



EMPOWERING

EMPOWERING TOMORROW,

TOGETHER TOGETHER

NINE MONTHS ENDED SEPTEMBER 30, 2024



CORPORATE INFORMATION

As at September 30, 2024

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

Mr. Kashif Rafiq**
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

Ms. Hina Mir****
Member

Mr. Hasham Ali Baber
Secretary

Management Committee

Ms. Erum Shakir Rahim
Chief Executive Officer

Mr. Hasham Ali Baber
Chief Financial Officer

Ms. Hina Mir****
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

Ms. Sabiq Kiyani*
HR Country Head

Mr. Yasir Rehman
Head of Transformation

Mr. Khurshand Iqbal
Site Director - F/268

Mr. Muhammad Kashif Ayub
Site Director - West Wharf

Mr. Masood Khan
Interim Site Director - Korangi

Company Secretary

Ms. Hina Mir****

Chief Financial Officer

Mr. Hasham Ali Baber

Chief Internal Auditor

Mr. Kashif Rafiq**

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 Shahra-e-Faisal
Karachi – 74400, Pakistan
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

* Ms. Sabiq Kiyani was appointed as HR Country Head on July 22, 2024, replacing Mariam Siraj (Interim HR Country Head)

**Mr. Kashif Rafiq replaced Mr. Ovais Farooq as Secretary of the Audit Committee on Aug 16, 2024

*** Syed Nasir Farid resigned as Director Business Unit 2 as at March. 31, 2024 Dr. Tariq Farooq, BU1 Director has taken interim role to lead BU2 team

****Ms. Hina Mir appointed as Company Secretary on June 11, 2024 and as legal director on March 08, 2024

***** Ms. Sumera Naveed resigned as Director Corporate Affairs and Administration on 20 August, 2024

GROUP OWNERSHIP STRUCTURE





Directors' Report to Shareholders

The Directors of GlaxoSmithKline Pakistan Limited (the "Company") present the un-audited financial information for the nine months period ended September 30, 2024. This financial information is submitted in accordance with Section 227 of the Companies Act, 2017.

Business environment and challenges:

Pakistan's economy continues to show positive signs of recovery, with inflation falling to single digit for the first time in 2.5 years, stable exchange rates, declining policy rates, and decreasing fuel costs. Additionally, the current account deficit contracted, reflecting improved fiscal management.

The IMF 24th EFF program will enhance solvency and liquidity by giving a crucial boost to the Country's forex reserves. However, these measures are short term in nature, and long-term reforms remain vital for broadening the tax base, ensuring fair tax distribution, and fostering an investment-friendly fiscal regime. Continued efforts to strengthen the tax system will be key to promoting sustainable economic growth.

The Company remains committed to staying at the forefront of serving the healthcare needs of the country. Efforts remain focused on providing patients with access to high-quality medicines while also making concrete efforts towards improving profitability. This is achieved through sustainability measures, enhanced efficiency, and cost-effective initiatives aimed at maximizing shareholders' returns.

Review of Operating Results:

The Company achieved net sales of Rs. 43.6 billion, reflecting a growth rate of 17.7%. These total net sales include Rs. 1.42 billion from Haleon Pakistan Limited, compared to Rs. 1.25 billion in the same period last year.

Excluding these specific sales, the underlying sales growth remains at 18%. This growth can be attributed to the robust execution strategies, effective engagement with HCPs, utilization of digital channels and price increase compared to the previous year. This resulted in key brands showing strong double-digit growth.

The Company's gross margin stood at 21.9%, reflecting an increase of 15% from same period in the previous year. The higher gross profit percentage this year is due to price increase as result of deregulation of non-essential products and approval of hardship cases.

During the period, focus remained on enhancing operational efficiency and strategically investing in key business drivers to achieve competitive growth. As a result, the proportion of operating expenses relative to sales witnessed 2.7% decrease in comparison to the prior period.

Earnings / (loss) per share for this quarter increase to Rs. 11.25 as compared to Rs. (1.23) in the corresponding period last year.

Future Outlook

Creating an enabling business environment in Pakistan is crucial for encouraging investment and maintaining the supply of quality products. The Company will continue collaborating with relevant stakeholders to establish a robust regulatory framework that supports the manufacturing and distribution of safe and effective medicines, ultimately benefiting patients nationwide. At the same time, it will enhance its competencies and evaluate strategies to ensure they remain relevant to the evolving business landscape. Remaining dedicated to improving performance, the focus will be on innovation 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, shareholders and thank them for their confidence in our Company and products.

By order of the Board


Erum Shakir Rahim
Chief Executive Officer


Hasham Ali Baber
Director

Karachi
October 28, 2024

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

اس عرصے کے دوران، ہماری توجہ مسابقتی ترقی کے حصول کے لئے آپریشنل کارکردگی کو بڑھانے اور اپنے اہم کاروباری محرکات میں اسٹریٹجک سرمایہ کاری مرکوز رہی، جس کے نتیجے میں، سیلز کے مقابلے میں آپریٹنگ اخراجات کے تناسب میں، گذشتہ عرصے کے مقابلے میں 2.7 فیصد کمی دیکھنے میں آئی

اس سہ ماہی کے لئے فی شیئر آمدنی / (نقصان) پچھلے سال کے اسی عرصے میں (1.23 روپے) کے مقابلے میں بڑھ کر 11.25 روپے ہو گئی۔

مستقبل کا منظر نامہ

سرمایہ کاری کی حوصلہ افزائی اور معیاری مصنوعات کی فراہمی کو برقرار رکھنے کے لئے پاکستان میں سازگار کاروباری ماحول کی فراہمی انتہائی ضروری ہے۔ ہماری کمپنی ایک مضبوط ریگولیٹری فریم ورک قائم کرنے کے لئے متعلقہ اسٹیک ہولڈرز کے ساتھ تعاون کے سلسلے کو جاری رکھے گی جو محفوظ اور مؤثر ادویات کی تیاری اور ڈسٹری بیوشن کی معاونت کرتا ہے۔ جس کے نتیجے میں بالآخر ملک بھر میں مریضوں کو فائدہ پہنچتا ہے۔ اسی دوران، یہ اپنی صلاحیتوں میں اضافہ کرے گی بدلتے ہوئے کاروباری منظر نامے سے جڑے رہنے کو یقینی بنانے کے لئے حکمت عملیوں کا جائزہ لے گی۔ جبکہ اس کے ساتھ ساتھ ہماری توجہ کارکردگی میں اضافے پر مرکوز رہے گی، جس کا محور جدت اور لاگت پر کنٹرول کے لئے اٹھائے گئے اقدامات ہوں گے

ستائش

بورڈ آف ڈائریکٹرز اس موقع پر اپنے ملازمین کے عزم، استقامت، جرات اور لگن کو بھرپور انداز سے سراہتا ہے۔ ہم اپنے معزز کسٹمرز، سپلائرز، بینکرز، شیئر ہولڈرز کی طرف سے حاصل مسلسل تعاون کا اعتراف کرتے ہیں اور اپنی کمپنی کے اور اس کی مصنوعات اور تعاون کا بھی اعتراف کرنا چاہتے ہیں اور ہماری کمپنی اور اس کی پراڈکٹس پر ان کے اعتماد پر ان کا تہہ دل سے شکریہ ادا کرتے ہیں۔

بحکم بورڈ



ارم شاکر رحیم

چیف ایگزیکٹو آفیسر

کراچی

28 اکتوبر، 2024

گلیکو اسمتھ کلائن پاکستان لمیٹڈ («کمپنی») کے ڈائریکٹرز 30 ستمبر 2024ء کو ختم ہونے والی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ فائنانشل اسٹیٹمنٹس پیش کرتے ہیں۔ یہ فائنانشل اسٹیٹمنٹس کمپنیز ایکٹ 2017 کی دفعہ 227 کے مطابق پیش کی جا رہی ہیں۔

کاروباری ماحول اور چیلنجز

پاکستان کی معیشت کی بحالی کے حوالے سے مثبت اشارے دکھائی دے رہے ہیں، افراط زر ڈھائی سال میں پہلی بار کم ہو کر سنگل ڈیجٹ تک آ گیا ہے، مستحکم شرح تبادلہ، پالیسی ریٹ میں کمی اور فیول کی قیمتوں میں کمی کے ساتھ ساتھ کرنٹ اکاؤنٹ خسارے میں بھی کمی دیکھنے میں آئی ہے جو مالیاتی انتظام میں بہتری کی عکاسی کرتی ہے

آئی ایم ایف کا 42 واں ای ایف ایف پروگرام ملکی زرمبادلہ کے ذخائر میں بہتری کے ساتھ سالوینسی اور لیکویڈیٹی میں اضافہ کا باعث بنے گا تاہم، یہ اقدامات اپنی نوعیت میں قلیل مدتی ہیں، اور طویل مدتی اصلاحات ٹیکس کی بنیاد کو وسیع کرنے، ٹیکس کی منصفانہ ڈسٹری بیوشن کو یقینی بنانے اور سرمایہ کاری کے لیے موزوں نظام کے فروغ کے لیے کلیدی اہمیت کی حامل ہیں۔ ٹیکس نظام کو بہتر بنانے کی مسلسل کوششیں پائیدار اقتصادی ترقی کو آگے بڑھانے کے لیے اہم ثابت ہوں گی۔

ہماری کمپنی صحت کے حوالے سے ملکی ضروریات کو پورا کرنے کے سفر میں سب سے آگے رہنے کے لیے پرعزم ہے۔ ہماری کوششیں مریضوں کو اعلیٰ معیار کی حامل ادویات تک رسائی فراہم کرنے پر مرکوز ہیں جبکہ نفع پذیری کو بہتر بنانے کے لیے جامع کوششیں بھی جاری ہیں۔ ایسا پائیداری کے لیے اٹھائے جانے والے اقدامات، کارکردگی میں اضافہ، لاگت کو مؤثر بنانے کے لیے کیے گئے اقدامات کے ذریعے کیا جاتا ہے جس کا مقصد شیئر ہولڈرز کے لیے منافع کو زیادہ سے زیادہ حد تک لے جانا ہے

آپریٹنگ نتائج کا جائزہ

کمپنی نے 43.6 ارب روپے کی خالص سیلز حاصل کی جو 17.7 فیصد کی شرح نمو کو ظاہر کرتی ہے۔ اس خالص سیلز میں بیلیون پاکستان لمیٹڈ کی طرف سے کی جانے والی 1.42 بلین کی سیلز بھی شامل ہے جبکہ گزشتہ سال کے اسی عرصے کے دوران یہ سیلز 1.25 ارب روپے رہی تھی

مذکورہ مخصوص سیلز کے علاوہ، بنیادی سیلز گروتھ 18 فیصد کی سطح پر برقرار ہے۔ گذشتہ سال کے مقابلے میں اس گروتھ کی وجہ عمل درآمد سے متعلق مضبوط حکمت عملی، ایچ سی پیٹر کو مؤثر انداز سے ساتھ شامل کرنا، ڈیجیٹل چینلز کا استعمال اور قیمتوں میں اضافہ ہے۔ اس کے نتیجے میں ہمارے اہم برانڈز کے حوالے سے مضبوط ڈبل ڈیجٹ گروتھ ظاہر کی ہے۔

کمپنی کا مجموعی مارجن 21.9 فیصد رہا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 15 فیصد اضافے کی عکاسی کرتا ہے۔ اس سال مجموعی منافع کی شرح زیادہ ہونے کی وجہ غیر ضروری مصنوعات کی ڈی ریگولیشن اور مشکلات سے متعلق کیسز کی منظوری کے نتیجے میں ہونے والا قیمتوں میں اضافہ ہے۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,376,614	11,700,561
Intangibles		955,742	955,742
Long-term loans to employees		91,789	83,809
Long-term deposits		50,147	50,147
		<u>13,474,292</u>	<u>12,790,259</u>
Current assets			
Stores and spares		222,692	225,107
Stock-in-trade		15,823,506	11,568,858
Trade receivables		623,725	1,028,474
Loans and advances		1,231,885	1,182,679
Trade deposits and prepayments		84,952	218,946
Refunds due from government		1,242,846	1,242,846
Other receivables		7,859,994	6,262,973
Cash and bank balances		6,693,036	3,610,757
		<u>33,782,636</u>	<u>25,340,640</u>
Total assets		<u><u>47,256,928</u></u>	<u><u>38,130,899</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		3,184,672	3,184,672
Reserves		22,072,453	18,491,169
Total equity		<u>25,257,125</u>	<u>21,675,841</u>
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		687,365	593,709
Deferred taxation		1,113,727	1,180,595
Lease liabilities		144,091	116,035
		<u>1,945,183</u>	<u>1,890,339</u>
Current liabilities			
Trade and other payables	5	18,920,442	14,187,716
Taxation - provision less payments		832,894	68,689
Provisions	6	145,071	138,332
Current portion of lease liabilities		23,921	35,935
Unclaimed dividend		132,292	134,047
		<u>20,054,620</u>	<u>14,564,719</u>
Total liabilities		<u>21,999,803</u>	<u>16,455,058</u>
Total equity and liabilities		<u><u>47,256,928</u></u>	<u><u>38,130,899</u></u>
Contingencies and commitments	7		

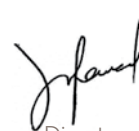
The annexed notes 1 to 16 form an integral part of this condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Note	Quarter ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		----- Rupees in '000 -----			
Revenue from contracts with customers - net	10	14,730,940	13,770,544	43,601,863	37,029,870
Cost of sales		(10,690,083)	(12,742,467)	(34,060,559)	(34,406,705)
Gross profit		4,040,857	1,028,077	9,541,304	2,623,165
Selling, marketing and distribution expenses	11	(1,147,095)	(1,167,304)	(3,234,339)	(3,436,017)
Administrative expenses		(366,901)	(622,193)	(1,390,443)	(1,491,802)
Other operating (expenses) / income		(240,925)	5,067	(490,317)	(26,744)
Other income	12	524,536	672,644	1,417,139	2,964,813
Operating profit / (loss)		2,810,472	(83,709)	5,843,344	633,415
Financial charges		(25,159)	(11,733)	(241,732)	(377,935)
Profit / (loss) before taxation		2,785,313	(95,442)	5,601,612	255,480
Taxation - net	13	(858,179)	25,652	(2,020,328)	(647,101)
Profit / (loss) after taxation		1,927,134	(69,790)	3,581,284	(391,621)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		1,927,134	(69,790)	3,581,284	(391,621)
Earnings / (loss) per share - Rupees	14	6.05	(0.22)	11.25	(1.23)

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 (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Share capital	Reserves				Total
		Capital reserve Reserve arising on schemes of arrangements	Revenue reserves		Total Reserves	
			General reserve	Unappropriated profit		
----- Rupees in '000 -----						
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>
Balance as at January 1, 2024	3,184,672	1,126,923	3,999,970	13,364,276	18,491,169	21,675,841
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	3,581,284	3,581,284	3,581,284
Balance as at September 30, 2024	<u>3,184,672</u>	<u>1,126,923</u>	<u>3,999,970</u>	<u>16,945,560</u>	<u>22,072,453</u>	<u>25,257,125</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 CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Note	September 30, 2024	September 30, 2023
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	6,337,694	2,057,168
Contribution to staff retirement benefit fund		(130,484)	(104,954)
Income taxes paid		(1,322,991)	(1,947,419)
Increase in long-term loans to employees		(7,980)	(26,708)
Increase in long-term deposits		-	(5,714)
Net cash generated from / (used in) operating activities		4,876,239	(27,627)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(1,561,762)	(999,887)
Proceeds from disposal of operating assets		109,935	147,566
Return received on bank balances and investments		273,349	242,668
Net cash used in investing activities		(1,178,478)	(609,653)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(40,794)	(12,353)
Dividend paid		(1,755)	(3,769)
Net cash used in financing activities		(42,549)	(16,122)
Net increase / (decrease) in cash and cash equivalents		3,655,212	(653,402)
Cash and cash equivalents at the beginning of the period		3,037,824	4,470,382
Cash and cash equivalents at end of the period	14	6,693,036	3,816,980

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 (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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., 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 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, 2023.

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, 2024. 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 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions
- Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current
- Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current

3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGEMENTS

3.1 Material accounting policy information

3.1.1 The Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.

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, 2023.

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, 2023.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- Rupees in '000 -----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	9,993,136	10,019,748
Capital work-in-progress		1,986,478	1,294,573
Right-of-use of assets - land and buildings		161,800	163,551
Major spare parts		235,200	222,689
		12,376,614	11,700,561

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, 2024	September 30, 2023	September 30, 2024	September 30, 2023
----- Rupees in '000 -----				
Buildings on leasehold land	41,678	47,987	-	-
Plant and machinery	215,577	156,061	1,637	5,944
Furniture and fixtures	47,637	27,241	-	-
Vehicles	258,951	496,099	73,516	76,035
Office equipments	317,582	100,054	591	1,325
	881,425	827,442	75,744	83,304

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- Rupees in '000 -----		
	8,377,381	5,949,794
	6,132,121	4,187,314
	2,231,077	2,431,776
	2,179,863	1,618,832
	18,920,442	14,187,716

5. TRADE AND OTHER PAYABLES

Creditors and bills payable
Accrued liabilities
Contract liabilities
Others

6. PROVISIONS

Provisions include restructuring costs and government levies of Rs. 12.78 and Rs. 132.29 (December 31, 2023: Rs 40.96 million and Rs. 97.37 million) respectively.

7. CONTINGENCIES AND COMMITMENTS

7.1 Following is the change in the status of contingencies as reported in the audited financial statements for the year ended December 31, 2023 or new contingencies arising during the period ended September 30, 2024:

(i) During the period ended September 30, 2024, the Assessment Officer (AO) issued an aggregate demand of Rs. 1,464 million for the tax year 2022, citing the disallowance of various expenses. The Company subsequently filed a rectification application, pointing out apparent mistakes in the order. Following this, the AO revised the order, reducing the aggregate demand to Rs. 854 million. The Company has appealed this revised order before the Appellate Tribunal Inland Revenue (ATIR), and the case is currently pending adjudication.

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

7.2 Commitments for capital expenditure outstanding as at September 30, 2024, amounted to Rs. 982.58 million (December 31, 2023: Rs. 831.09 million).

8. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

8.1 The net revenue include sales of Over the Counter Products amounting to Rs. 1.42 billion (September 30, 2023: 1.25 billion to Haleon Pakistan Limited being manufactured by the Company due to pending transfer of marketing authorisations by Drug Regulatory Authority of Pakistan ('DRAP') - refer note 11.

9. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 596.88 million (September 30, 2023: Rs. 568.47 million).

	Note	Un-audited			
		Quarter ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		----- Rupees in '000 -----			
10. OTHER INCOME					
Income from financial assets					
Income on savings and deposit accounts		119,929	30,029	273,349	240,235
Income from non-financial assets					
Gain on disposal of operating assets		18,155	36,593	34,191	64,262
Others					
Scrap sales		18,914	17,886	58,414	49,550
Promotional allowance	10.1	353,481	561,087	992,745	2,488,795
Service fee		5,313	3,300	11,913	9,900
Liabilities no longer required written back		-	-	-	54,969
Gain on termination of lease		-	-	-	13,595
Others		8,744	23,749	46,527	43,507
		524,536	672,644	1,417,139	2,964,813

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

11. 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.

In December 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% and decided in favor of the petitioners on the issue of maintainability raised by the tax department. The tax department has challenged the orders of IHC before the Supreme Court of Pakistan (SC), which vide order dated 27 February 2024 remanded back the case to IHC with directions to pass detailed order on the issue of maintainability of jurisdiction and then decide on interim relief. Following the order of SC, the hon'ble IHC has passed interim order dated 4 March 2024 and directed the Chief Commissioner Karachi for not taking any coercive measures till the final decision of main appeal pending before IHC.

Pursuant to the order of SC, the IHC has passed an order on March 15, 2024, whereby the petitions of the taxpayers were held maintainable. The increase in super tax rates from 4% to 10% has declared null and void by the court, citing its earlier judgment and deeming the retrospective increase in tax, as invalid. The tax department has filed an Intra-Court Appeal (ICA), which is currently pending for hearing.

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees '000 -----	
12. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
Profit / (loss) after taxation	<u>3,581,284</u>	<u>(391,621)</u>
	----- Number of shares -----	
Weighted average number of shares outstanding during the period	<u>318,467,278</u>	<u>318,467,278</u>
Earnings / (loss) per share - basic and diluted - Rupees	<u>11.25</u>	<u>(1.23)</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) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees in '000 -----	
13. CASH GENERATED FROM OPERATIONS		
Profit before taxation	5,601,612	255,480
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	840,669	683,723
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	360,002	85,273
Gain on disposal of operating assets	(34,191)	(64,262)
Interest income	(273,349)	(240,235)
Interest on lease liabilities	26,132	2,712
Gain on termination of lease	-	(13,595)
Provision for staff retirement benefits	224,140	204,765
Profit before working capital changes	6,745,015	913,861
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	2,415	(23,087)
Stock-in-trade	(4,614,650)	(3,672,278)
Trade receivables	404,749	552,326
Loans and advances	(49,206)	227,427
Trade deposits and prepayments	133,994	89,229
Refunds due from the government	-	9,320
Other receivables	(1,597,021)	(1,300,802)
	(5,719,719)	(4,117,865)
Increase / (decrease) in current liabilities		
Trade and other payables	5,305,659	5,255,233
Provisions	6,739	5,939
	(407,321)	1,143,307
	<u>6,337,694</u>	<u>2,057,168</u>

	(Un-audited) September 30, 2024	Audited December 31, 2023	(Un-audited) September 30, 2023
	----- Rupees in '000 -----		
14. CASH AND CASH EQUIVALENTS			
Cash and bank balances	6,693,036	3,610,757	3,824,096
Book overdraft	-	(572,933)	(7,116)
	6,693,036	3,037,824	3,816,980

15. 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, 2024	(Un-audited) September 30, 2023	
	----- Rupees in '000 -----		
15.1 Details of transactions carried out during the period with the related parties are as follows:			
Relationship	Nature of transactions		
Associated companies / undertakings:	a. Royalty expense charged	508,314	446,721
	b. Purchase of goods	2,774,870	5,917,394
	c. Sale of goods	6,044	-
	d. Recovery of expenses	942,546	529,643
	e. Promotional allowance	992,745	2,488,795
Staff retirement funds:	a. Payments to retirement benefit plans	355,285	238,622
Key management personnel:	a. Salaries and other employee benefits	433,056	360,505
	b. Post employment benefits	30,680	26,706
	c. Sale of assets - sales proceeds	8,095	19,948

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements was approved and authorised for issue by the Board of Directors of the Company on October 28, 2024.



Chief Executive Officer



Chief Financial Officer



Director



EMPOWERING TOMORROW,
TOGETHER

GlaxoSmithKline Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000

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