

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

YEARS OF INSPIRING CONFIDENCE

**GSK PAKISTAN LIMITED
FIRST QUARTER REPORT 2022**

Corporate Information

as at March 31, 2022

Board of Directors

Mr. Dmytro Oliinyk
Chairman

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. Mark Dawson
Non-Executive Director

Audit Committee

Mr. Muneer Kamal
Chairman

Mr. Dmytro Oliinyk
Member

Mr. Mark Dawson
Member

Mr. Mehmood Mandviwalla
Member

Ms. Maheen Rahman
Member

Syed Ahsan Ejaz*
Secretary

Disclosure Committee

Ms. Erum Shakir Rahim
Chairperson

Mr. Dmytro Oliinyk
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. Khurram Amjad
Director Commercial Excellence and CTC

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

Mr. Abdul Haseeb Pirzada
Director Corporate Affairs and
Administration

Mr. Zain Anjum
Country Compliance Officer

Dr. Yousuf Hasan Khan
Director Medical

Syed Nabigh Raza Alam
Tech Head

Mr. Farqaleet Iqbal
HR Country Head

Mr. Imtiaz Hussain
Site Director - F-268

Mr. Javed Tariq
Site Director - Korangi

Mr. Khurshand Iqbal
Site Director - West Wharf

Human Resource and Remuneration Committee

Ms. Maheen Rahman
Chairperson

Mr. Mehmood Mandviwalla
Member

Mr. Dmytro Oliinyk
Member

Mr. Mark Dawson
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

Syed Ahsan Ejaz*

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)
Fax: 92-21-32314898, 32311122
Website: www.pk.gsk.com

* Syed Ahsan Ejaz resigned as Chief Internal Auditor of GSK Pakistan Limited as at 20 February 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.

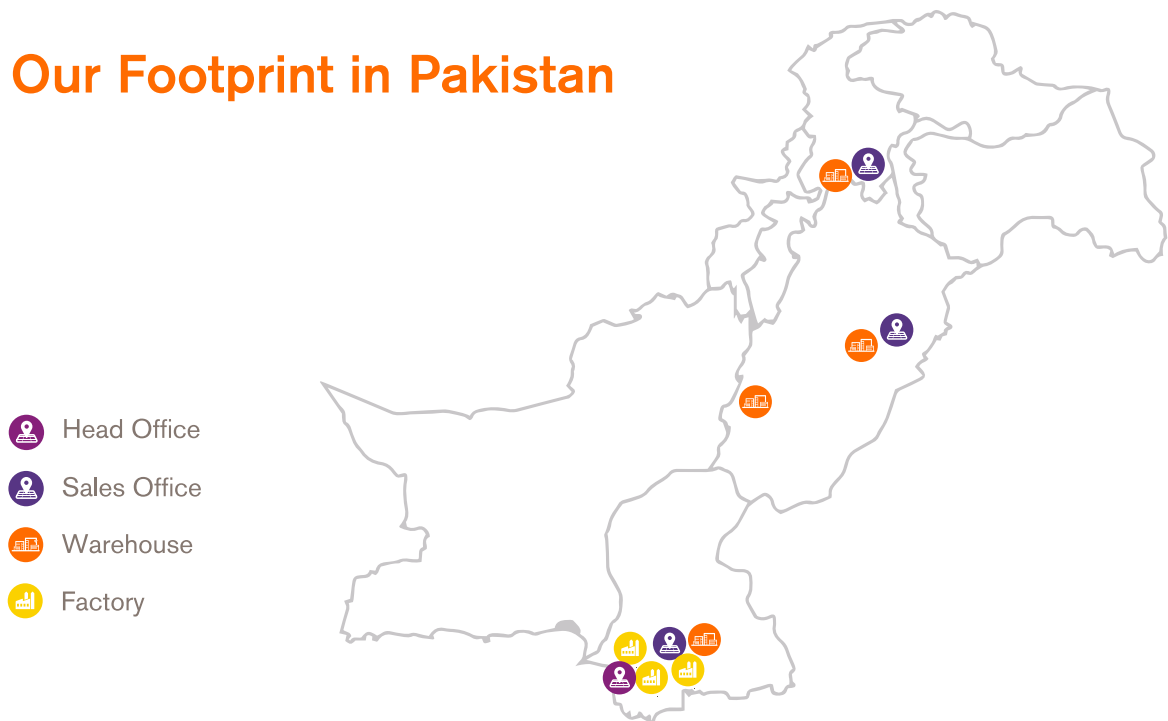
Our Presence

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 three months period ended March 31, 2022. This financial information is submitted in accordance with Section 227 of the Companies Act, 2017.

Business Environment:

As we begin another exciting year, we have a lot to look forward to with our dynamic team, trust of our patients & partners and the support of our esteemed shareholders. It is your continued faith in us that inspire us to do more and remain steadfast in our journey.

Increasing cost of energy and continuing high inflation over the last two years have put businesses under pressure and accordingly 'Cost of Doing Business' has increased.

As the world recovered from COVID-19 and supply resumed at full capacity we are witnessing shortages in key APIs which has resulted in constrained supply. However, we remain fully committed to deliver quality medicines to our patients.

Q1 2022 witnessed sustained level of patient footfall and we continued addressing our patient needs in a tailored approach to transform the way they use medicines. We believe it is our responsibility to provide patients with credible information and fulfil the need gap for understanding the correlation. We have and continue to pioneer new ways of engagement with our healthcare professionals.

Review of Operating Results:

Your Company recorded a turnover of Rs. 8.6 billion in Q1 2022 showing a growth of 12% (underlying growth excluding GSK Consumer Healthcare Pakistan Limited is 11 %). The growth is mainly driven by increased activity in field vs same period last year due to COVID-19 in the previous year, which was under partial lockdown, and price increase. Our products meaningfully helped patients across a range of different disease areas, including antibiotics, dermatologicals and analgesics. The total turnover also includes intercompany 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. 0.34 billion was recorded as intercompany sales compared to Rs. 0.25 billion in the same period last year.

Your Company posted a profit after tax of Rs. 0.9 billion. The higher Gross profit % for the period is due to better product mix, various cost efficiency initiatives by supply sites and CPI price increase.

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. Selling, Marketing and Distribution as a % of sales improved to 8% vs 9% same period LY (SPLY). Administrative expenses (as a % of sales) also improved to 4.5% as compared to 4.8% SPLY.

As a result, Earnings per share for this quarter improved to Rs. 2.90 as compared to Rs. 2.28 in the corresponding period last year.

Challenges and Outlook

The Government vide Finance (Supplementary) Act, 2022 (effective January 15, 2022) has introduced some changes. One major change affecting the pharmaceutical sector is imposition of sales tax on raw material / purchases while its sale side being zero rated. As a result, sales tax levied on raw and packing materials would become refundable. With the online portal not operational yet, we expect that the Government will look into these administrative difficulties and take appropriate measures for timely settlement of such refunds.

The combination of elevated crude oil prices and slowing remittances are expected to wider external deficit in the coming quarters. As a result, this could trigger a further slide in the Pak Rupee against the US Dollar, hence, raising concerns over inflation rates. Current political instability and rising risks to the IMF program could add to the uncertainty, which could affect the businesses negatively. We believe that the domestic political developments will shape market sentiment in the period ahead.

Consistency in Policies is considered as one of the most essential part of an enabling business environment and abrupt policy changes creates an impediment.

We also hope that the Government will ensure that a fair and transparent policy, aligned with industry expectations is implemented for drug pricing to compensate high costs to support availability and supply of quality medicine to the patients.

As we move forward, the healthcare landscape in Pakistan is expected to improve in the coming years, driven by rising incomes, greater health awareness and diagnosis through technology. Government-led initiatives such as Sehat Sahulat Program will also help by enabling poor to access required health-care services in a swift and dignified manner without any financial obligations.

We continue to be fully committed to talent development and to keep our employees, business partners and communities safe during these demanding times.

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 • Mr. Dmytro Oliinyk • Mr. Mark Dawson

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
Mr. Dmytro Oliinyk	Member
Mr. Mark Dawson	Member
Mr. Syed Ahsan Ejaz*	Secretary

* Mr. Syed Ahsan Ejaz resigned as Chief Internal Auditor of GSK Pakistan Limited on February 20, 2022.

b) HR and Remuneration Committee

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

c) Disclosure Committee:

Ms. Erum Shakir Rahim	Chairperson
Mr. Dmytro Oliinyk	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

By order of the Board



Erum Shakir Rahim
Chief Executive Officer



Hasham Ali Baber
Director

Karachi
April 25, 2022

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:

Your directors place on record their deep appreciation to employees at all levels for their extraordinary commitment in achieving our goals and want to thank them for the momentum they are delivering. We also acknowledge our shareholders for their continued support to our business. We are working hard and are fully focused on delivering long term value for shareholders. We believe 2022 will be a great year for your Company and we are committed to those who rely on us and excited by what we can achieve together.

(c) ڈسکلوزر کمیٹی:

- | | | | | |
|------|---|------------------------|---|-----------|
| i. | - | محترمہ ارم شا کرجم | - | چیئر پرسن |
| ii. | - | محترم ڈیما سٹرو اولینک | - | ممبر |
| iii. | - | محترمہ مہرا میر | - | ممبر |
| iv. | - | محترم حسام علی بابر | - | سیکرٹری |

دیگر کمیٹیز میں شامل ہیں:

(a) رسک مینجمنٹ اینڈ کمپلائنس بورڈ

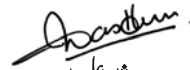
- i - GSK - RMCB پاکستان مینجمنٹ ٹیم پر مشتمل ہے

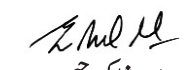
نان ایگزیکٹو بورڈ ڈائریکٹرز کے لیے GSK پاکستان لمیٹڈ کی مشاہرہ پالیسی
گلیکسو اسمتھ کلائن پاکستان لمیٹڈ کے بیرونی نان ایگزیکٹو بورڈ ڈائریکٹرز HR اور مشاہرہ کمیٹی کی جانب سے منظور کردہ مشاہرے کا استحقاق رکھتے
موزوں طور پر مقرر شدہ مارکیٹ کے معیار پر مبنی ہے۔

ستائشی کلمات:

آپ کے ڈائریکٹرز ہر سطح پر ملازمین کا ان کی محنت، خلوص اور ان گراں قدر کاوشوں پر دل کی گہرائیوں سے شکریہ ادا کرتے ہیں کہ جنہیں وہ ہمارے
حصول کے لیے بروئے کار لائے اور ان کی شاندار پیشرفت پر ہم ان کے انتہائی شکرگزار ہیں۔ ہم اپنے کاروبار کی مسلسل معاونت کر۔
شیر ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔ ہم اپنے شیئر ہولڈرز کے لیے طویل المیعاد قدر کی فراہمی پر پوری طرح توجہ مرکوز کیے ہوئے ہیں اور اس
بھرپور کاوش کر رہے ہیں۔ ہمیں یقین ہے کہ 2022ء ہماری کمپنی کے لیے ایک انتہائی شاندار سال ثابت ہوگا اور ہم ان تمام افراد کے لیے خلوص
سرگرم عمل ہیں جو ہم پر انحصار کرتے ہیں اور ساتھ مل کر کامیابیوں کے حصول کا جذبہ رکھتے ہیں۔

حسب الحکم بورڈ


حسام علی بابر
ڈائریکٹر


ارم شا کرجم
چیف ایگزیکٹو آفیسر

کراچی

25 اپریل، 2022ء

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 شا کر جیم • محترم حشام علی بابر
نان ایگزیکٹیو ڈائریکٹرز	• محترم محمود مانڈوی والا • محترم ڈیما سٹر اولینک • محترم مارک ڈاسن

بورڈ نے کمیٹیاں 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.	محترم ڈیما سٹر اولینک - ممبر
v.	محترم مارک ڈاسن - ممبر
vi.	محترم سید احسن اعجاز* - سیکریٹری

* جناب سید احسن اعجاز نے 20 فروری، 2022ء کو GSK پاکستان لمیٹڈ کے چیف انٹرنل آڈیٹر کے عہدے سے استعفیٰ دے دیا ہے۔

(b)	ہیومن ریسورس اور مشاہرہ کمیٹی
i.	محترمہ ماہین رحمان - چیئر پرسن
ii.	محترم محمود مانڈوی والا - ممبر
iii.	محترم ڈیما سٹر اولینک - ممبر
iv.	محترم مارک ڈاسن - ممبر
v.	محترمہ ارم شا کر جیم - ممبر
vi.	محترم فرقلیت اقبال - سیکریٹری

اس مدت کے دوران، کمپنی نے مطمح نظر میں اضافے کے لیے حکمت آمیز ترجیحی برانڈز میں سرمایہ کاری پر توجہ مرکوز کی جس کی بدولت پراڈکٹ کنٹری بیوشن اور شیئر ہولڈرز کی ویلیو جزیشن 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 پھر پور کنٹرول اپنانے میں بھی کامیاب رہی۔ سیلز کی % کے طور پر فروخت، مارکیٹنگ اور ڈسٹری بیوشن بڑھ کر 8 فیصد ہو گئی جو کہ گزشتہ سال کی اسی مدت (SPLY) میں 9 فیصد تھی۔ انتظامی اخراجات (سیلز کی % کے طور پر) گزشتہ سال کی اسی مدت (SPLY) میں 4.8 فیصد کے مقابلے میں بہتر ہو کر 4.5 فیصد ہو گئے۔

نتیجتاً، اس سہ ماہی کی فی حصص آمدنی بہتر ہو کر 2.90 ہو گئی جو کہ گزشتہ سال کی اسی مدت میں 2.28 روپے تھی۔

پیش منظر اور مسائل

سرکاری فنانس (سپلیمنٹری) ایکٹ 2022ء (15 جنوری، 2022ء سے نافذ العمل) کچھ تبدیلیاں لے کر آیا ہے۔ فارماسیوٹیکل کے شعبے پر اثر انداز ہونے والی بڑی تبدیلی سیلز کی صفر درجہ بندی کے ساتھ خام مال/خریداریوں پر سیلز ٹیکس کا عائد کیا جانا ہے۔ نتیجتاً، خام اور پیکنگ مال پر عائد کردہ سیلز ٹیکس قابل واپسی بن جائے گا۔ آن لائن پورٹل کی بدولت، جو کہ اب تک غیر فعال پذیر ہے، ہمیں توقع ہے کہ حکومت ان انتظامی مشکلات پر غور کرے گی اور ان قابل واپسی رقوم کے بروقت تصفیے کے لیے موزوں اقدامات کرے گی۔

خام تیل کی بلند قیمتوں اور سست رفتار ریٹینمنز کے امتزاج کے باعث توقع ہے کہ آنے والی سہ ماہیوں میں بیرونی خسارہ مزید وسیع ہوگا۔ نتیجتاً، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مزید کمی آسکتی ہے، جس سے افراط زر کی شرح پر خدشات میں اضافہ ہوگا۔ موجودہ سیاسی عدم استحکام اور آئی ایم ایف پروگرام کے حوالے سے بڑھتے ہوئے خطرات کے باعث بے یقینی کی صورت میں اضافہ ہو سکتا ہے جس سے کاروباری اداروں پر منفی اثرات مرتب ہو سکتے ہیں۔ ہمیں یقین ہے کہ ملکی سیاست میں ہونے والی پیش رفت آنے والے عرصے میں مارکیٹ کے رجحان کو متعین کرے گی۔

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۔

ہمیں یہ بھی امید ہے کہ حکومت ادویات کی قیمت بندی کے لیے انڈسٹری کی توقعات سے ہم آہنگ ایک منصفانہ اور شفاف پالیسی کا نفاذ کرے گی تاکہ مریضوں کو معیاری ادویات کی دستیابی اور فراہمی کے لیے بلند لاگتوں کی تلافی کی جاسکے۔

توقع ہے کہ بڑھتی ہوئی آمدنیوں، صحت کے حوالے سے بہتر آگاہی اور ٹیکنالوجی کے ذریعے تشخیص کی بدولت آئندہ سالوں میں پاکستان میں ہیلتھ کیئر کا منظر نامہ بہتر ہوگا۔ حکومتی سرپرستی میں کیے گئے اقدامات جیسے کہ صحت سہولت پروگرام بھی غریب افراد کو کسی بھی مالی جبر کے بغیر سہولت اور عزت کے ساتھ مطلوبہ ہیلتھ کیئر سروسز تک رسائی میں مدد دے گا۔

ہم ٹیلنٹ کے فروغ اور اپنے ملازمین، کاروباری پارٹنرز اور کمیونٹی کو ان مشکل حالات کے دوران محفوظ رکھنے کے لیے مکمل طور پر پرعزم ہیں۔

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 2022ء 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:

ایک اور شاندار سال کے آغاز میں، ہمیں اپنی متحرک ٹیم، مریضوں اور پارٹنرز کے اعتماد اور اپنے معزز شیئر ہولڈرز کے تعاون کے ساتھ مستقبل میں بھرپور کامیابیوں کی توقع ہے۔ خود پر ہمارا مسلسل اعتماد ہمیں خوب سے خوب تر کی جستجو اور اپنے سفر میں ثابت قدم رہنے پر ابھارتا ہے۔

گزشتہ دو سالوں میں توانائی کی لاگت میں اضافے اور مسلسل بلند افراط زر کے باعث کاروباری ادارے دباؤ میں رہے اور نتیجتاً 'کاروباری عمل کی لاگت' میں بھی اضافہ ہوا۔

دنیا سے COVID-19 کے بڑی حد تک خاتمے اور رسد کی مکمل طور پر بحالی کے نتیجے میں ہمیں بنیادی APIs میں قلت کا سامنا ہے جس کے باعث رسد زیر دباؤ ہے۔ تاہم، ہم اپنے مریضوں کو معیاری ادویات کی فراہمی کے لیے مکمل پُر عزم ہیں۔

2022ء کی پہلی سہ ماہی میں مریضوں کی آمد قابل استحکام سطح پر برقرار رہی اور ہم نے تخصیصی انداز میں اپنے مریضوں کی ضروریات کو مسلسل پورا کرتے ہوئے ان کی جانب سے ادویات کے نئے طریقے استعمال کو تحریک دی۔ ہم مریضوں کو قابل بھروسہ معلومات کی فراہمی اور درست باہمی افہام و تفہیم کے لیے ضرورت کا خلاء پُر کرنا اپنی ذمہ داری سمجھتے ہیں۔ ہم نے اپنے ہیلتھ کیئر پروفیشنلز کے ساتھ شرکت عمل کے نئے طریقے وضع کیے ہیں اور آئندہ بھی کرتے رہیں گے۔

عملی نتائج کا جائزہ:

آپ کی کمپنی نے 2022ء کی پہلی سہ ماہی میں 12 فیصد کی گروتھ (GSK کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ کے استثناء کے ساتھ ضمنی گروتھ 11 فیصد ہے) کے ساتھ 8.6 بلین روپے کی آمدنی حاصل کی۔ اس گروتھ کا بنیادی سبب فیڈ میں پہلے سے بہتر سرگرمی تھی جو کہ گزشتہ سال اسی عرصے کے دوران COVID-19 میں جزوی لاک ڈاؤن اور قیمت کے اضافے کے باعث مفقود تھی۔ ہماری پراڈکٹس نے مختلف شعبہ ہائے امراض میں مریضوں کو بھرپور مدد فراہم کی جن میں اینٹی بائیوٹکس، ڈریمٹالوجیکل اور اینٹی جیسلس شامل ہیں۔ مجموعی آمدنی میں گلیکسو اسمتھ کلائن کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ (GSK CH) کو کمپنی کی جانب سے تیار کردہ اُن پراڈکٹس 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، 0.34 بلین روپے کی سیلز کو گزشتہ سال کی اسی مدت کے دوران ہونے والی 0.25 بلین روپے کے مقابلے میں باہمی کمپنی سیلز کے طور پر ریکارڈ کیا گیا۔

آپ کی کمپنی نے بعد از ٹیکس 0.9 بلین روپے کا منافع حاصل کیا۔ اس حاصل ہونے والے زیادہ خام منافع % کی وجہ بہتر پراڈکٹس، سپلائی سائٹس کی جانب سے مؤثر بلحاظ لاگت اقدامات اور سی پی آئی قیمت میں اضافہ تھا۔

Condensed Interim Statement of Financial Position

As at March 31, 2022

	Note	Un-audited March 31, 2022	Audited December 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	10,385,447	10,407,875
Intangibles	5	991,742	991,742
Long-term loans to employees		64,524	64,521
Long-term deposits		26,920	22,010
		11,468,633	11,486,148
Current assets			
Stores and spares		176,979	190,666
Stock-in-trade		8,647,185	6,505,401
Trade receivables		884,872	1,315,550
Loans and advances		520,812	412,422
Trade deposits and prepayments		240,230	157,963
Refunds due from Government		455,252	43,643
Other receivables		1,469,831	1,624,991
Investments - at amortised cost		1,983,162	1,633,183
Cash and bank balances		6,800,260	7,085,344
		21,178,583	18,969,163
Total assets		32,647,216	30,455,311
EQUITY AND LIABILITIES			
EQUITY			
Share capital		3,184,672	3,184,672
Reserves		18,727,034	17,801,993
		21,911,706	20,986,665
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		312,804	298,885
Deferred taxation		781,984	806,632
Long-term portion of lease liabilities		25,946	32,710
		1,120,734	1,138,227
Current liabilities			
Trade and other payables	6	8,538,358	7,035,632
Taxation - provision less payments		870,573	1,116,360
Provisions	7	54,840	32,591
Current portion of lease liabilities		26,143	20,891
Unclaimed dividend		124,862	124,945
		9,614,776	8,330,419
Total liabilities		10,735,510	9,468,646
Total equity and liabilities		32,647,216	30,455,311
Contingencies and commitments	8		

The annexed notes 1 to 16 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, 2022 (Unaudited)

		March 31, 2022	March 31, 2021
	Note	----- Rupees in '000 -----	
Revenue from contracts with customers	9	8,625,964	7,693,509
Cost of sales		(6,388,456)	(5,813,566)
Gross profit		<u>2,237,508</u>	<u>1,879,943</u>
Selling, marketing and distribution expenses	10	(696,750)	(698,092)
Administrative expenses		(391,983)	(372,729)
Other operating expenses		(120,561)	(98,266)
Other income	11	474,037	421,192
Operating profit		<u>1,502,251</u>	<u>1,132,048</u>
Financial charges		(115,789)	(1,982)
Profit before taxation		<u>1,386,462</u>	<u>1,130,066</u>
Taxation		(461,421)	(404,519)
Profit after taxation		<u>925,041</u>	<u>725,547</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>925,041</u></u>	<u><u>725,547</u></u>
		----- Rupees -----	
Earnings per share	12	<u>2.90</u>	<u>2.28</u>

The annexed notes 1 to 16 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, 2022 (Unaudited)

	Share capital	Capital reserve Reserve arising on schemes of arrangements	Reserves		Total Reserves	Total
			Revenue reserves			
			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
Total comprehensive income for the quarter ended March 31, 2021	-	-	-	725,547	725,547	725,547
Balance as at March 31, 2021	3,184,672	1,126,923	3,999,970	9,892,246	15,019,139	18,203,811
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	3,184,672	1,126,923	3,999,970	13,600,141	18,727,034	21,911,706

The annexed notes 1 to 16 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, 2022 (Unaudited)

	Note	March 31, 2022	March 31, 2021
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	13	1,038,968	(582,455)
Staff retirement benefits paid		(39,900)	(17,788)
Income taxes paid		(731,856)	(219,746)
Decrease in long-term loans to employees		(3)	5,966
Increase in long-term deposits		(4,910)	-
Net cash generated from / (used in) operating activities		262,299	(814,023)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(183,801)	(193,769)
Proceeds from sale of operating assets		23,338	11,358
Return received on bank balances and investments		201,514	86,770
Net cash generated from / (used in) investing activities		41,051	(95,641)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(2,618)	(1,474)
Dividend paid		(83)	(975)
Net cash used in financing activities		(2,701)	(2,449)
Net increase / (decrease) in cash and cash equivalents		300,649	(912,113)
Cash and cash equivalents at beginning of the period		8,482,773	6,052,074
Cash and cash equivalents at end of the period	14	8,783,422	5,139,961

The annexed notes 1 to 16 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, 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 pharmaceutical products.

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

- 1.1** Due to the pending transfer of marketing authorisations and certain permissions for certain 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. In 2020, the marketing authorisation and permissions for certain OTC products have been transferred to GSK CH and therefore, GSK CH is now involved in procurement, manufacturing and managing of such inventory items since approval date. In 2021, the marketing authorisation and permission for one more OTC product was transferred to GSK CH.

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.

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.

- 3.1.3** Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on December 31, 2021, 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** New accounting standards / amendments and IFRS interpretations that are effective for the year ending December 31, 2022

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 financial statements other than certain additional disclosures:

**Effective from
accounting periods
beginning on or after**

- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021 April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41) January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract January 01, 2022

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, 2021.

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, 2021.

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note	----- Rupees in '000 -----	

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets	4.1	8,948,572	9,007,834
Capital work-in-progress		1,211,114	1,178,022
Right-of-use assets		40,890	44,686
Major spare parts and standby equipments		184,871	177,333
		10,385,447	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)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- Rupees in '000 -----			
Improvements on buildings	7,800	22,503	-	-
Plant and machinery	107,899	168,330	1,256	307
Furniture and fixtures	15,518	22,274	-	144
Vehicles	-	24,919	4,108	5,589
Office equipments	15,750	21,550	272	-
	<u>146,967</u>	<u>259,576</u>	<u>5,636</u>	<u>6,040</u>

**(Un-audited)
March 31,
2022** (Audited)
December 31,
2021
----- Rupees in '000 -----

Note

5. INTANGIBLES

Goodwill		955,742	955,742
Marketing authorisation rights	5.1	36,000	36,000
		<u>991,742</u>	<u>991,742</u>

- 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 paid for acquiring market authorisation rights of Traxon from Akhai Pharmaceuticals (Private) Limited. The Company has provided 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)
March 31,
2022** (Audited)
December 31,
2021
----- Rupees in '000 -----

6. TRADE AND OTHER PAYABLES

Creditors and bills payable	2,980,634	1,860,695
Accrued liabilities	3,071,738	2,771,219
Others	2,485,986	2,403,718
	<u>8,538,358</u>	<u>7,035,632</u>

7. PROVISIONS

Provisions include restructuring costs and government levies of Rs. 28.47 million and Rs. 26.37 million (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 financial statements for the year ended December 31, 2021:

- (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 has filed an appeal against the said Order before Commissioner Inland Revenue (Appeals) (CIRA) which is due for hearing and is preparing to file rectification application for certain apparent mistakes in the Order.

During the period ended March 31, 2022, through CIRA's order certain additions were partially deleted and few were remanded back. Against the CIRA order, the Company is in process of filing appeal before ATIR against the issues maintained / remanded back by CIRA.

- (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. Further, the Company has also obtained Stay Order from Sindh High Court against any recovery proceedings.

During the period ended March 31, 2022, through CIRA's order certain additions were deleted and few were remanded back. Against the CIRA order, the Company is in process of filing appeal before ATIR against the issues maintained / remanded back by CIRA.

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 matter.

8.2 Commitments for capital expenditure outstanding as at March 31, 2022, amounted to Rs. 302.12 million (December 31, 2021: Rs. 241.04 million).

9. REVENUE FROM CONTRACT WITH CUSTOMERS

9.1 The revenue from contract with customers include sales of Over the Counter products amounting to Rs. 0.34 billion (March 31, 2021: Rs. 0.25 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. 116.58 million (March 31, 2021: Rs. 63.58 million).

Quarter ended	
March 31, 2022	March 31, 2021
----- Rupees in '000 -----	

11. OTHER INCOME

Income from financial assets

Return on Treasury bills
Income on savings and deposit accounts

46,363	8,543
155,151	84,284
<u>201,514</u>	<u>92,827</u>

Income from non-financial assets

Gain on disposal of operating assets

17,702	5,318
--------	-------

Others

Exchange gain - net
Scrap sales
Promotional allowance - note 11.1
Service fee
Others

-	109,834
11,212	6,945
237,085	200,691
3,000	3,000
3,524	2,577
<u>474,037</u>	<u>421,192</u>

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

(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
----- Rupees in '000 -----	

12. EARNINGS PER SHARE

Profit after taxation

<u>925,041</u>	<u>725,547</u>
----------------	----------------

Weighted average number of shares
outstanding during the period

Number of shares	
<u>318,467,278</u>	<u>318,467,278</u>

Earnings per share - basic

<u>Rs. 2.90</u>	<u>Rs. 2.28</u>
-----------------	-----------------

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)
March 31,
2022
 ----- Rupees in '000 -----

(Un-audited)
 March 31,
 2021

13. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,386,462	1,130,066
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	200,593	189,215
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	(10,285)	75,785
Gain on disposal of operating fixed assets	(17,702)	(5,318)
Interest income	(201,514)	(92,827)
Mark-up expense	1,106	1,364
Provision for staff retirement benefits	53,819	54,730
Profit before working capital changes	1,412,479	1,353,015
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	13,687	(109,185)
Stock-in-trade	(2,131,499)	(1,618,488)
Trade receivables	430,678	(24,185)
Loans and advances	(108,390)	(4,847)
Trade deposits and prepayments	(82,267)	(38,880)
Refunds due from the government	(411,609)	1,215
Other receivables	155,160	(104,753)
	(2,134,240)	(1,899,123)
Increase / (decrease) in current liabilities		
Trade and other payables	1,738,480	(35,089)
Provisions	22,249	(1,258)
	(373,511)	(1,935,470)
	1,038,968	(582,455)
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,800,260	4,641,986
Investments - at amortised cost	1,983,162	497,975
	8,783,422	5,139,961

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)
March 31,
2022
 ----- Rupees in '000 -----

(Un-audited)
 March 31,
 2021

15.1 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	84,154	72,573
	b. Purchase of goods	1,958,093	1,869,685
	c. Sale of goods	344,780	249,075
	d. Recovery of expenses	188,892	164,186
	e. Services fees	3,000	3,000
	f. Promotional allowance	237,085	200,691
Staff retirement funds:	a. Payments to retirement benefit plans	54,945	55,393
Key management personnel:	a. Salaries and other employee benefits	154,008	120,673
	b. Post employment benefits	6,796	6,466

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 April 25, 2022.



Chief Executive Officer



Chief Financial Officer



Director



GlaxoSmithKline Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000
GlaxoSmithKline Pakistan Limited is a member of
GlaxoSmithKline group of Companies.

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