,400
Liabilities no longer required written back		-	-	54,969	-
Gain on termination of lease		-	-	13,595	-
Others		23,749	8,098	43,507	26,253
		672,644	688,453	2,964,813	1,765,202

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

12. TAXATION - NET

The Government of Pakistan through Finance Act, 2022 introduced section 4C in the Income Tax Ordinance, 2001 through which super tax was levied on high earning persons. The Company along with other entities (petitioners), in connected petitions, challenged the vires of section 4C before Sindh High Court (SHC). The SHC vide order dated December 22, 2022, declared that section 4C shall not be applicable for TY 2022.

The aforesaid judgment was challenged by the department before the Supreme Court of Pakistan (SC). The SC vide order dated February 16, 2023, gave directions to deposit super tax @ 4% and to furnish Bank Guarantee for the remaining 6% as an interim relief till final judgment is passed. The Company complied with aforesaid directions.

The Government of Pakistan through Finance Act, 2023 has enhanced the rates of super tax under section 4C of the Income Tax Ordinance, 2001 for tax year 2023 and onwards on high earning persons. The tax will be applicable at different rates on all persons (including company) earning more than Rs. 150 million. Accordingly, the current year tax charge includes a prior year charge of Rs. 302.44 million on account of super tax.

During the period ended September 30, 2023, The Company along with other petitioners have challenged the amendment in super tax rates for tax year 2023 in the Islamabad High Court (IHC). The Hon'ble IHC has granted stay against increase in super tax rates from 4% to 10%. The matter is pending in IHC for adjudication.

13. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
	----- Rupees in '000 -----	
(Loss) / profit after taxation	(391,621)	779,876
	Number of shares	
Weighted average number of shares outstanding during the period	318,467,278	318,467,278
(Loss) / earnings per share - basic and diluted - Rupees	(1.23)	2.45

- 13.1 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,
2023

(Un-audited)
 September 30,
 2022

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

14. CASH GENERATED FROM OPERATIONS

Profit before taxation	255,480	2,484,708
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	683,723	605,835
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	85,273	83,377
Gain on disposal of operating fixed assets	(64,262)	(85,171)
Interest income	(240,235)	(605,620)
Interest on lease liabilities	2,712	3,735
Gain on termination of lease	(13,595)	-
Provision for staff retirement benefits	204,765	154,091
Profit before working capital changes	913,861	2,640,955
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(23,087)	1,885
Stock-in-trade	(3,672,278)	(4,114,196)
Trade receivables	552,326	(547,089)
Loans and advances	227,427	(1,325,364)
Trade deposits and prepayments	89,229	(69,681)
Refunds due from the government	9,320	(1,679,221)
Other receivables	(1,300,802)	94,286
	(4,117,865)	(7,639,380)
Increase / (decrease) in current liabilities		
Trade and other payables	5,255,233	5,739,113
Provisions	5,939	26,798
	1,143,307	(1,873,469)
	2,057,168	767,486

(Un-audited)
September 30,
2023

(Un-audited)
 December 31,
 2022

(Un-audited)
 September 30,
 2022

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

15. CASH AND CASH EQUIVALENTS

Cash and bank balances	3,824,096	4,754,525	3,913,008
Book overdraft	(7,116)	(284,143)	-
Investments - at amortised cost	-	-	3,500,900
	3,816,980	4,470,382	7,413,908

16. TRANSACTIONS WITH RELATED PARTIES

The related parties include holding company, associated companies, directors and key management personnel of the Company and companies where directors also hold directorships. 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 condensed interim financial statements, are as follows:

(Un-audited)
September 30,
2023

(Un-audited)
 September 30,
 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	(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
Associated companies / undertaking:	a. Royalty expense charged	446,721	268,395
	b. Purchase of goods	5,917,394	6,035,339
	c. Sale of goods	-	840,514
	d. Recovery of expenses	529,643	466,017
	e. Services fees	-	6,000
	f. Promotional allowance	2,488,795	993,433
Staff retirement	b. Payments to retirement benefit plans	238,622	203,762
Key management personnel:	a. Salaries and other employee benefits	360,505	274,069
	b. Post employment benefits	26,706	20,730
	c. Proceeds from sale of fixed assets	19,948	14,659

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 October 24, 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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