

The background is a vibrant, abstract collage of various colors and textures, including shades of orange, red, yellow, and blue. A large, white, stylized number '7' is prominently displayed on the left side of the page, partially overlapping the abstract background.

YEARS OF INSPIRING CONFIDENCE

**GSK PAKISTAN LIMITED
HALF YEAR REPORT 2022**

Corporate Information

as at June 30, 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

Mr. Ovais Kasmani*
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 & 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. Imtiaz Hussain
Site Director - F/268

Mr. Javed Tariq****
Site Director - Korangi

Mr. Khurshand Iqbal
Site Director - West Wharf

Human Resource & 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

Mr. Ovais Kasmani*

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 and was replaced by Mr. Ovais Kasmani

** Mr. Mark Dawson resigned as Non-Executive Director of GSK Pakistan Limited on June 30, 2022.

*** Mr. Dmytro Oliinyk resigned as Chairman and Non-Executive Director of GSK Pakistan Limited on August 4, 2022.

**** Ms. Lai Kuen Goh appointed as Chairperson and Non-Executive Director of GSK Pakistan Limited w.e.f. August 5, 2022.

***** Mr. Javed Tariq retired as Site Director on June 30, 2022 and Mr. Mohammad Kashif Ayub appointed as Interim Site Director Korangi effective 1st July 2022

***** Mr. Khurram Amjad - Director Commercial Excellence & CTC resigned on 20 April 2022



Sykes Building



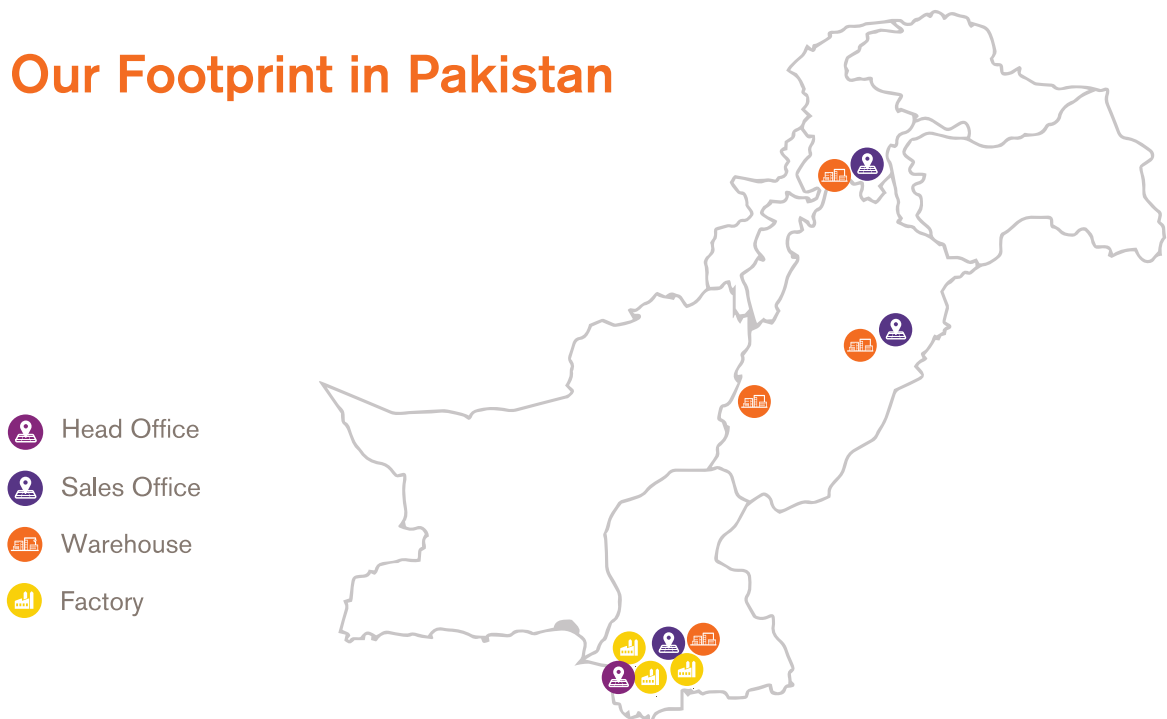
Our Presence

Global Landscape



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

Our Footprint in Pakistan



🏢 Head Office
🏢 Sales Office
🏢 Warehouse
🏢 Factory

Directors' Report to Shareholders

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

Business Environment:

The business environment continued to face headwinds as the change in the Government in April 2022 led to political instability. High international fuel prices (having a direct impact on our local fuel prices), commodity prices and widening trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD which in turn contributed towards high inflation. The delay in reaching an agreement with IMF for release of next tranche added to the uncertainty. The GDP growth rate was impacted by twin fiscal & current account deficits. As a result, investment sentiment dampened during the quarter impacting the share prices.

Cost pressures have also risen following Russia Ukraine conflict by affecting commodity market and disrupting production and trade.

Moreover, as the markets recovered from COVID-19 and demand resumed at full capacity we are witnessing shortages in key APIs which has resulted in constrained supply for some key products. Despite this, your company ensured that all our products remained available for patients.

These factors challenged the resilience of the Company's operations on which your Company stood tall, sharpened commercial execution and made conscious efforts to partially offset the cost pressures.

Our Key Growth driving brands continued to accelerate and registered a strong growth while ensuring smart investments based on high return on investments.

Review of Operating Results:

Your Company recorded a turnover of Rs. 18.2 billion in H1 2022 showing a growth of 8.5% (underlying growth excluding GSK Consumer Healthcare Pakistan Limited is 6.6%). The growth is mainly driven by increased field engagement, innovation in execution, channel penetration strategies, right resourcing, and price increase vs same period last year. 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. 0.82 billion was recorded as intercompany sales compared to Rs. 0.48 billion in the same period last year.

Your Company posted a profit before tax of Rs. 2.2 billion (Rs. 2.6 billion in SPLY). The Gross profit % decreased from 25.4%

to 21.4% mainly as a result of increased costs levers due to continuing high inflation, devaluation of currency coupled with increased cost of energy (as mentioned above). The profit was negatively affected 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 as a % of sales remained consistent 8% same period LY (SPLY) despite high inflation. Administrative expenses (as a % of sales) also remained flat at 4%.

Challenges and Outlook

Government with an intention to address high inflation/trade deficit and following IMF mandate has introduced several tax changes through Finance Act, 2022, which inter alia, includes:

- Introduction of section 4C in the Income Tax Ordinance, 2001 through which super tax has been levied on high earnings persons and corporation. The tax will be applicable at different rates on all persons (including the Company) earning more than Rs. 150 million, based on your Company's profit, the super tax was levied at 4%. Further, entities operating in pharmaceutical sector, are also liable to super tax at 10% (in Tax Year 2022) of taxable income specified in the Finance Act, 2022.
- Sales tax regime of pharmaceutical sector has also seen a radical change with 1% final sales tax on manufacturers and importers as the final discharge without any input adjustment. Moreover, APIs, for manufacture of drugs registered under the Drugs Act, 1976 or raw materials for the basic manufacture of Active Pharmaceutical Ingredients shall also be subject to 1% sales tax with no input tax adjustment. Excipients and other non-inventory goods are also taxable at 17%.

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

We are working with Government to resolve some of these matters.

Consistency in policies is considered as one of the most

essential part 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. Industry is looking at the Government for support the sustainability and growth of this critical industry.

GSK aims to be a Company where outstanding people thrive. We provide an inclusive work environment in which we develop our talent, reward great performance, protect our people and value our differences. We believe that such an environment for our employees is essential to best deliver on our ambition for patients.

- 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*

* Mr. Mark Dawson resigned as Non-Executive Director of GSK Pakistan Limited on June 30, 2022.

** Mr. Dmytro Oliinyk resigned as Chairman and Non-Executive Director of GSK Pakistan Limited on August 4, 2022.

** Ms. Lai Kuen Goh appointed as Chairperson and Non-Executive Director of GSK Pakistan Limited w.e.f. August 5, 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
Mr. Dmytro Oliinyk**	▪ Member
Mr. Mark Dawson*	▪ Member
Mr. Ovais Kasmani***	▪ 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	▪ Member
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

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 their appreciation for the contribution made by the employees to the significant improvement in the operations of the Company and for the support received from all other stakeholders, including members, doctors, medical professionals, customers, suppliers, business partners, and the government. We remain committed to ensure that your Company continues to remain at the forefront of serving the healthcare needs of the country.

By order of the Board



Erum Shakir Rahim
Chief Executive Officer

Karachi
August 23, 2022



Hasham Ali Baber
Chief Financial Officer


دیگر کمیٹیوں میں شامل ہیں:


(a) رسک مینجمنٹ اور کمپلائنس بورڈ
i - GSK - RMCB پاکستان مینجمنٹ ٹیم پر مشتمل ہے

نان ایگزیکٹو بورڈ ڈائریکٹرز کے لیے GSK پاکستان لمیٹڈ کی مشاہرہ پالیسی
گلکسوا سمٹھ کلائن پاکستان لمیٹڈ کے ہیڈ ڈائریکٹرز HR اور مشاہرہ کمیٹی کی جانب سے منظور کردہ مشاہرے کا استحقاق رکھتے ہیں، جو کہ موزوں طور پر مقرر
شدہ مارکیٹ کے معیار پر مبنی ہے۔

ستائش کلمات:

ڈائریکٹرز کمپنی کے آپریشنز میں نمایاں ترقی کے لیے ملازمین کی گراں قدر کاوشوں اور دیگر تمام اسٹیک ہولڈرز بشمول ارکان، ڈاکٹرز، میڈیکل پروفیشنلز،
کسٹمرز، سپلائرز، کاروباری پارٹنرز اور حکومت کا دل کی گہرائیوں سے شکریہ ادا کرتے ہیں۔ ہم یہ یقینی بنانے کے لیے پُر عزم رہیں گے کہ آپ کی کمپنی ملک میں
صحت عامہ کی ضروریات کی تکمیل کے لیے سب سے آگے رہ کر خدمات جاری رکھے۔


حشام علی باہر
چیف فنانشل آفیسر

بحکم بورڈ

ارم شاکر حیم
چیف ایگزیکٹو آفیسر

کراچی

23 اگست، 2022

- * محترم مارک ڈاسن نے 30 جون 2022 کو GSK پاکستان لمیٹڈ کے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا تھا۔
- * محترم ڈیماٹر اولینک نے 4 اگست 2022 کو GSK پاکستان لمیٹڈ کے چیئر مین اور نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا تھا۔
- * محترم لائی کیون گوہ کا 5 اگست 2022 سے GSK پاکستان لمیٹڈ کی چیئر پرسن اور نان ایگزیکٹو ڈائریکٹر کے طور پر تقرر کیا گیا ہے۔

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 | - رکن |
| iii. | محترم محمود مانڈوی والا | - رکن |
| iv. | محترم ڈیماٹر اولینک * | - رکن |
| v. | محترم مارک ڈاسن * | - رکن |
| vi. | محترم اولیس قاسمانی * | - سیکریٹری |

- * محترم سید احسان اعجاز نے 20 فروری 2022 کو GSK پاکستان لمیٹڈ کے چیف انٹرنل آڈیٹر کے عہدے سے استعفیٰ دے دیا تھا۔

(b) ہیومن ریسورس اور مشاہرہ کمیٹی

- | | | |
|------|-------------------------|-------------|
| i. | محترمہ ماہین رحمان | - چیئر پرسن |
| ii. | محترم محمود مانڈوی والا | - رکن |
| iii. | محترم ڈیماٹر اولینک * | - رکن |
| iv. | محترم مارک ڈاسن * | - رکن |
| v. | محترمہ ارم شاکر رحیم | - رکن |
| vi. | محترم فرقلیت اقبال | - سیکریٹری |

(c) اجراء کمیٹی:

- | | | |
|------|-----------------------|-------------|
| i. | محترمہ ارم شاکر رحیم | - چیئر پرسن |
| ii. | محترم ڈیماٹر اولینک * | - رکن |
| iii. | محترمہ مہرا میر | - رکن |
| iv. | محترم حشام علی بابر | - سیکریٹری |

شدہ ہے۔ معزز حکومت نے انڈسٹری کی طلب سے متفق ہونے کا عندیہ دیا ہے اور وہ ان قابل واپسی رقوم کے حوالے سے پیش رفت کر رہی ہے۔

ہم ان میں سے بعض معاملات کے حل کے لیے حکومت کے ساتھ مل کر کام کر رہے ہیں۔

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 فضا فراہم کرے گی۔ انڈسٹری استحکام پذیری اور اس اہم ترین شعبے کی گروتھ کے لیے حکومت کی جانب دیکھ رہی ہے۔

GSK ایک ایسی کمپنی بننے کا عزم رکھتی ہے جہاں اہلیت کے حامل افراد خوب ترقی پائیں۔ ہم شرکتِ عمل پر مبنی کام کا ماحول فراہم کرتے ہیں جس میں ہم اپنے ٹیلنٹ کو فروغ دیتے ہیں، شاندار کارکردگی پر اعزازات سے نوازتے ہیں، شریکِ عمل افراد کو تحفظ دیتے ہیں اور باہمی اختلافِ رائے کا احترام کرتے ہیں۔ ہم سمجھتے ہیں کہ اپنے ملازمین کے لیے ایسے ماحول کی فراہمی لازمی ہے تاکہ مریضوں کے لیے ہمارے جذبہٴ خدمت کی بہترین تعمیل ہو سکے۔

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

(a) مرد: 5

(b) خواتین: 2

بورڈ کی تشکیل حسبِ ذیل ہے:

کیٹگری	نام
خود مختار ڈائریکٹرز	محترمہ ماہین رحمان محترم منیر کمال
ایگزیکٹیو ڈائریکٹرز	محترمہ ارم شا کر رحیم محترم حشام علی بابر
نان ایگزیکٹیو ڈائریکٹرز	محترم محمود مانڈوی والا محترم ڈیماٹر اولینک* محترم مارک ڈاسن*

ہیں۔ اس میعاد کے دوران، 0.82 بلین روپے کی سیلز کو گزشتہ سال کی اسی مدت کے دوران ہونے والی 0.48 بلین روپے کے مقابلے میں باہمی کمپنی سیلز کے طور پر ریکارڈ کیا گیا۔

آپ کی کمپنی نے قبل از ٹیکس 2.2 بلین روپے (گزشتہ سال کی اسی مدت میں 2.6 بلین روپے) کا منافع حاصل کیا۔ غیر حتمی منافع میں 25.4 فیصد سے 21.4 فیصد تک کمی ہوئی جس کی بنیادی وجہ مسلسل بلند افراط زر کے باعث لاگتوں کے بڑھتے ہوئے ذرائع (لیورز)، کرنسی کی مالیت میں کمی اور اس کے ساتھ توانائی کی لاگت (جیسا کہ اوپر بیان کیا گیا) 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 کی 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 % کے طور پر فروخت، مارکیٹنگ اور ڈسٹری بیوشن گزشتہ سال کی اسی مدت (SPLY) کی طرح 8 فیصد پر برقرار رہی۔ انتظامی اخراجات بھی (سیلز کی % کے طور پر) 4.0 فیصد پر برقرار رہے۔

پیش منظر اور مسائل

حکومت نے بلند افراط زر / تجارتی خسارے سے نمٹنے اور آئی ایم ایف کے حکمنامے پر عمل کے ارادے سے فنانس ایکٹ 2022 کے ذریعے ٹیکس میں کئی تبدیلیاں متعارف کروائی ہیں، جن میں بلا تجمید، درج ذیل اقدامات شامل ہیں:

☆ انکم ٹیکس آرڈیننس 2001 میں سیکشن 4C متعارف کروایا گیا جس کے تحت زیادہ آمدنی والے افراد اور کارپوریشن پر سپر ٹیکس لاگو کیا گیا۔ یہ ٹیکس 150 بلین سے زائد آمدنی والے تمام افراد (بشمول کمپنی) پر مختلف شرح سے عائد ہوگا، آپ کی کمپنی کے منافع کی بنیاد پر سپر ٹیکس 4 فیصد لاگو کیا گیا۔ اس کے علاوہ، فارماسیوٹیکل سیکٹر میں کام کرنے والے اداروں پر بھی فنانس ایکٹ 2022 میں بیان کردہ قابل ٹیکس آمدنی کے 10 فیصد پر (محصولاتی سال 2022 میں) سپر ٹیکس لاگو ہوگا۔

☆ فارماسیوٹیکل سیکٹر کے حوالے سے بھی ٹیکس کے نظام میں انقلابی تبدیلی دیکھی گئی ہے جس کے تحت کسی بھی ان پٹ ایڈجسٹمنٹ کے بغیر حتمی ادائیگی کے طور پر مینوفیکچررز اور امپورٹرز پر حتمی سیلز ٹیکس عائد کیا گیا۔ علاوہ ازیں، ادویاتی ایکٹ 1976 کے تحت رجسٹر شدہ ادویہ کی مینوفیکچرنگ کے لیے اے پی آئی یا فعال فارماسیوٹیکل اجزاء کی بنیادی مینوفیکچرنگ کے لیے خام مال پر بھی ان پٹ ٹیکس ایڈجسٹمنٹ کے بغیر 1 فیصد سیلز ٹیکس عائد کیا گیا ہے۔ غیر فعال ادویاتی اجزاء اور دیگر غیر انویسٹری اشیاء پر بھی 17 فیصد ٹیکس لاگو ہے۔

فنانس (سپلیمنٹری) ایکٹ 2022 کے تحت، 2022 کی پہلی ششماہی میں فارما پروڈکٹس کی صفر ریٹنگ سے پیدا شدہ قابل واپسی سیلز ٹیکس ابھی تک غیر ادا

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 30 جون 2022 پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔ یہ مالیاتی معلومات کیپینز ایکٹ 2017 کے سیکشن 227 کے مطابق جمع کروائی گئی ہیں۔

کاروباری ماحول:

اپریل 2022 میں حکومت کی تبدیلی سے پیدا ہونے والے سیاسی عدم استحکام کے باعث کاروباری ماحول کے لیے ناسازگار حالات جاری رہے۔ تیل کی بلند بین الاقوامی قیمتیں (جن کا براہ راست اثر ہمارے مقامی فیول کی قیمتوں پر پڑتا ہے)، تجارتی مال کی قیمتیں اور بڑھتے ہوئے تجارتی خسارے نے غیر ملکی زرمبادلہ کے ذخائر پر بے پناہ دباؤ ڈالا جس کے نتیجے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی آئی اور یوں افراطِ زر بڑھ گیا۔ قرض کی اگلی قسط کے حصول کے لیے آئی ایم ایف کے ساتھ معاہدہ طے پانے میں تاخیر سے غیر یقینی صورتحال میں اضافہ ہوا۔ مالی اور موجودہ دونوں اکاؤنٹ میں خساروں کے باعث جی ڈی پی گروتھ متاثر ہوئی۔ نتیجتاً، مذکورہ سہ ماہی کے دوران سرمایہ کاری کاروبار میں کمی رہا جس سے شیئر کے نرخ متاثر ہوئے۔

روس اور یوکرین کے تنازعے کے بعد لگتی دباؤ میں بھی اضافہ ہوا جو کہ تجارتی اشیاء کی مارکیٹ متاثر ہونے اور پیداوار اور تجارت میں رکاوٹ کا نتیجہ تھا۔

علاوہ ازیں COVID-19 سے مارکیٹ کی بحالی اور طلب میں مکمل اضافے کے بعد ہم بنیادی اے پی آئی میں قلت سے دوچار ہیں جس کے نتیجے میں بعض اہم مصنوعات کی فراہمی محدود ہے۔ اس کے باوجود، آپ کی کمپنی نے یہ یقینی بنایا ہے کہ ہماری تمام مصنوعات مریضوں کے لیے دستیاب رہیں۔

اگرچہ ان عوامل نے کمپنی کے آپریشنز کو دھچکا پہنچایا، تاہم آپ کی کمپنی نے ثابت قدمی کا مظاہرہ کیا، تجارتی تعمیل کو مزید تیز بنایا اور لگتی دباؤ کے اثرات جزوی طور پر ختم کرنے کے لیے حکمت آمیز کوششیں کیں۔

ہماری بنیادی گروتھ کے حامل برانڈز مسلسل تیز رفتار رہے اور سرمایہ کاریوں پر بلند منافع کے حصول کی بنیاد پر ذہین سرمایہ کاریاں یقینی بناتے ہوئے شاندار گروتھ حاصل کی۔

عملی نتائج کا جائزہ:

آپ کی کمپنی نے 2022 کی پہلی ششماہی میں 8.5 فیصد کی گروتھ (GSK) کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ کے استثناء کے ساتھ ضمنی گروتھ 6.6 فیصد ہے) کے ساتھ 18.2 بلین روپے کی آمدنی حاصل کی۔ اس گروتھ کا بنیادی سبب فیملڈ میں پہلے سے بہتر سرگرمی، تعمیلی عمل میں جدت، چینل پر فعالیت کی حکمت عملیاں، درست وسائل کا حصول اور گزشتہ سال کے مقابلے میں قیمت میں اضافہ تھا۔ ہماری مصنوعات نے مختلف شعبہ ہائے امراض میں مریضوں کو بھرپور مدد فراہم کی جن میں اینٹی بائیوٹکس، ڈرماٹولوجیکلز اور اینٹی جیسٹس شامل ہیں۔ 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

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PAKISTAN LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of GlaxoSmithKline Pakistan Limited as at June 30, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

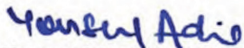
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures reported in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended June 30, 2022 and June 30, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2022.

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



Chartered Accountants

Place: Karachi

Date: August 29, 2022

UDIN: RR20221009117afyx05H

Condensed Interim Statement of Financial Position

As at June 30, 2022

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	10,411,105	10,407,875
Intangibles	5	991,742	991,742
Long-term loans to employees		60,599	64,521
Long-term deposits		27,520	22,010
		11,490,966	11,486,148
Current assets			
Stores and spares		191,014	190,666
Stock-in-trade	6	10,362,527	6,505,401
Trade receivables		957,772	1,315,550
Loans and advances		1,492,268	412,422
Trade deposits and prepayments		311,255	157,963
Refunds due from government	7	2,208,464	43,643
Other receivables		1,016,524	1,624,991
Investments - at amortised cost		3,478,582	1,633,183
Cash and bank balances		2,953,338	7,085,344
		22,971,744	18,969,163
Total assets		34,462,710	30,455,311
EQUITY AND LIABILITIES			
EQUITY			
Share capital		3,184,672	3,184,672
Reserves		16,203,934	17,801,993
Total equity		19,388,606	20,986,665
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		314,970	298,885
Deferred taxation - net		826,741	806,632
Lease liabilities		25,430	32,710
		1,167,141	1,138,227
Current liabilities			
Trade and other payables	9	9,941,434	7,035,632
Taxation - provision less payments		1,884,002	1,116,360
Provisions	10	44,326	32,591
Current portion of lease liabilities		26,733	20,891
Unpaid dividend	11	1,841,209	-
Unclaimed dividend		169,259	124,945
		13,906,963	8,330,419
Total liabilities		15,074,104	9,468,646
Total equity and liabilities		34,462,710	30,455,311
Contingencies and commitments	12		

The annexed notes from 1 to 22 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 (Un-Audited)

For the half year ended June 30, 2022

	Note	Quarter ended		Half year ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		Rupees '000			
Revenue from contracts with customers - net	13	9,542,377	9,058,094	18,168,341	16,751,603
Cost of sales		(7,888,241)	(6,686,965)	(14,276,697)	(12,500,531)
Gross profit		1,654,136	2,371,129	3,891,644	4,251,072
Selling, marketing and distribution expenses	14	(807,622)	(686,993)	(1,504,372)	(1,385,085)
Administrative expenses		(317,647)	(293,734)	(709,630)	(666,463)
Other operating expenses		(70,950)	(126,584)	(191,511)	(224,850)
Other income	15	602,712	195,903	1,076,749	617,095
Operating profit		1,060,629	1,459,721	2,562,880	2,591,769
Financial charges		(244,719)	(4,018)	(360,508)	(6,000)
Profit before taxation		815,910	1,455,703	2,202,372	2,585,769
Taxation - net	16	(1,109,739)	(478,206)	(1,571,160)	(882,725)
(Loss) / profit after taxation		(293,829)	977,497	631,212	1,703,044
Other comprehensive income		-	-	-	-
Total comprehensive income		(293,829)	977,497	631,212	1,703,044
(Loss) / earnings per share - Rs.	17	(0.92)	3.07	1.98	5.35

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Changes in Equity (Un-Audited)

For the half year ended June 30, 2022

	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, 2021	3,184,672	1,126,923	3,999,970	9,166,699	14,293,592	17,478,264
Transactions with owner recorded directly in equity - distribution						
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 half year ended June 30, 2021	-	-	-	1,703,044	1,703,044	1,703,044
Balance as at June 30, 2021	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>8,799,706</u>	<u>13,926,599</u>	<u>17,111,271</u>
Balance as at January 1, 2022	3,184,672	1,126,923	3,999,970	12,675,100	17,801,993	20,986,665
Transactions with owner recorded directly in equity - distribution						
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 half year ended June 30, 2022	-	-	-	631,212	631,212	631,212
Balance as at June 30, 2022	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>11,077,041</u>	<u>16,203,934</u>	<u>19,388,606</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Cash Flows (Un-Audited)

For the half year ended June 30, 2022

	Half year ended	
	June 30, 2022	June 30, 2021
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	18 (1,184,150)	478,561
Staff retirement benefits paid	(94,921)	(115,350)
Income taxes paid	(783,409)	(388,335)
Decrease in long-term loans to employees	3,922	5,897
Increase in long-term deposits	(5,510)	-
Net cash (used in) / generated from operating activities	(2,064,068)	(19,227)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(451,192)	(460,902)
Proceeds from disposal of operating assets	105,609	37,454
Return received on bank balances and investments	392,543	170,044
Net cash generated from / (used in) investing activities	46,960	(253,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(4,811)	(3,462)
Dividend paid	(343,748)	(2,058,826)
Net cash used in financing activities	(348,559)	(2,062,288)
Net decrease in cash and cash equivalents during the period	(2,365,667)	(2,334,919)
Cash and cash equivalents at the beginning of the period	8,482,773	6,052,074
Cash and cash equivalents at the end of the period	19 6,117,106	3,717,155

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the half year ended June 30, 2022

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 S.R. One International B.V., Netherlands, whereas its ultimate parent company is GlaxoSmithKline plc, UK (GSK plc.).

- 1.1** 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** These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements has been performed by the external auditors of the Company in accordance with the requirements of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. These condensed interim financial statements are submitted to the shareholders as required by section 237 of the Companies Act, 2017.
- 2.3** The comparative condensed interim statement of financial position presented has been extracted from annual audited financial statements for the year ended December 31, 2021, whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the half year ended June 30, 2021.
- 2.4 Standards, interpretations and amendments to published approved accounting standards that became effective during the period**

The following standards, amendments and interpretation are effective for the year ending December 31, 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. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGEMENTS

3.1 Significant accounting policies

3.1.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 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 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited June 30, 2022	Audited December 31, 2021
----- Rupees in '000 -----			
Operating assets	4.1	8,867,574	9,007,834
Capital work-in-progress		1,333,462	1,178,022
Right-of-use of assets - land and buildings		37,094	44,686
Major spare parts and stand-by equipment		172,975	177,333
		10,411,105	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)	
	Half year ended June 30, 2022	June 30, 2021	Half year ended June 30, 2022	June 30, 2021
----- Rupees '000 -----				
Buildings on leasehold land	34,522	57,545	-	3,559
Plant and machinery	213,500	409,641	5,336	2,011
Furniture and fixtures	17,095	25,124	-	144
Vehicles	16,840	111,900	35,603	20,128
Office equipment	17,952	66,812	432	1,016
	299,909	671,022	41,371	26,858

5. INTANGIBLES

	Note	Un-audited June 30, 2022	Audited December 31, 2021
----- Rupees in '000 -----			
Goodwill		955,742	955,742
Marketing authorisation rights - net	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 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 June 30, 2022	Audited December 31, 2021
----- Rupees in '000 -----	

6. STOCK-IN-TRADE

Raw and packing material	3,991,118	3,529,190
Work-in-process	538,550	130,296
Finished goods	6,520,164	3,394,172
	<u>11,049,832</u>	<u>7,053,658</u>
Less: Provision for slow moving, obsolete and damaged items	(687,305)	(548,257)
	<u>10,362,527</u>	<u>6,505,401</u>

- 6.1** Finished goods includes items costing Rs. 2.75 billion (December 31, 2021: Rs. 1.4 billion) valued at net realizable value of Rs. 2.07 billion (December 31, 2021: Rs. 1.07 billion). Raw and packing materials have been lowered by Rs. 243.5 million (December 31, 2021: Rs. 204.3 million) and WIP has been lowered by Rs. 31.7 million (December 31, 2021: Rs. 7.6 million) respectively to recognize them at net realizable value.

7. REFUNDS DUE FROM GOVERNMENT

Prior to enactment of Finance (Supplementary) Act, 2022 (The Act) issued on January 15, 2022, the pharmaceutical sector was exempt from levy of sales tax. The Act converted the aforesaid exemption regime into a zero-rating regime for import and local supplies for finished items of pharmaceutical sector, however, sales tax was imposed at standard rate of 17% on purchase / import of Active Pharmaceutical Ingredients (API). As a result, the pharmaceutical sector was allowed to claim sales tax refund on all purchases including APIs and provincial sales tax on services. As of June 30, 2022, no refund was paid by the Tax Authorities resulting in sales tax refundable amounting to Rs. 2,208 million as of period end.

Through Finance Act, 2022, effective from July 1, 2022, a special tax regime for pharmaceutical sector has now been introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods.

8. DEFERRED TAXATION - NET

	June 30, 2022				December 31, 2021			
	Opening liability / (assets)	Charged / (reversal) to profit or loss	Charged to other comprehensive income	Closing liability / (asset)	Opening liability / (assets)	Charged / (reversal) to profit or loss	Charged to other comprehensive income	Closing liability / (asset)
----- Rupees '000 -----								
Deferred tax liabilities on taxable temporary differences								
- Accelerated tax depreciation amortisation	1,178,941	138,662	-	1,317,603	1,105,233	73,708	-	1,178,941
- Right-of-use assets - land and buildings	12,945	(718)	-	12,227	11,347	1,598	-	12,945
Deferred tax assets on deductible temporary differences								
- Allowance for impairment of trade receivables, provision for doubtful other receivables and refunds due from government	(97,512)	(13,447)	-	(110,959)	(85,080)	(12,432)	-	(97,512)
- Lease liabilities	(15,528)	(1,667)	-	(17,195)	(11,389)	(4,139)	-	(15,528)
- Provision for trade deposits and doubtful advances	(19,284)	(417)	-	(19,701)	(20,679)	1,395	-	(19,284)
- Provision for slow moving & obsolete stocks and stores & spares	(166,375)	(68,780)	-	(235,155)	(177,207)	10,832	-	(166,375)
- Staff retirement benefits	(86,555)	(33,524)	-	(120,079)	(147,258)	(30,666)	91,369	(86,555)
	<u>806,632</u>	<u>20,109</u>	<u>-</u>	<u>826,741</u>	<u>674,967</u>	<u>40,296</u>	<u>91,369</u>	<u>806,632</u>

Un-audited
June 30,
2022 Audited
December 31,
2021
----- Rupees in '000 -----

9. TRADE AND OTHER PAYABLES

Creditors and bills payable	4,552,784	1,819,606
Accrued liabilities	3,509,043	2,719,931
Others liabilities	832,472	1,445,264
Contract liabilities	1,047,135	1,050,831
	9,941,434	7,035,632

10. PROVISIONS

Provisions include restructuring costs and government levies of Rs. 28.47 million and Rs. 15.86 million (December 31, 2021: Rs. 28.47 million and Rs. 4.12 million) respectively.

11. UNPAID DIVIDEND

This represents part of final dividend for the year ended December 31, 2021, which remained unpaid due to pending approval from the State Bank of Pakistan.

12. CONTINGENCIES AND COMMITMENTS

12.1 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 June 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.

12.2 Commitments for capital expenditure outstanding as at June 30, 2022, amounted to Rs. 485.25 million (December 31, 2021: Rs. 241.04 million).

- 12.3** The facilities for opening letters of credit and guarantees as at June 30, 2022, amounted to Rs. 2.4 billion (December 31, 2021: Rs. 2.4 billion) of which the amount remaining unutilised at period end was Rs. 1.6 billion (December 31, 2021: Rs. 1.8 billion).

13. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

- 13.1** This include sales of Over the Counter Products (OTC) amounting to Rs. 0.82 billion (June 30, 2021: Rs. 0.48 billion) to GSK CH being manufactured by the Company due to pending transfer of marketing authorisations by DRAP - refer note 1.1.

14. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 238.63 million (June 30, 2021: Rs. 124.47 million).

15. OTHER INCOME

	Un-audited			
	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Note	----- Rupees '000 -----			
Income from financial assets				
Return on Treasury Bills	35,926	9,233	82,289	17,776
Income on savings and deposit accounts	155,103	61,895	310,254	146,179
	191,029	71,128	392,543	163,955
Income from non-financial assets				
Gain on disposal of operating assets	46,536	5,278	64,238	10,596
Others				
Exchange (loss) / gain - net	-	(80,883)	-	28,951
Scrap sales	14,029	12,077	25,241	19,022
Promotional allowance	333,487	182,091	570,572	382,781
Service fee	3,000	3,000	6,000	6,000
Others	14,631	3,213	18,155	5,790
	602,712	195,903	1,076,749	617,095

- 15.1** This represents allowance from GSK Group against various promotional activities for brand building and sustainable returns on investments.

16. TAXATION - NET

During the period, the Government of Pakistan through Finance Act, 2022 has introduced section 4C in the Income Tax Ordinance, 2001 through which super tax has been levied on high earnings persons. The tax will be applicable at different rates on all persons (including the Company) earning more than Rs. 150 million. Further, entities operating in various sectors, including pharmaceutical sector, are liable to super tax at 10% of taxable income specified in the Finance Act, 2022. Accordingly, the current period tax charge includes Rs. 666 million and Rs. 94 million for tax years 2022 and 2023 respectively on account of super tax.

17. EARNINGS PER SHARE

	Un-audited			
	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- Rupees '000 -----			
(Loss) / profit after taxation	(293,829)	977,497	631,212	1,703,044
	----- Number of shares -----			
Weighted average number of outstanding shares	318,467,278	318,467,278	318,467,278	318,467,278
	----- Rupees '000 -----			
(Loss) / earnings per share - basic	(0.92)	3.07	1.98	5.35

- 17.1** 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.

18. CASH GENERATED FROM OPERATIONS

	Un-audited Half year ended June 30, 2022	Un-audited June 30, 2021
	----- Rupees in '000 -----	
Profit before taxation	2,202,372	2,585,769
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	406,591	399,880
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written-off	139,048	110,306
Gain on disposal of operating assets	(64,238)	(10,596)
Interest income	(392,543)	(166,947)
Financial charges	3,373	1,364
Provision for staff retirement benefits	111,006	166,758
Unrealised exchange loss	271,480	18,801
Profit before working capital changes	2,677,089	3,105,335
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(348)	2,633
Stock-in-trade	(3,996,174)	(2,647,513)
Trade receivables	357,778	(31,979)
Loans and advances	(1,079,846)	118,691
Trade deposits and prepayments	(153,292)	26,354
Interest accrued		
Refunds due from the government	(2,164,821)	179
Other receivables	608,467	319,042
	6,428,236	(2,212,593)
Increase / (decrease) in current liabilities		
Trade and other payables	2,555,262	(409,719)
Provisions	11,735	(4,462)
	2,566,997	(414,181)
	(1,184,150)	478,561

	Un-audited June 30, 2022	Audited December 31, 2021	Un-audited June 30, 2021
	----- Rupees '000 -----		
19. CASH AND CASH EQUIVALENTS			
Cash and bank balances	2,953,338	7,085,344	3,630,548
Investments - at amortised cost	3,478,582	1,633,183	498,617
Book overdraft	(314,814)	(235,754)	(412,010)
	6,117,106	8,482,773	3,717,155

20. 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 Half year ended June 30, 2022	Un-audited June 30, 2021
		----- Rupees in '000 -----	
20.1	Transactions carried out during the period are as follows:		
		Un-audited June 30, 2022	Un-audited June 30, 2021
		----- Rupees in '000 -----	
	Relationship		
	Nature of transactions		
	Holding company	-	1,709,693
	Associated companies / undertakings		
	a. Royalty expense charged	121,773	168,447
	b. Purchase of goods	3,986,272	3,717,190
	c. Sale of goods	840,514	494,159
	d. Recovery of expenses	330,909	360,714
	e. Services fees	6,000	6,000
	f. Promotional allowance	570,572	382,781
	Staff retirement funds		
	a. Payments to retirement benefit plans	137,829	140,308
	Key management personnel		
	a. Salaries and other employee benefits	223,085	174,943
	b. Post employment benefits	13,679	13,560
	c. Proceeds from disposal of operating assets	-	629
		Un-audited June 30, 2022	Audited December 31, 2021
		----- Rupees in '000 -----	

20.2 Outstanding balances as at period / year end are as follows:

Associated companies:

Trade receivables	123,414	140,277
Other receivable	960,726	1,568,277
Trade and other payables	3,077,646	852,582
Provision for staff retirement benefits	314,970	298,885

21. FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It requires categorization of fair value measurements into different levels of fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at June 30, 2022 the Company does not have any financial instruments carried at fair values which are measured using method falling under above categories, and carrying value of financial assets and liabilities approximate their fair value at the reporting date.

22. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on August 23, 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.

© 2022 GlaxoSmithKline Pakistan Limited