



GlaxoSmithKline Consumer
Healthcare Pakistan Limited
35-Dockyard Road,
West Wharf,
Karachi - 74000,
Pakistan

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Fax +92 21 3220 1855
www.gsk.com.pk

30 April 2019

Mr. Muhammad Ghufan
Deputy General Manager – Operations
Pakistan Stock Exchange Limited
Stock Exchange Building
Karachi.

RE: UN-AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

Dear Sir,

Please be informed that the un-audited Financial Statements of the Company for the period ended 31 March 2019 have been transmitted through PUCARS and are also available on the Company's website. www.pk-consumerhealthcare.gsk.com

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thank you,

Yours faithfully

For and on behalf of

GlaxoSmithKline Consumer Healthcare Pakistan Limited

Mashal Mohammad
Company Secretary

Encl: As Above



do more
feel better
live longer



پہچان

FIRST QUARTER REPORT 2019

GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED

Composition of the Board

Name	Category
Ms. Annelize Roberts	Non-Executive Female Director
Mr. Sohail Matin	Executive Director
Mr. M. Z. Moin Mohajir	Independent Director
Syed Anwar Mahmood	Independent Director
Syed Azeem Abbas Naqvi	Non-Executive Director
Ms. Emine Tasci Kaya	Non-Executive Female Director
Mr. Talal Javed Ahmed	Executive Director

Audit Committee

Mr. M.Z. Moin Mohajir
(Chairman)
Syed Azeem Abbas Naqvi
Syed Anwar Mahmood

Secretary

Ms. Varisha Shahid

Human Resource and Remuneration Committee

Syed Anwar Mahmood
(Chairman)
Mr. Sohail Matin
Syed Azeem Abbas Naqvi

Secretary

Ms. Tania Zahid

Company Secretary

Ms. Mashal Mohammad

Chief Financial Officer

Mr. Talal Javed Ahmed

Integration Supply and Network Optimization Committee

Ms. Emine Tasci Kaya
(Chairperson)
Syed Azeem Abbas Naqvi
Mr. Sohail Matin
Mr. Talal Javed Ahmed

Secretary

Mr. Irfan Qureshi

Risk Management Committee

Mr. Sohail Matin
Mr. Talal Javed Ahmed
Mrs. Sadia Nasir
Mr. Ahmed Jamil Baloch
Mr. Shoaib Raza
Mr. Irfan Qureshi
Mr. Mazhar Shams

Head of Internal Audit

Ms. Varisha Shahid

Bankers

Citibank N.A

Auditors

Deloitte Yousuf Adil,
Chartered Accountants

Legal Advisors

Hashmi & Hashmi

Registered Office

35 Dockyard Road, West
Wharf, Karachi-74000

Tel:

92-21-111-475-725
(111-GSK-PAK)

Fax:

92-21-323-148-98
92-21-323-111-22

Share Registrar

Central Depository Company of
Pakistan Limited

Website

www.pk-consumerhealthcare.gsk.com



Directors' Report to the Shareholders

Dear Shareholders,

I am pleased to present your Company's un-audited financial information for the quarter ended March 31, 2019. This financial information is submitted in accordance with Section 237 (b) of the Companies Act, 2017 and regulation 5.19 of Pakistan Stock Exchange Limited.

As explained in Note 1.3 of these financial statements, the entire business of GSK OTC has been transferred and vested into the Company with effect from January 01, 2018. Consequently, the comparative results in these financial statements have been restated from January 01, 2018 to March 31, 2018 to reflect the merged results of both companies.



Review of Operating Results

Turnover for the company for the first three months was recorded at Rs. 3,873 million, being 7% higher than the corresponding period last year. Healthy performance was witnessed in both Over the Counter (OTC) and Fast-Moving Consumer Goods (FMCG) portfolios, with a 5.2% increase in the Oral Healthcare category, 32% increase in the Skin Health category and 10% increase in the newly merged GSK OTC portfolio. The Company also registered export revenue amounting to Rs. 167 million. In the Pain category, Voltral Emulgel 2% variant was launched in January 2019, which has recorded prominent sales in Q1. In March 2019, the new Digital Physiogel Confident 3.0 campaign was launched in the Skin Health category.

Gross Margins have been recorded at 28% of sales which is consistent with full year 2018 results but are below Q1 2018 results. The reduction in margins is largely due to higher cost of raw and packing materials consequent to the severe currency devaluation, as well as an upward revision in toll

manufacturing charges with effect from January 2019. The decline in margins was partially offset by recently enforced price increases and a favourable sales mix.

Selling, marketing and distribution expenses were recorded at Rs. 697 million, a 4.8% increase as compared to last year. This investment resulted in growth in value across our key categories as outlined above. The administrative expenses during this quarter were lower than last year, mainly due to merger related legal fees that was incurred in 2018.

Cash inflows from operations were recorded at Rs. 155 million which were utilized to meet internal financing needs and offset the use of running finance facility.

Your Company posted a net profit after tax of Rs. 167 million in these three months which was below the corresponding period last year, largely due to rising production costs and currency devaluation. Looking ahead, these challenges are expected to be offset through the recently awarded price increase that will favourably impact the next quarter results. Your Company is proactively engaging on various industrial and regulatory forums to secure this pricing relief to offset the inflationary economic

pressures that should help guarantee product availability and consumer trust.



Future Outlook and Challenges

Going forward, your Company has set its priority to focus on increased customer value, innovation, better performance and greater trust. Emphasis is placed on increased productivity, reduced cost and improved technology to be able to achieve long-term profitability and fulfil the dynamic needs of our consumers and healthcare professionals.

We anticipate our Sales to grow double digit because of launch of new variants in Nutrition, Medicated Oral Healthcare and Pain category. To achieve our long-term high growth ambition, it is imperative that the Company continues to invest in our established brands to increase consumption and brand equity.

With enhanced Sales structure, and e-commerce activities, we plan to drive exponential growth in key trade channels and display agility to address the challenging business environment.

During Q1, the recent price relief extended by DRAP to the industry has been timely adopted by the Company in line with the requirements of SRO 1610 and SRO 34 pertaining to hardship and devaluation price relief respectively. The Government is currently monitoring the implementation of these SROs across the industry to prevent its misuse. Your Company is cooperating with the Government and the pharmaceutical association to guarantee compliance and ensure product sustainability in accordance with the prevailing pricing policy.

Your Company is committed to serve its consumers better, increase value for its shareholders, and exceed the average market growth. We strive to achieve this by being one of the country's most

innovative, best performing and trusted healthcare companies, thereby enabling the patients and consumers to do more, feel better and live longer.



Remuneration Policy

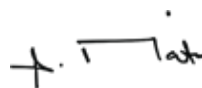
The Non-Executive Board Directors of GlaxoSmithKline Consumer Healthcare Pakistan Limited are entitled to a remuneration approved by the HR and Remuneration Committee, based on market benchmark of the Consumer Healthcare Industry and other similar style of business.



Acknowledgment

On behalf of the Board of Directors, I want to take this to opportunity to extend appreciation to our employees, suppliers, and partners for their continued support and dedication in the achievement of the Company's results. The professionalism and self-motivation our team has displayed is truly inspirational.

Sincerely,



Sohail Matin

Chief Executive Officer

April 23, 2019



مشاہرہ پالیسی



مستقبل کا منظر نامہ اور چیلنجز

گلیکسو اسمتھ کلانن کنزیومر ہیلتھ کیئر پاکستان لمیٹڈ کے نان ایگزیکٹو ڈائریکٹرز، ایچ آر اور ریمیونریشن کمیٹی کی طرف سے کنزیومر ہیلتھ کیئر انڈسٹری اور دیگر اسی انداز کے بزنس کے مارکیٹ بینچ مارک کی بنیاد پر منظور کردہ مشاہرہ کے حقدار ہیں۔

آگے بڑھتے ہوئے آپ کی کمپنی کی ترجیح کسٹمرز کی بڑھتی ہوئی قدر، جدت، بہتر کارکردگی اور پہلے سے زیادہ بھروسہ ہیں۔ سب سے زیادہ زور پیداواری صلاحیت میں اضافے، اخراجات میں کمی اور ٹیکنالوجی میں بہتری پر ہے تاکہ طویل مدتی منافع کی صلاحیت حاصل کی جائے اور اپنے کنزیومرز اور صحت کے شعبے سے وابستہ پروفیشنلز کی نت نئی ضروریات کو پورا کیا جا سکے۔



اعتراف

بورڈ آف ڈائریکٹرز کے اہماء پر، میں اس موقع پر کمپنی کے بہتر نتائج کے حصول کے لیے اپنے ملازمین، سپلائرز اور پارٹنرز کو ان کے مسلسل تعاون اور اخلاص پر خراج تحسین پیش کرتا ہوں۔ جس پیشہ ورانہ رویے اور عزم و ہمت کا مظاہرہ ہماری ٹیم کی طرف سے کیا گیا، وہ یقیناً بے حد متاثر کن ہے۔

ہم توقع رکھتے ہیں کہ نیوٹریشن، میڈیکل اورل ہیلتھ کیئر اور درد کے شعبوں میں نئے ویرینٹ متعارف کروانے کی بناء پر ہماری سیلز میں ڈبل ڈجٹ تک اضافہ ہوگا۔ طویل مدت میں اپنے زیادہ گروتھ کے عزم کو پورا کرنے کے لیے ضروری ہے کہ کمپنی اپنے مستحکم برانڈز کی برانڈ ایکویٹی اور کھپت بڑھانے کے لیے ان میں سرمایہ کاری کو جاری رکھے۔

پہلے سے بہتر سیلز سٹرکچر، اور ای کامرس سرگرمیوں کے ساتھ ہمارا منصوبہ ہے کہ ہم اہم ٹریڈ چینلز اور ڈسپلے ایجلیٹی میں اپنی متوقع بڑھوتری کو اور تیز کریں تاکہ چیلنجنگ کاروباری ماحول کے تقاضوں کو بہتر انداز سے پورا کیا جاسکے۔

بالترتیب مشکلات اور روپے کی قدر میں کمی کے حوالے سے SRO 1610 اور SRO 34 کی ضروریات کے مطابق پہلی سہ ماہی کے دوران DRAP کی طرف سے انڈسٹری کو قیمتوں میں دیے جانے والے حالیہ ریلیف کو کمپنی نے بروقت اپنایا۔ حکومت اس وقت انڈسٹری میں ان SROs کے اطلاق کا جائزہ لے رہی ہے تاکہ اس کے غلط استعمال کو روکا جا سکے۔

آپ کی کمپنی حکومت پاکستان اور فارما سیوٹیکل ایسوسی ایشن سے بھرپور تعاون کر رہی ہے تاکہ اس پر عمل درآمد اور پراڈکٹ کے اسحکام کو حالیہ پرائسنگ پالیسی کے تحت یقینی بنایا جائے۔

آپ کی کمپنی اپنے کنزیومرز کی بہتر انداز میں خدمت، اپنے شیئر ہولڈرز کی قدر میں اضافے اور اوسط مارکیٹ بڑھوتری کے لیے پر عزم ہے۔ ہم ملک کی سب سے جدید، بہترین کارکردگی کی حامل اور قابل بھروسہ ہیلتھ کیئر کمپنیز میں سے ایک ہونے کے ناطے یہ سب کچھ کرنے کے لیے کوشاں ہیں، تاکہ مریضوں اور صارفین کو اس قابل بنایا جائے کہ وہ زیادہ کام کرسکیں، بہتر محسوس کریں اور طویل عرصے تک جئیں۔

خیر خواہ

سہیل متین

چیف ایگزیکٹو آفیسر

23 اپریل، 2019

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز



عزیز اسٹیک ہولڈرز،

میں آپ کی کمپنی کی 31 مارچ 2019 کو ختم ہونے والی سہ ماہی کی غیر آڈٹ شدہ فائنانشل معلومات پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ یہ فائنانشل معلومات کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی ریگولیشن 5.19 کے مطابق جمع کروائی جا رہی ہے۔

جیسا کہ فائنانشل اسٹیٹمنٹس کے نوٹ 1.3 میں واضح کیا گیا ہے، گلیکسو اسمتھ کلائن اوٹی سی کا تمام تر بزنس یکم جنوری 2018 سے ٹرانسفر کرتے ہوئے کمپنی میں ضم کر دیا گیا ہے۔ جس کے نتیجے میں، فائنانشل اسٹیٹمنٹس میں تقابلی نتائج کو یکم جنوری 2018 سے 31 مارچ 2018 تک دوبارہ بیان کیا گیا ہے تاکہ دونوں کمپنیوں کے ضم شدہ نتائج کی نشاندہی کی جاسکے۔

فروخت، مارکیٹنگ اور ڈسٹری بیوشن کے اخراجات گذشتہ سال کے مقابلے میں 4.8 فیصد اضافے کے ساتھ 697 ملین روپے ریکارڈ کیے گئے۔ سرمایہ کاری کے نتیجے میں تمام اہم شعبہ جات میں قابل قدر بڑھوتری دیکھنے میں آئی جیسا کہ اوپر بیان کیا گیا ہے۔



آپریٹنگ نتائج کا جائزہ

سہ ماہی کے دوران انتظامی اخراجات گذشتہ سال کے مقابلے میں کم رہے، جس کی بنیادی وجہ 2018 کے دوران انضمام کے حوالے سے ہونے والے قانونی اخراجات تھے۔

آپریٹنگ کے نتیجے میں کیش ان فلو 155 ملین روپے ریکارڈ کیا گیا جسے اندرونی فائنانشنگ کی ضروریات اور رنگ فائنانش کی سہولت کو متوازن رکھنے کے لیے استعمال کیا گیا۔

آپ کی کمپنی نے ان تین ماہ کے دوران بعد از ٹیکس 167 ملین روپے کل منافع حاصل کیا جو کہ گذشتہ سال اسی عرصے کے دوران ہونے والے منافع سے کم رہا، جس کی اہم وجہ پروڈکشن کے اخراجات میں اضافہ اور کرنسی کی قدر میں کمی ہے۔ آگے کی طرف دیکھا جائے، تو قیمتوں میں ہونے والا حالیہ اضافہ جو آئندہ سہ ماہی میں نتائج پر مثبت اثرات مرتب کرے گا، ممکنہ طور پر ان چیلنجز کے مقابلے کے لیے سازگار ثابت ہوگا۔

آپ کی کمپنی مستعدی کے ساتھ صنعتی اور ریگولیٹری فورمز کے ساتھ رابطے میں ہے تاکہ افراط زر کے باعث معاشی دباؤ کا سامنا کرنے کے لیے قیمتوں کے حوالے سے ملنے والے ریلیف کا تحفظ کیا جائے، جو مصنوعات کی دستیابی اور کنزیومر کے اعتماد کا ضامن ہوگا۔

کمپنی کا پہلے تین ماہ کا ٹرن اوور 3,873 ملین روپے ریکارڈ کیا گیا، جو گذشتہ سال کے مقابلے میں 7 فیصد زیادہ ہے۔ اورل بیلٹھ کیئر کے شعبے میں 5.2 فیصد، اسکن بیلٹھ کے شعبے میں 32 فیصد، اور نو اضمام شدہ گلیکسو اسمتھ کلائن او ٹی سی پورٹ فولیو میں 10 فیصد اضافے کے ساتھ، اوور دی کاؤنٹر (او ٹی سی) اور فاسٹ موونگ کنزیومر گڈز (ایف ایم سی جی) دونوں شعبوں میں مثبت کارکردگی دیکھنے میں آئی۔ کمپنی نے برآمدات کی مد میں بھی 167 ملین روپے کی آمدنی حاصل کی۔ درد (پین) کیٹیگری میں وولٹرال ایملجیل 2 فیصد ویرینٹ جنوری 2019 میں متعارف کروایا گیا جس نے پہلی سہ ماہی کے دوران سیلز میں نمایاں کارکردگی کا مظاہرہ کیا۔ اسکن بیلٹھ کے شعبے میں نئی ڈیجیٹل فزیوجیل کونفیڈنٹ مہم بھی متعارف کرائی گئی۔

مجموعی منافع سیلز کا 28 فیصد ریکارڈ کیا گیا جو مکمل سال 2018 کے نتائج کے تسلسل میں ہے، مگر 2018 کی پہلی سہ ماہی کے مقابلے میں کم ہے۔ منافع میں کمی کی بڑی وجہ کرنسی کی قدر میں شدید کمی کی بناء پر خام مال اور پیکنگ میٹریل کی زیادہ قیمت ہے، جب کہ اس کے ساتھ ساتھ جنوری 2019 سے نافذ ٹول مینوفیکچرنگ چارجز میں اضافہ ہیں۔ منافع میں کمی کے اثرات میں جزوی طور پر قیمتوں میں حالیہ اضافے اور سازگار سیلز مکس کی بدولت کمی واقع ہوئی۔

Condensed Interim Statement Of Financial Position

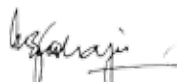
AS AT MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited December 31, 2018
		Rupees	
Non-current assets			
Property, plant and equipment	5	2,658,848,514	2,649,778,094
Intangible		127,674,000	127,674,000
Long-term loans to employees		10,630,165	7,360,796
Long-term deposits		5,610,394	3,390,000
		<u>2,802,763,073</u>	<u>2,788,202,890</u>
Current assets			
Stores and spares		48,000,000	48,000,000
Inventories		2,346,709,624	2,231,361,076
Trade debts		774,050,398	754,862,976
Loans and advances		394,371,540	261,832,746
Trade deposits and prepayments		177,041,050	77,485,540
Interest Accrued		98,630	-
Refunds due from government		103,668,146	107,339,973
Other receivables		502,354,029	614,158,713
Taxation - payments less provision		423,862,045	363,570,251
Bank balances		781,332,707	707,442,531
		<u>5,551,488,169</u>	<u>5,166,053,806</u>
Total assets		<u>8,354,251,242</u>	<u>7,954,256,696</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,170,545,080	1,170,545,080
Reserves		2,831,754,741	2,664,440,057
		<u>4,002,299,821</u>	<u>3,834,985,137</u>
Liabilities			
Non-current liabilities			
Staff retirement benefits		40,049,041	37,635,450
Deferred taxation		123,174,721	89,705,256
Long-term portion of finance lease liabilities		3,262,452	-
Current liabilities			
Trade and other payables	6	2,188,879,769	1,956,690,220
Running finance under mark-up arrangement		1,562,548,123	1,591,779,855
Accrued mark-up		32,473,048	43,612,907
Current portion of finance lease liabilities		2,236,080	-
Unpaid dividend		399,328,187	399,847,871
		<u>4,185,465,207</u>	<u>3,991,930,853</u>
Total liabilities		<u>4,351,951,421</u>	<u>4,119,271,559</u>
Contingencies and commitments	7		
Total equity and liabilities		<u>8,354,251,242</u>	<u>7,954,256,696</u>


The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

Condensed Interim Statement Of Profit Or Loss And Other Comprehensive Income

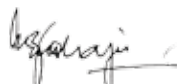
**FOR THE QUARTER ENDED
MARCH 31, 2019 (UN-AUDITED)**

	Note	March 31, 2019	March 31, 2018 (Restated)
		Rupees	
Net sales		3,872,871,492	3,628,148,463
Cost of sales		(2,799,319,548)	(2,430,177,900)
Gross profit		1,073,551,944	1,197,970,563
Selling, marketing and distribution expenses	8	(697,075,958)	(665,105,230)
Administrative expenses		(71,130,949)	(72,878,182)
Other operating expenses		(22,449,200)	(32,282,765)
Other income		11,002,169	21,035,088
Operating profit		293,898,006	448,739,474
Financial charges		(38,135,246)	(66,711,272)
Profit before taxation		255,762,760	382,028,202
Taxation		(88,448,076)	(113,286,910)
Profit after taxation		167,314,684	268,741,292
Other comprehensive income		-	-
Total comprehensive income		167,314,684	268,741,292
Earnings per share - basic	9	Rs. 1.43	Rs. 2.3

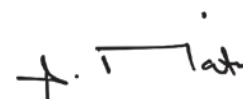
The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

Condensed Interim Statement Of Changes In Equity

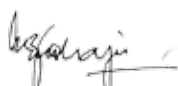
FOR THE QUARTER ENDED
MARCH 31, 2019 (UN-AUDITED)

	Share capital	Reserves			Total
		Capital Reserves		Revenue Reserve	
		Reserve arising as per scheme of Arrangement note 1.1	Reserve arising on amalgamation under the Scheme of Merger - note 1.3	Unappropriated profit	
← Rupees →					
Balance as at December 31, 2017	955,501,830	101,913,533	-	1,239,417,710	2,296,833,073
Final dividend for the year ended December 31, 2018 @ Rs. 5 per share	-	-	-	-	-
Issue of shares pursuant to amalgamation under the Scheme of Merger (note 1.3)	215,043,250	-	-	-	215,043,250
Reserve arising on amalgamation under the Scheme of Merger (note 1.3)	-	-	728,725,969	-	728,725,969
Total comprehensive income for quarter ended March 31, 2018 - restated	-	-	-	268,741,292	268,741,292
Balance as at March 31, 2018	1,170,545,080	101,913,533	728,725,969	1,508,159,002	3,509,343,584
Balance as at January 01, 2019	1,170,545,080	101,913,533	728,725,969	1,833,800,555	3,834,985,137
Total comprehensive income for the quarter ended March 31, 2019	-	-	-	167,314,684	167,314,684
Balance as at March 31, 2019	1,170,545,080	101,913,533	728,725,969	2,001,115,239	4,002,299,821

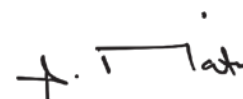
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Chief Financial Officer



Director



Chief Executive Officer

Condensed Interim Statement Of Cash Flows

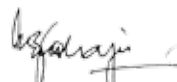
FOR THE QUARTER ENDED
MARCH 31, 2019 (UN-AUDITED)

	Note	March 31, 2019	March 31, 2018 (Restated)
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	325,903,999	203,570,553
Staff retirement benefits paid		(6,721,767)	(6,273,951)
Interest paid		(43,514,277)	(39,399,173)
Income taxes paid		(115,270,405)	(225,406,488)
Increase in long-term deposits		(2,220,394)	-
Increase in long-term loans to employees		(3,269,369)	(2,064,252)
Net cash generated / (used in) operating activities		154,907,787	(69,573,311)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(60,892,407)	(114,279,870)
Return received		7,528,087	36,587,823
Proceeds from sale of operating assets		2,098,125	3,430,249
Net cash used in investing activities		(51,266,195)	(74,261,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(519,684)	-
Net increase / (decrease) in cash and cash equivalents		103,121,908	(143,835,109)
Cash and cash equivalents at the beginning of the period		(884,337,324)	1,301,554,423
Transferred from GSK OTC		-	(1,458,822,362)
Cash and cash equivalents at the end of the period	11	(781,215,416)	(301,103,048)

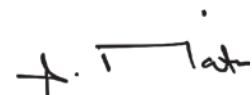
The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2019 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

1.1 GlaxoSmithKline Consumer Healthcare Pakistan Limited (the Company) was incorporated in Pakistan as a public unlisted company under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on March 31, 2015 principally to effect the demerger of Consumer Healthcare business of GlaxoSmithKline Pakistan Limited (GSK Pakistan) under a Scheme of Arrangement (the Scheme) which was approved by the Honorable High Court of Sindh (SHC) and its order was submitted to the Registrar of Companies on April 01, 2016. The Company is a subsidiary of GlaxoSmithKline Consumer Healthcare B.V. The ultimate parent of the Company is GlaxoSmithKline plc, UK. The Company is engaged in manufacturing, marketing and sale of consumer healthcare products. The Company was listed at the Pakistan Stock Exchange Limited since March 22, 2017. The registered office of the Company is situated at 35-Dockyard Road, West Wharf, Karachi.

1.2 Due to the pending transfer of marketing authorisations and certain permissions for Over the Counter (OTC) products of the Company with Drug Regulatory Authority of Pakistan (DRAP), GSK Pakistan, for and on behalf of the Company is engaged in the procurement, manufacturing, marketing and managing the related inventory and receivable balances pertaining to such products against a service fee charged by GSK Pakistan.

1.3 Merger of GlaxoSmithKline OTC (Private) Limited with and into the Company

1.3.1 The Board of Directors (the Board) of the Company in its meeting held on June 05, 2018, approved the scheme of arrangement for merger by way of amalgamation (the Scheme of Merger), prepared under the provisions of section 279 to 283 of the Companies Act, 2017, of GlaxoSmithKline OTC (Private) Limited (GSK OTC), a wholly owned subsidiary of GlaxoSmithKline Consumer Healthcare B.V., with and into the Company. The Scheme of Merger was approved through a special resolution passed by shareholders in the extra-ordinary general meeting of the Company held on October 19, 2018. The Scheme of Merger was sanctioned by SHC vide its order dated December 12, 2018. Drug Regulatory Authority of Pakistan (DRAP) vide its letter no. F.2-4/88-Lic (Vol-IV) dated March 07, 2019 has also communicated to the Company that the Central Licensing Board in its 269th meeting held on February 26, 2019 has considered and endorsed the change of title of GlaxoSmithKline OTC (Private) Limited to GlaxoSmithKline Consumer HealthCare Pakistan Limited.

Pursuant to this sanction, the entire business of GSK OTC including its properties, assets, liabilities, licenses and the rights and obligations have been transferred and vested into the Company with effect from the effective date, as mentioned in the Scheme of Merger, i.e., January 01, 2018. Hence, GSK OTC stood merged with and into the Company with effect from January 01, 2018. Further, as per the Scheme of Merger, the Company also issued 21,504,325 fully paid ordinary shares of Rs. 10 each to the shareholders of GSK OTC having aggregate face value of Rs. 215.04 million. These shares rank pari passu with the existing shares of the Company. The Company had obtained the services of consultants and decided on share swap ratio of 2.1:10 shares (i.e., 2.1 shares of the Company were issued for every 10 shares of GSK OTC). The valuations of the Company and GSK OTC were carried out under discounted cash flow method and market value approach based on earning multiples at cut-off date of December 31, 2017, and share swap ratio was calculated based on average of values arrived at under both the valuation techniques.

The merger has been accounted for in the books of the Company using predecessor's accounting method as it was a business combination of entities under common control and therefore scoped out of IFRS-3 'Business Combinations'. The net assets of GSK OTC have been incorporated at their net carrying amount in the books of the Company as on January 1, 2018 and the difference between value of the net assets acquired and shares as issued above has been carried in the equity under the head "Reserve arising on amalgamation under the Scheme of Merger". Further, the merged entities' results and statement of financial position have been incorporated prospectively from the date on which the merger occurred. Consequently, the comparative results in these financial information have been restated from January 01, 2018 to March 31, 2018.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The condensed interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2018.

2.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

Certain amendments and interpretations became effective that are mandatory for accounting periods beginning on or after January 1, 2019. However, these are not relevant for the Company's financial statements except for the following amendments which have not materially impacted the financial reporting of the Company:

- IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

2.2 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them, and are relevant to the Company. Management is in the process of assessing their impact on the financial reporting of the Company:

	Effective from accounting period beginning on or after
- Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
- Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business'	January 01, 2020
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards	January 01, 2020

2.3 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2018.

3.1 Taxes on income are accrued using tax rate that would be applicable to the full financial year.

3.2 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on December 31, 2018, therefore no impact has been calculated for the current period and comparative condensed financial information has also not been adjusted for the same reason.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended December 31, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2018.

	<i>Un-audited March 31, 2019</i>	<i>Audited December 31, 2018</i>
	<i>Rupees</i>	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	2,235,347,108	2,098,217,111
Capital work-in-progress	418,612,756	551,560,983
Right of use of asset	4,888,650	-
	<u>2,658,848,514</u>	<u>2,649,778,094</u>

5.1 Details of additions to and disposals of fixed assets are as follows:

	<i>Additions (at cost)</i>		<i>Disposals (at net book value)</i>	
	<i>March 31, 2019</i>	<i>March 31, 2018 (Restated)</i>	<i>March 31, 2019</i>	<i>March 31, 2018 (Restated)</i>
	<i>Rupees</i>			
Building and improvements on Leasehold land	30,293,612	-	-	-
Plant & machinery	102,786,279	-	-	-
Furniture & fixtures	3,363,594	-	-	-
Vehicle	17,726,500	16,961,000	1,551,062	2,801,639
Office equipments	22,900,297	94,656	-	-
	<u>177,070,282</u>	<u>17,055,656</u>	<u>1,551,062</u>	<u>2,801,639</u>

	<i>Un-audited March 31, 2019</i>	<i>December 31, 2018</i>
6. TRADE AND OTHER PAYABLES		
Creditors	1,003,328,681	770,644,937
Accrued Liabilities	938,557,476	953,560,759
Others	246,993,612	232,484,524
	<u>2,188,879,769</u>	<u>1,956,690,220</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 There is no change in the status of contingencies as reported in the financial statements for the year ended December 31, 2018.

7.2 Commitments for capital expenditure outstanding as at March 31, 2019 amounted to Rs. 208.71 million (December 31, 2018: Rs. 180.15 million).

8. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 520.50 million (March 31, 2018: Rs. 516.47 million).

	March 31, 2019	March 31, 2018 (Restated)
	Rupees	
9. EARNINGS PER SHARE		
Profit after taxation	167,314,684	268,741,292
Weighted average number of outstanding shares	117,054,508	117,054,508
Earnings per share - basic	Rs. 1.43	Rs. 2.3

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.

10. CASH GENERATED FROM OPERATIONS

	March 31, 2019	March 31, 2018 (Restated)
	Rupees	
Profit before taxation	255,762,760	382,028,202
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	55,603,998	43,965,852
Interest expense	32,539,877	47,851,123
Gain on disposal of operating fixed assets	(547,063)	(628,610)
Interest income	(7,626,717)	(18,654,231)
Provision for slow moving, obsolete and damaged stock - net of stock written off	(20,648,443)	(26,009,040)
Allowance for impairment of trade debts	-	177,608
Provision for staff retirement benefits	9,135,358	5,748,594
Profit before working capital changes	324,219,770	434,479,498
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	-	-
Inventories	(94,700,105)	(557,624,669)
Trade debts	(19,187,422)	(94,134,852)
Loans and advances	(132,538,794)	113,875,350
Trade deposits and prepayments	(99,555,510)	(51,633,111)
Refunds due from government	3,671,827	32,845,547
Other receivables	111,804,684	23,294,634
	(230,505,320)	(533,377,101)
(Decrease) / increase in current liabilities		
Trade and other payables	232,189,549	295,861,994
Provisions	-	6,606,162
	232,189,549	302,468,156
	1,684,229	(230,908,945)
	325,903,999	203,570,553

11. CASH AND CASH EQUIVALENTS

Cash and bank balances
Investment at amortised cost
Running finance under mark-up arrangement

March 31,
2019

March 31,
2018
(Restated)

Rupees

	March 31, 2019	March 31, 2018 (Restated)
Cash and bank balances	781,332,707	1,174,737,344
Investment at amortised cost	-	248,363,393
Running finance under mark-up arrangement	(1,562,548,123)	(1,724,203,785)
	<u>(781,215,416)</u>	<u>(301,103,048)</u>

12. TRANSACTIONS WITH RELATED PARTIES

Relationship

Nature of transactions

March 31,
2019

March 31,
2018
(Restated)

Rupees

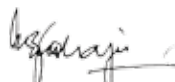
Relationship	Nature of transactions	March 31, 2019	March 31, 2018 (Restated)
Associated companies:			
	a. Purchase of goods	1,490,409,671	1,207,957,318
	b. Expenses cross charged by GlaxoSmithKline Pakistan Limited	33,263,097	30,697,545
	c. Management fees charged by GlaxoSmithKline Pakistan Limited	3,000,000	3,000,000
	d. Sales by GlaxoSmithKline Pakistan Limited as an agent of the Company	1,768,463,712	1,744,708,984
Staff retirement funds:			
	a. Expense charged for retirement benefit plans	9,135,358	5,748,594
	b. Payments to retirement benefit plans	(6,851,423)	(5,494,406)
Key management personnel:			
	a. Salaries and other employee benefits	58,062,062	45,112,118
	b. Post-employment benefits	3,931,604	2,151,183

13. DATE OF AUTHORISATION FOR ISSUE

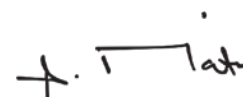
This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on April 23, 2019.



Chief Financial Officer



Director



Chief Executive Officer



do more
feel better
live longer

THE BLUE DOT

GlaxoSmithKline Consumer Healthcare Pakistan Limited
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