

do more
feel better
live longer

By Doing What Matters

Annual Report **2015**
GlaxoSmithKline Pakistan Limited

Delivering Long-term Growth By Doing What Matters

At **GSK**, our passion for providing patient-focused medical solutions has been the foundation of our global success in **115** countries.

For over a century, we have endeavored to combine science with innovative healthcare to provide and improve access to quality medicines, in order to make a difference to millions of lives every day. To us, enabling people to do more, feel better, live longer, is the driving force behind our vision – doing whatever it takes to improve the quality of human life and deliver long-term value.



By Doing
What Matters

Annual Report 2015
GSK (GSK) Plc. Patient Limited

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Corporate Information

Board of Directors

Mr. Dylan Jackson
Chairman

Mr. M. Azizul Huq
Chief Executive Officer

Mr. Abdul Samad
Chief Financial Officer

Mr. Husain Lawai
Independent Director

Mr. Mehmood Mandviwalla
Non-Executive Director

Mr. Nicolas Ragot
Non-Executive Director

Audit Committee

Mr. Husain Lawai
Chairman

Mr. Mehmood Mandviwalla
Member

Mr. Nicolas Ragot
Member

Human Resource & Remuneration Committee

Mr. Mehmood Mandviwalla
Chairman

Mr. Husain Lawai
Member

Mr. M. Azizul Huq
Member

Management Committee

Mr. M. Azizul Huq
VP and General Manager

Mr. Abdul Samad
Director Finance

Syed Azeem Abbas Naqvi
Head of Legal

Mr. Sohail Matin
General Manager Consumer Healthcare

Dr. Naved Masoom Ali
Director Medical Pakistan

Mr. Khalid Mehmood Sethi
Business Unit Head

Dr. Tariq Farooq
Business Unit Head

Ms. Zainab Hameed
Head of IT

Syed Muhammad Salman Haider
*Director Commercial Excellence and Specialty
Business Unit*

Dr. Gohar Nayab Khan
Director Regulatory Affairs

Mr. Abdul Haseeb Pirzada
Head of Public Affairs & Communication

Mr. Arif Tahir
Head of Commercial Trade Channel

* Fabio Landazabal – Non Executive Director - resigned with effect from February 2016

* Yahya Zakaria – Non Executive Director - resigned with effect from March 2016



Company Secretary

Syed Azeem Abbas Naqvi

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Chief Financial Officer

Mr. Abdul Samad

Legal Advisors

Mandviwalla & Zafar
Orr, Dignam & Co.
RIAA Barker Gillette
Vellani & Vellani

Chief Internal Auditor

Mr. Talal Javed Ahmed

Registered Office

35 - Dockyard Road, West Wharf,
Karachi - 74000.

Bankers

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

Tel: 92-21-111-475-725
(111-GSK-PAK)
Fax: 92-21-32314898, 32311122

Website: www.pk.gsk.com

Our Vision, Mission & Values

Our Vision

GSK's vision is inspiring:

“ The opportunity to make a difference to millions of lives everyday ”

At GSK we perform in unison by following our strong value system and ethical guidelines as a source of direction and inspiration to help achieve our vision.

Each and every member of the GSK family plays a vital role in improving the quality of human life. GSK's growth and development can be attributed to the contribution of the skills, talents and ideas of its people.

GSK follows its core values of respect for people, patient focused, transparency and integrity. We are proud of our commitment that enables us to enhance the quality of peoples' lives and helps us to provide them with quality products.

Our Mission

GSK's quest is to improve the quality of human life by enabling people to

“ Do more, feel better, live longer ”

At GSK our mission acts as an underlying principle to whatever we do. We follow a legacy of great science and innovative healthcare that provides people around the world with healthier and fulfilled lives, every single day.

Our Values

Respect for People

We believe that respecting each other is the key to progress and growth for our business, employees and customers. Our employment practices are designed to create a culture, in which all GSK employees feel valued, empowered and inspired to achieve our goals.

Patient Focused

Our commitment to our purpose of improving the lives of billions ensures that all our efforts, be it research, manufacturing or distribution are geared towards improving patient access to quality health solutions.

Transparency

As our business evolves to meet global challenges, so do our existing systems for which transparency is integral. By being transparent about what we do and how, we earn and build trust.

Integrity

Our guiding principles go beyond complying with legal and ethical regulations. Each member of the GSK family takes pride in doing what is right for the patients and consumers, placing them at the heart of every decision we make. In doing so, we demonstrate integrity in action, at every level, every day.

006 The GSK Story

Enabling people to do more, feel better and live longer.

The story of GSK begins where all assumptions end. For over 150 years, we have managed to transform the lives and futures of millions of people and achieved some notable milestones in the process. At present, we are working on not just developing tomorrow's medicines but also on improving access to today's treatments for everyone in need.

Throughout time, we've continuously evolved and challenged preconceptions about how things are done. We've collaborated with Save the Children to help save the lives of one million children in some of the world's poorest countries. For the past thirty years, we have also been working to develop the world's first malaria vaccine and are committed to make it available at a not-for-profit price.

We strive to stay focused on what really matters – people everywhere need better healthcare and we can help them get it, by doing what we do best: developing medicines, vaccines and consumer healthcare products and enhancing access to them worldwide. By doing so, we create value for our shareholders and build a sustainable business that helps people do more, feel better and live longer.



150 years of providing
groundbreaking medical solutions



Up to **40** new medicines
in **late-stage development**

300 clinical trials covering
300,000 patients in **64** countries

1st medicine to treat AIDS

Helped transform the treatment
of respiratory diseases

GSK's global presence:
115 countries with more than **100,000** employees

Follow the story of GSK. Find out what we do, why we do it and how it creates benefit for communities all over the world by working to overcome some of the biggest challenges in global health.



GSK Expectations

Legend:

- Leadership Expectations
- Individual Expectations



Set direction and inspire

Using sound judgment to set a clear & compelling vision that shows your people how their work contributes to delivering our strategy and mission

Ensuring your work supports your team's goals and the organizational priorities and applying sound judgment in all that you do



Develop capability and talent

Investing in your people and building the organizational capabilities necessary to implement our strategy, now and in the future

Equipping yourself with the skills and knowledge to do great work, now and in the future, and supporting others to do the same



Work across boundaries

Cultivating a network of collaborative relationships, based on mutual trust, to ensure the best outcome for GSK as a whole

Building trusting relationships within and beyond your team to achieve goals and contribute to the success of GSK



Drive performance

Holding yourself, your team and others accountable for delivering quality results

Holding yourself and others accountable for delivering quality results



Release energy

Creating a healthy, engaged and inclusive working environment that is sustainable over time

Engaging constructively with others and demonstrating a positive mindset



Live our values

Acting as a role model, ensuring everything you do is in line with our values, serving patients and consumers

Acting as a role model, ensuring everything you do is in line with our values, serving patients and consumers

Strategic Priorities

We are focused on the delivery of five strategic priorities to achieve our mission of helping people “Do more, Feel better, Live longer”.

Everyone at GSK has a role to play in delivering our strategic priorities:

Grow a diversified, global business

We are creating a more balanced business with a wider global reach and broad portfolio. This expands access to our products and produces sustainable growth for our shareholders.



Grow a diversified, global strategy

Create a culture of individual empowerment

We are building a culture where employees are empowered, united by our values and able to achieve great things.



Create a culture of individual empowerment

Simplify the operating model

As our business continues to change shape, we are transforming how we operate so that we can reduce complexity and become more efficient. This is allowing us to free up resources to invest in other areas of the business and improve shareholder returns.



Simplify the operating model

Deliver more products of value

We are investing in innovation to improve our ability to create new medicines, vaccines and consumer healthcare products that offer valuable improvements in treatment.



Deliver more products of value

Building trust

We are committed to operating responsibly and ensuring that our behaviour and actions meet or exceed the expectations of society.



Build trust

Company Profile & Group Structure

GSK Pakistan

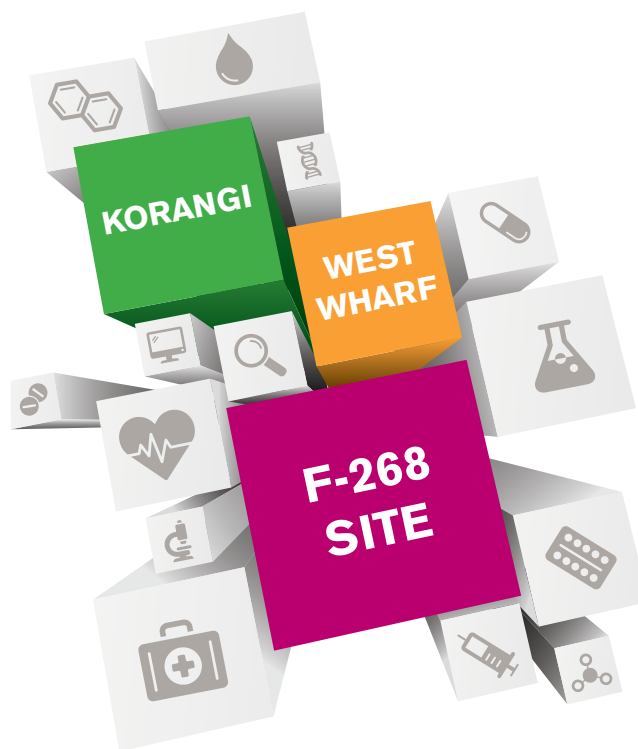
GlaxoSmithKline Pakistan Limited was created January 1st, 2001 through the merger of SmithKline and French of Pakistan Limited, Beecham Pakistan (Private) Limited and Glaxo Wellcome (Pakistan) Limited, and stands today as the largest pharmaceutical company in Pakistan.

GSK is a long established investor in Pakistan. Our legacy company Glaxo Laboratories Pakistan Ltd. was the first pharmaceutical company to be listed on the Karachi Stock Exchange in 1951.

GSK Pakistan operates mainly in two industry segments: Pharmaceuticals (prescription drugs and vaccines) and consumer healthcare (over-the-counter-medicines, oral care and nutritional care). In Pakistan, the Company deals in Anti-infective, Respiratory, Vaccines, Dermatological, Gastrointestinal, Analgesics, Urology, Central Nervous System, Allergy, Cardiovascular and Vitamins therapy areas.

As a science-led and global healthcare company, we remain committed to our mission of making a difference in millions of lives every day. To achieve this, we aim to consistently produce and improve access to quality medicines to help improve the quality of patients' lives. Some of our leading pharmaceutical brands are Augmentin, Seretide, Amoxil, Velosef, Zantac and Calpol and renowned consumer healthcare brands include Panadol, Horlicks, Sensodyne and ENO. Prominent vaccines include Synflorix, Rotarix, Engerix-B, Cervarix.

Today GSK Pakistan is a highly successful business with almost 10.3% of the value and over 17% of the volume share of Pakistan's pharma market. Major competitors are multinational pharmaceutical companies such as Abbott, Novartis, Pfizer, Sanofi Aventis, and local companies like Getz and Sami. GSK Pakistan has built a competent commercial capability with a track record of successfully integrating the BMS, UCB, Novartis Vaccines, and Stiefel businesses, and building a diverse and profitable business of over 150 brands.



GSK Pakistan presently employs about 2,300 persons across its Sales, Global Manufacturing Services (GMS), Pharma division and Consumer Health Care functions. Our Global Manufacturing Services (GMS) in Pakistan consists of three facilities; West Wharf, F-268 site and Korangi.

GMS, F-268, SITE Karachi

The F-268 site is located in the Sindh Industrial Trading Estate and is the biggest GMS site in Pakistan. It has three manufacturing blocks – Liquid Block, Tablets Block, and a dedicated Penicillin Block. This site also has a small dedicated unit for Iodex Cream. Over 195 SKUs are manufactured at this site, with an annual volume of around 199 million packs. Major products manufactured at this site are Augmentin, Amoxil, Calpol, Zantac, and Actified.

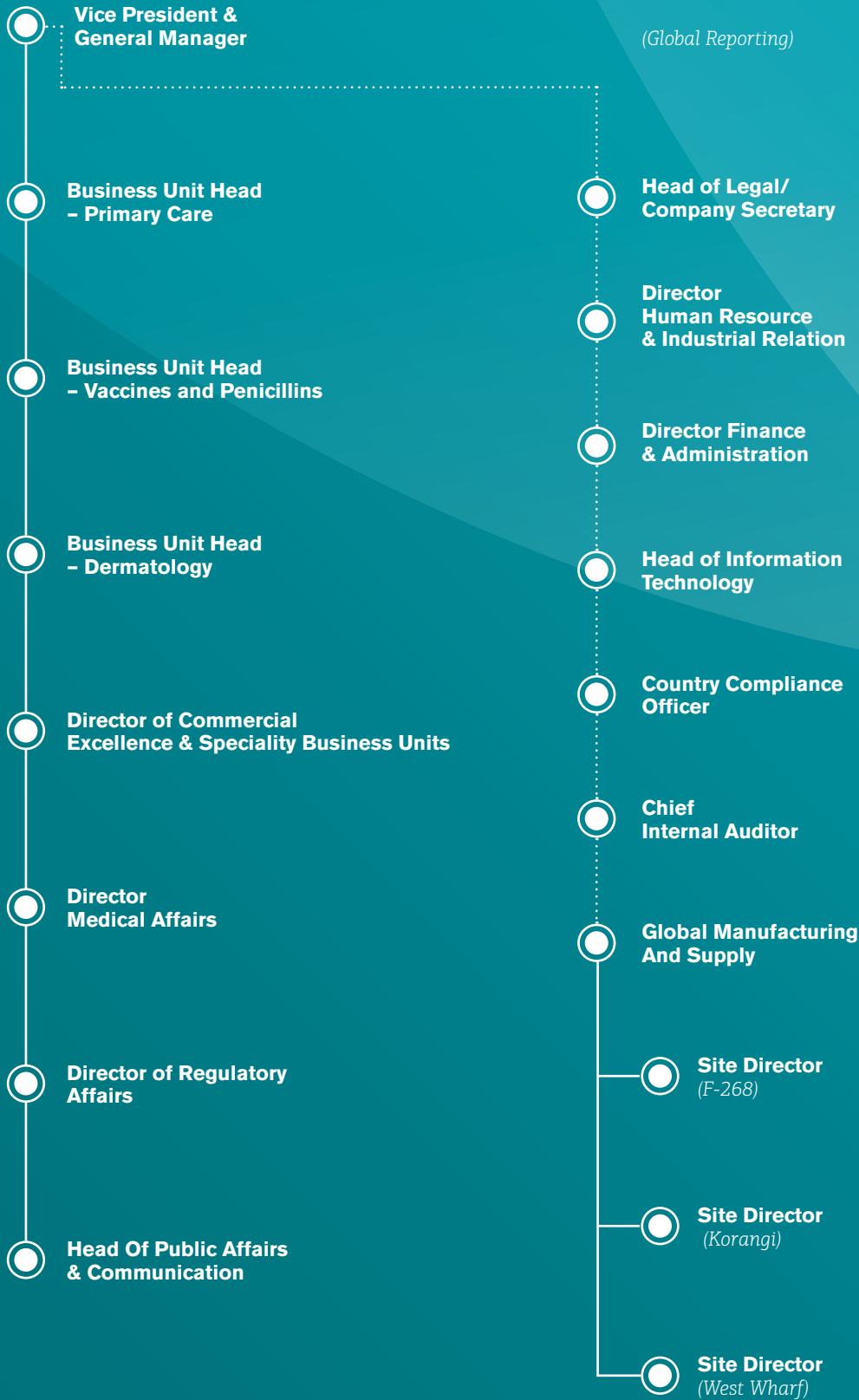
GMS, Korangi, Karachi

Located in the Korangi Industrial Area, this manufacturing site has a dedicated block for Cephalosporin, both orals and injectables, as well as a small unit for tablets. GMS Korangi manufactures around 103 SKUs and produces an annual volume of around 32 million packs. Major products manufactured at this site are Velosef, Capotin, Fortum, Ceporex and Theragran.

GMS, West Wharf, Karachi

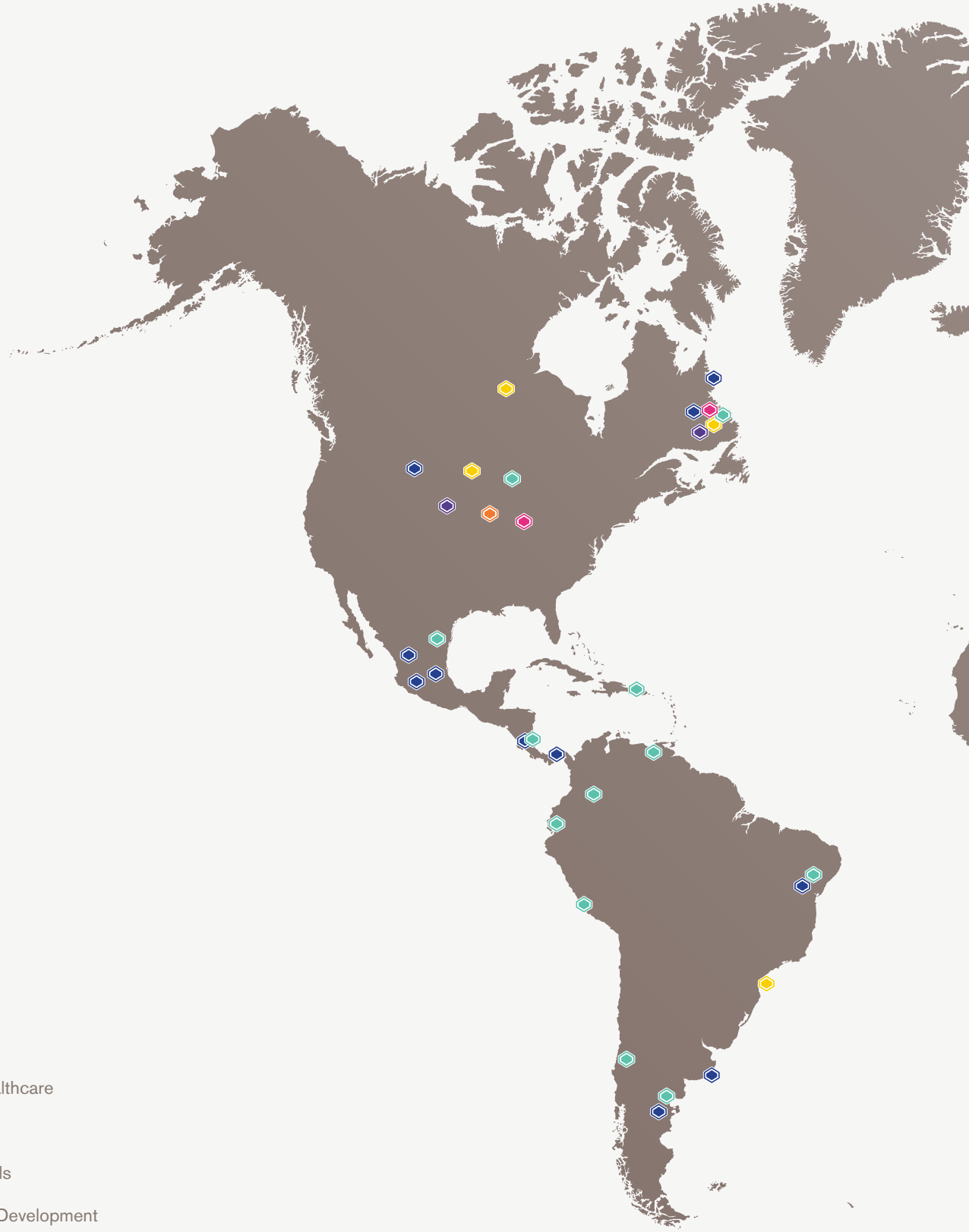
This manufacturing facility is located on the sea shore close to the Karachi Port and city centre. The major manufacturing operations at this site are Dermatological products, Ointments and Creams, including a sterile facility for liquid ampoules. The West Wharf site also has a small unit for manufacturing aerosols and spansules. Over 64 Stock Keeping Units (SKUs) are manufactured here, with an annual volume of around 152.9 million packs. Major products manufactured at this site include Betnovate, Dermovate, Polyfax, and Fefol Vit.

Organogram

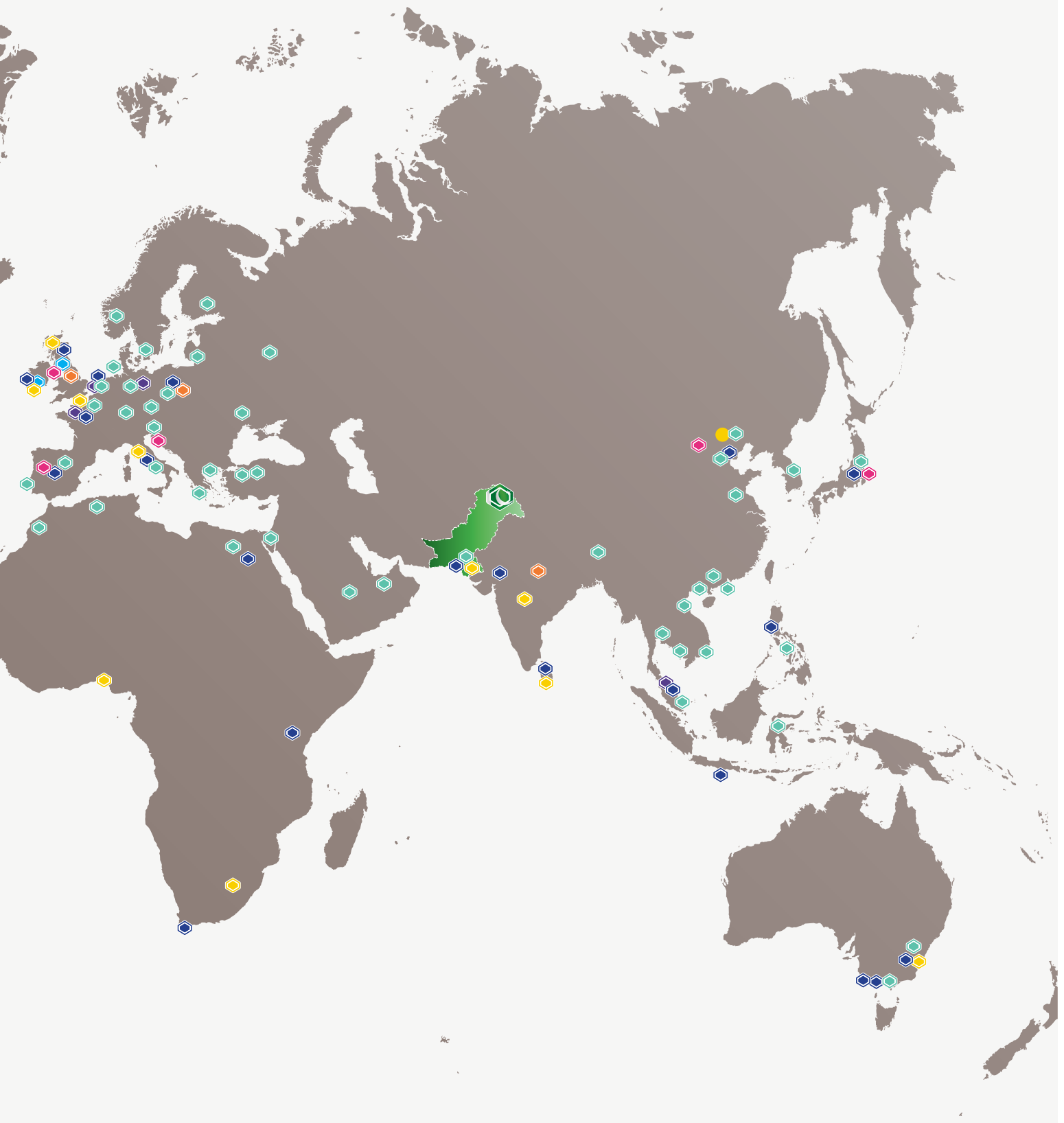




Geographical Presence



- Biologicals
- Corporate
- Consumer Healthcare
- GMS
- Pharmaceuticals
- Research and Development



Our Behaviours

Our Approach

We are driven by our Values in everything we do – from developing, testing and manufacturing new medicines to engaging with governments on appropriate policies.

Using rigorous standards and controls, we prioritise patient safety, transparency and acting with integrity in all our research and clinical trials. We then continuously monitor and report any potential adverse effects from our medicines and vaccines when prescribed by physicians and used by patients.

We expect all our employees and suppliers to live our values. Mandatory annual training ensures our people know our Code of Conduct, and we measure their performance not just by what they deliver, but how they deliver them in line with our values. We have transformed our business model to lead the industry in changing the way we sell and market our medicines; to ensure patients' needs come first. Our sales professionals around the world no longer have individual sales targets. Instead, they are assessed and compensated based on their knowledge and quality of service they deliver to healthcare professionals (HCPs) and broader business performance.

Ethical Conduct

We are guided by our values – integrity, transparency, focus on patients and respect for people – in everything we do.

Commitment: We will continue to strengthen our values-based culture by training our people on the standards expected, encouraging the reporting of any concerns, and embedding our values into the way we measure employee performance.

Training Employees On Our Expectations

We train our people to put our values into practice and make the right choices if they are faced with ethical dilemmas. Our Code of Conduct and a dedicated online resource centre provide the guidance and tools they need to apply our values in

their everyday activities, wherever they work around the world. We have zero tolerance for bribery or corruption in any form. Our Anti-Bribery and Corruption programme includes risk assessments, standards and additional training for people working in high risk areas.

Embedding Our Values In Performance Measurement

Living our values is one of the six expectations we use to measure employees' performance through our global performance system. This puts the emphasis on the way employees achieve results, rather than just the results themselves. We have also fundamentally changed the compensation model for our sales teams to focus on patient needs.

Promoting values in sales and marketing practices

We have transformed the way we compensate our sales force and engage with healthcare professionals to ensure patient needs come first.

Commitment: Continue to drive a values-based approach to sales and marketing practices across the world, with the interests of consumers and patients at its core.

Creating A Sales Force That Puts Patient Needs First

We have transformed our business model to lead the industry in changing the way we sell and market our medicines.

In January 2015 we completed the roll-out of changes to the way our sales teams are compensated globally. From January 2015, our medical representatives around the world no longer have individual sales targets. Instead, they are incentivised based on their technical knowledge, the quality of service they deliver to healthcare professionals (HCPs) to

support improved patient care, and a broader set of business performance measures. Our sales teams are listening to customers' needs and using the right GSK resources to help support the delivery of improved patient care.

Changing The Way We Engage With HCPs

We remain committed to ongoing dialogue with the scientific community and supporting medical education, but we are making changes to transform and modernise the way we engage with HCPs.

GSK is also changing the way it supports medical education of healthcare professionals by no longer playing a role in choosing which healthcare professionals are sponsored to attend scientific congresses. Instead, the company will provide funding to independent professional bodies who will allocate funding to individuals – another industry first. We will also support independent medical education by providing grant funding to recognised education providers. These programmes are independent and we do not influence the programme content. We are using multiple channels to provide information about our medicines and vaccines in the way HCPs want it, when they want it.

Ensuring ethical interactions

We are committed to engaging ethically and transparently with political and other key stakeholders.

Commitment: Demonstrate that all GSK interactions with patient advocacy groups and political stakeholders are conducted appropriately, ethically and transparently.

Public Policy

We interact regularly with governments, policymakers and other stakeholders to advocate for policies that encourage innovation, promote efficient management of healthcare spending and give patients the support they need.

In 2015, GSK ranked globally in the top three most transparent FTSE 100 companies by Transparency International in their Corporate Political Engagement Index on the transparency of companies' political engagement and the quality of their reporting on political activities.

Engaging With Patient Advocacy Groups

We engage with, and support, patient organisations to gain insights that enable us to develop products and advocate for policies that better meet patient needs.

Our new Global Standard for Interactions with Patient Organisations outlines how we work with patient groups, collaborate on projects and gather insights ethically and transparently. Funding from GSK cannot exceed 25% of a patient group's annual revenue and, to respect their independence, we do not seek endorsement for or promote our medicines.

We publish all information (financial and non-financial) about the support we provide to patient organisations.

Working with third parties

We aim to build strong relationships with third parties that support our business and share our values.

Commitment: We seek to work with third parties that share our commitment to high ethical standards and operate in a responsible way. If performance gaps are identified, where appropriate we commit to working with the third party to improve performance.

Our suppliers and other third parties – including agents, distributors and affiliate companies (where we have an equity stake) – help us develop and distribute the medicines, vaccines and products that patients and consumers need.

Every year, we spend billions of pounds with tens of thousands of suppliers on a wide range of goods and services. It is essential that we strengthen the relationships with the suppliers and third parties that are critical to our business and work with those that share our values and operate in a responsible and ethical manner.

Managing Third Party Risk

We expect all the suppliers and third parties we work with to comply with our standards on ethics, labour rights, health and safety, and the environment.

In 2015, we conducted assessments globally of the 200 distributors focusing on four key risks: anti-bribery and corruption, labour rights, promotional activities and information protection.

We also expect our suppliers and third parties to comply with GSK's quality and safety standards. Our global manufacturing and supply team continues to manage and regularly assess the performance of the suppliers that support our manufacturing, specifically on quality and ethical, environmental, health and safety (EHS) management systems.

Commercial Trade Channel

Commercial Trade Channel (CTC) is one of the five focus pillars to help drive future growth for the business as per GSK's new Ways of Working. At CTC, our vision is to position GSK as a partner of choice for internal and external customers throughout the commercial value chain, by adapting multi-industry best practices to GSK's Pharma landscape, leading to an efficient, compliant and commercially viable operating model.

Our function encompasses the following areas:

- Distribution Management
- Tender and Key Account Management
- Pharmacy Channel Development
- Trade Marketing

This end to end ownership and management of commercial value chain of our Pharmaceutical Products and Vaccines is geared towards driving channel excellence so that the patient at the end of the value chain receives a high quality product, as prescribed by the doctor. Our team achieves this by developing win-win commercial relationships with our channel partners: distributors, hospitals, institutions and pharmacies.

This enhances the access patients have to the quality products produced by GSK, while helping grow the business at the same time.

Quality Management System (QMS)

The Quality Management System (QMS) at GSK Pakistan is the backbone of the system that ensures we deliver the highest quality product to our customers and patients. Our objective is to focus on maintaining the highest quality for our products and their continuous improvement by implementing the latest Global policies and procedures developed for product quality and delivery.

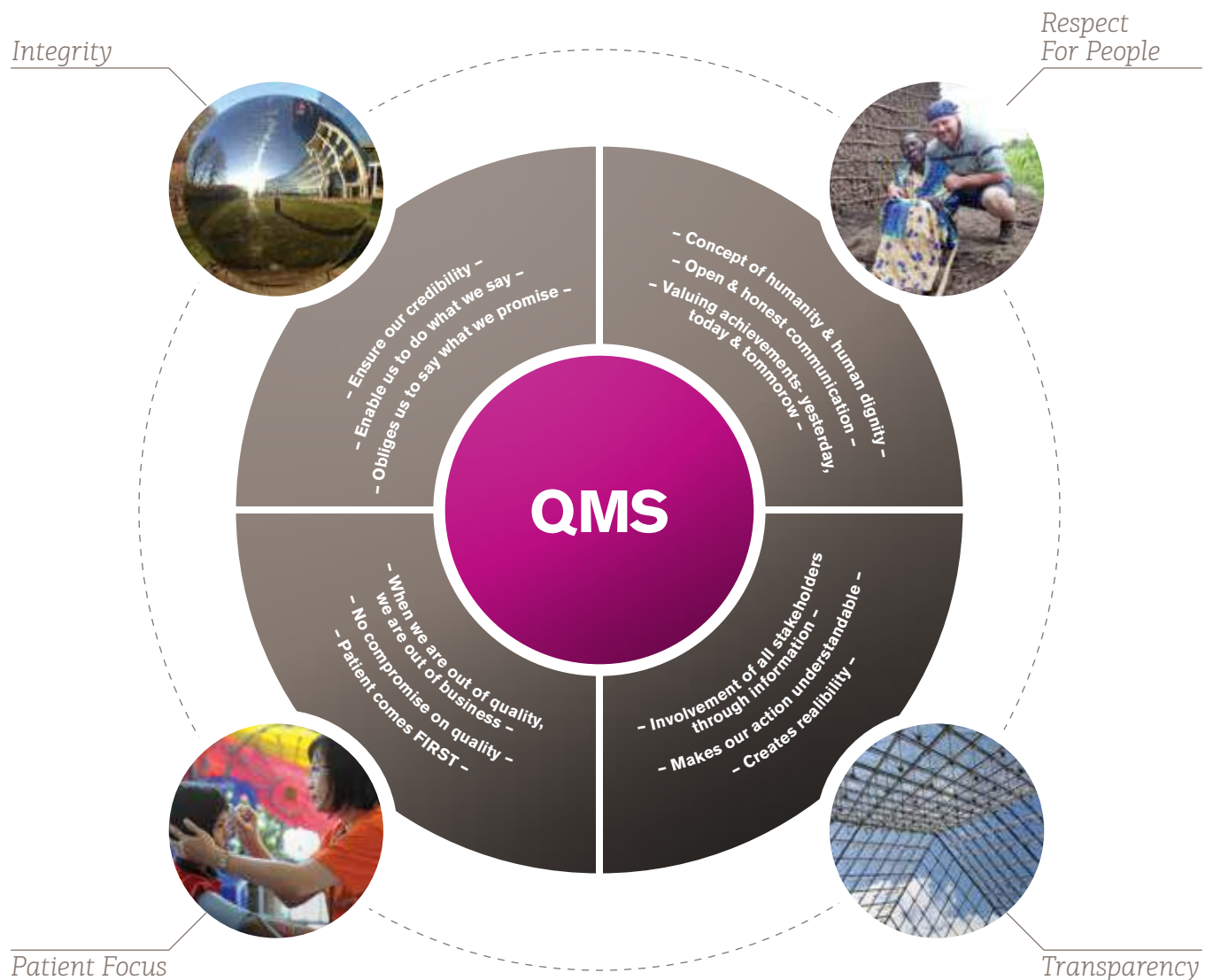


QMS at GSK is the foundation that underpins everything we aspire in terms of product quality. We help achieve this by providing vigilance across the organization to assure all of the activities we undertake are fully compliant with internal GSK policies and those of our local regulators, and will also lead to an improvement in performance for the benefit of business and shareholders.

Our success and future is dependent on the benefit our products give to people to improve the quality of life. Therefore, the responsibility of these products will always remain the foremost focus of our attention. The framework we put in place to assure we achieved our quality goals in 2015 includes:

- Ensuring door to door delivery of quality products by internally implementing QMS policies and procedures within GSK.
- Focus on supplier management to comply with GSK QMS standards; we place the highest demands regarding compliance with standards not only for ourselves but also for our suppliers.
- Optimizing our service provider portfolio by implementing a new evaluation system that includes ecological criteria in addition to qualitative criteria.
- Focusing on overcoming barriers to access to medicines, which involves factors such as development, health policy and health system infrastructure, rational use of drugs, temperature compliant storage, and infrastructure for transport and distribution of drugs.
- Implementation of temperature controlled vehicles to ensure products reaching patients are stable, efficacious and of the highest quality.

- Distributor awareness workshops organized and executed in local languages across Pakistan to disseminate QMS compliant ways of operations.
- Ensuring storage is compliant with Good Warehouse Practices with effective record retention to protect intellectual property.
- Product realization, the process of achieving and maintaining controls to consistently and reliably produce the same product.
- Process of continuous improvement by ensuring that we achieve the right first time delivery with zero defects.



Environment, Health & Safety (EHS)

GSK is firmly committed to ensuring the safety and well-being of our employees. We have consistently achieved this objective by focusing on sustaining our safe and accident-free environment.

"I AM EHS" was the slogan adopted by GSK for 2015, as we recognize our staff works in a challenging, fast-paced, and ever-changing environment. GSK greatly values the well-being of its employees, hence our commitment towards a safer, healthier & people focused environment.

The slogan is also a representation of the Ways of Working at GSK, placing EHS at the core of every decision we take.

Environment:

GSK encourages environment friendly ways of working. To align our operations with the guiding principles on environmental safety and resource/energy conservation, we have undertaken the following initiatives in 2015:

- Installation of High Efficiency Motors (HEM)
- Variable Speed Drive (VSD) Compressor to reduce energy consumption
- Replacement of Air Handling Units (AHUs) for improved equipment efficiency & energy consumption
- Optimization of boiler operation
- Steam system survey

In addition to improving our environment-friendly ways of working, we have taken several initiatives, focused exclusively on sustainable energy in operations:

- Natural Gas Consumption Reduction Program
- Steam Generation & Distribution System Optimization Program
- A major cut down pulled off through HVAC Optimization Program with installation of highly efficient chillers

- Solar panels
- High efficiency lights
- Energy monitoring & control to introduce accountability across all functions

By working towards our ambition of being one of the most energy efficient supply chains, our Consumption Cutback programs have resulted in a 17% reduction in both water and energy consumed of the past few years.



Change / Agility



Physical



Emotional



Mental



Spiritual



Recovery

Health:

GSK recognises its employees as the key behind every success. GSK's commitment for a safe & healthy workplace can be witnessed through the following initiatives:

Personal Resilience: In order to thrive, be productive, and enhance our engagement both personally and professionally, we must continuously nurture energy. Personal Resilience focuses on techniques to sustain energy levels throughout the day. This technique enables employees to maintain physical energy levels, manage emotions effectively, enhance focus and identify personal and professional priorities.

Chemical hazards monitoring: Safety in the work environment is imperative while dealing with hazardous chemicals. For the purpose of ensuring the well being of our employees, thorough & robust chemical monitoring was carried out.

Safety:

In recognition of best efforts, investment, training, awareness and use of modern technology to control fire accidents and save human lives, GSK Pakistan received the "4th Annual Fire & Safety award". This award was arranged by the Fire Protection Association of Pakistan (FPAP) in association with National Forum for Environment & Health (NFEH).



Demonstration of HSE principles by F-268 in 3rd National HSE & Sustainable

Development Summit

GSK Pakistan participated in the 3rd National HSE & Sustainable Development Summit, to disseminate knowledge on our safety working model, which has been effective in reducing workplace injuries and illnesses, and to discuss our strategies which increase the sense of responsibility in Business Processes. We demonstrated transforming

organizational results through the implementation of integrated HSE and sustainable development strategies and proactively promote such initiatives, as they signify the need for HSE practices and impact the business continuity and operational excellence of any organization.

Global Manufacturing & Supply (GMS)

GMS at Pakistan is part of GSK's Regional Pharma Supply. Innovating efficacious ways of working, delivering products of value at optimal cost, and implementing industry-best practices for safety and sustainability with zero accidents, defects and waste, are the strategies merged into our operational blueprint, enabling us to become a world class leader in integrated supply chain.

Investing in our winning team has been the key driving force behind achieving this goal. We firmly believe that the development of people is the essence of transformation and essential to delivery and sustain world class performance. Consistently pursuing strategies to engage our employees further, our focus areas in 2015 were:

- Fulfilling the training needs of our workforce, by educating them on the relevant, innovative, and industry-best practices on the ways of working
- Augmenting knowledge and experience of our young talent, through instructor-led sessions

Deployment of the "My Supply Chain Academy" programmes, which focused on safety, tactical problem-solving (GPS), leadership and governance, and risk assessment audits for an effective control strategy to drive us towards Zero Defects.

The GSK Production System

In 2015, we achieved success in strengthening our competitive advantage in the industry, innovating new ways of working, to upscale production and augment our final product quality standards.

Tablet Remodeling - Phase I

We have remodelled our Non Lactam facility to optimize space utilization of our tablet manufacturing section in order to ensure quality from raw materials to finished goods. This has enabled improvement in efficiency by simplifying process flows; enhanced productivity by reducing cycle time between process stages, and consistent delivery of the right quality of products on time to exceeded commercial ambitions and satisfaction.

Simplified Process Flows

The facility has been designed to eliminate the reverse movement of material from one process stage to the next until

the finished goods are produced and ready to dispatch. The design helps improve floor efficiency, reduce cycle time and waste, and improve productivity.

Operation Flexibility

In order to meet increasing customer demand, this facility has been designed to meet future growth. Three additional production lines may be added to the new facility, giving the option to increase product portfolio as and when required

Right First Time

To maintain our "Right First Time" policy and successfully achieve the goal of delivering quality products to our patients, the facility is equipped with compliant work stations and upgraded equipment.

Reliable source of supply

The purpose of the facility is to maintain site capabilities for securing uninterrupted supply and avoid stock outs, in case of increasing demand.

Warehouse Space Optimisation

Catering to the challenge of a constantly increasing product portfolio and stock position, our Logistics team along with other functions at GMS have been working on solutions to overcome storage constraints by implementing improvement Kaizen for storage. After the successful implementation of various space optimizing measures, the project resulted in a 33% improvement in capacity utilization and a saving of Rs. 2.0 million per annum in storage costs.



Augmentin Capacity Expansion

Pakistan is the core market for GSK's flagship product, Augmentin. To meet growing demands, a new fully integrated Augmentin tablet packaging was added in our Penicillin value stream, resulting in a capacity increase of almost 100%. This will help us deliver more products of value with optimized operating costs and higher production efficiencies. The capacity enhancement for Augmentin tablets at GMS supports our strategic priority to improve access to quality medicines by increasing supply to ensure our products meet future supply needs.



Research & Development (R&D)



GSK Pakistan has retained its position as the country leader in R&D in 2015. Our success has been facilitated by undertaking the following initiatives during the year:

- We successfully conducted the Zoster 039 project and also provided training and quality assurance support to many other countries for clinical trials in other areas.
- During the year, we supported transition of our Oncology studies to Novartis.
- Globally, GSK has reshaped its R&D strategy and revised its footprints.

Information Technology

The innovative use of information technology solutions is the key driving force for new ways of working at GSK, and is actively being used for both internal processes and external engagements, to drive organizational success.



At GSK Pakistan, in addition to aligning Information Technology with the strategic direction of our business, we have also pioneered new ways of engagement with our customers via various digital platforms, thus becoming more efficacious and diminishing the obstacles of connecting across geographies.

In 2015, we enabled our field force to better utilize the mobility tools provided to them, and at the same time, enhance our systems and networks.

The ever-increasing demands for digital enablement at all levels of the business have led to the utilisation of multiple channels such as email, webcasts, websites, learning portals, mobile applications, social media and e-detailing, to achieve our goals when connecting with patients and customers.

With information considered one of the most valuable assets at GSK, we are committed to safeguard it through our active state-of-the-art record- protection system, which focuses

on categorizing proprietary information, based on its level of risk. This was supported by a drive for raising awareness and understanding on information security at GSK, an important initiative, as the system not only protects information pertaining to our employees, but complementary workers, shareholders, and other third parties as well.

In 2016, GSK Pakistan plans to enhance its distributors' productivity and efficiency by implementing a distributor management system, along with plans to continuously improve the overall IT infrastructure and connectivity options for the sales force. To improve the communication with vendors, GSK Procurement has also implemented a solution to automate the process, which will result in additional cost and time benefits for the organization.

In 2016, we will also see the launch our new CRM system globally, which will integrate all field activities for our medical representatives and give them an opportunity to enhance their interactions with health care professionals.

Awards for the Year 2015



Global Employee Recognition (Gold), Annual General Counsel Award

Mr. Azeem Naqvi, Head of Legal – Pakistan, Iran and Afghanistan along with a team of Legal colleagues in the MEA region, was named by Dan Troy, SVP and General Counsel, as winners of Legal's Annual General Counsel award. This legal team was recognized for their outstanding work on Project Footprint. This Project changed the operating model in 18 of GSK's highest risk emerging markets by withdrawing from the private higher risk channels and focusing on GSKs supply of and access to medicines via supra-national organizations or direct to governments.

Moving to this model required coordination by Legal Operations International of the LOCs, LGTM, Global Patents, Government Affairs, Regulatory Affairs, Business Development, HR, Finance and Dispute Resolution and Prevention. This complicated and sensitive project is an excellent demonstration of Legal working across boundaries, both within the Legal Function and with our clients and partners in other global support functions.

4th Annual Fire & Safety Award

In recognition of best efforts, investment, training, awareness and use of modern technology to control fire accidents and save human lives, GSK Pakistan received the "4th Annual Fire & Safety award". This was awarded to GSK amongst around 30 companies countrywide, after completing a professional evaluation and criteria. The award was arranged by Fire Protection Association of Pakistan (FPAP) in association with National Forum for Environment & Health (NFEH).

The Best in EU and EMAP Supply Chain for Saving Water

As part of GSKs aspiration of becoming an energy efficient supply chain, our factory located at F-268 SITE devised several Consumption Cutback programs which resulted in a 17% reduction in both water and energy consumption over previous years. Different energy reduction strategies were adopted such as Natural Gas Consumption Reduction Program, Compressed Air Usage Optimization Program and Steam Generation & Distribution System Optimization Program, including a major cut down pulled off through HVAC Optimization Program with installation of highly efficient chillers. The F-268 facility also introduced solar panels, high efficiency lights and energy monitoring & control to introduce accountability across all functions. These initiatives helped reduce the overall operating cost and also supported our zero waste ambition. For all these initiatives, F-268 was given the 2015 entitlement for "The best in EU & EMAP Supply Chain for Saving Water & Energy".

Best Corporate and Sustainability Report Award 2014

GSK Pakistan was awarded 3rd place in "Other/Miscellaneous" sector of the Best Corporate and Sustainability Awards for 2014. The award was presented to GSK by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). This award has been instrumental in encouraging local companies to follow transparency in preparing their annual reports according to international best practices. The 2014 award was an improvement for the company which had placed 4th and 5th respectively over the last two years.

Human Resources- *Delivering World Class Performance*

Partnership for Prevention

GSK Pakistan has launched a new preventive healthcare service for its employees and their family members. The program called Partnership for Prevention (P4P) is a global program that aims to provide all eligible employees and their family members with access to up to 40 preventive healthcare services, at no cost to themselves.



These services include Adult and Child Immunizations, Cancer Screenings, Cardiovascular Health, Pre Natal Care, Routine Physical Examinations and other preventive services. The program is aimed to support employees and their families to live healthy lives and have the opportunity to improve and protect their health.

Pakistan is the largest LOC within the GSK network to have launched P4P covering 7,357 lives including 2104 employees and 5253 family members across 14 locations in 41 panel hospitals.

All employees and their benefit-eligible family members have been provided with P4P toolkits containing detailed information about the program, their health record booklets, and personalized Credit Letters that would help them utilize this service without paying anything upfront.

This program makes GSK the first multinational in the world to have launched such a program on such a large scale, giving us another reason to be proud of being a part of the GSK team!

Future Leader Program

Our Future Leaders Programme (FLP) suits graduates who want a career with purpose and who share our mission to help people do more, feel better and live longer.

FLP is our flagship programme at GSK Pakistan and is completely aligned with GSK World global practices hence creating opportunities for FLP graduates on a global scale.

This programme offers careers which provide trainees with the opportunity to develop their skills, enhance their strengths, and make a difference in the world.

GSK's HR team is committed to seek out the best talent from across the country by maintaining an active professional relationship with leading universities. While investing substantially in the execution of our annual employer branding strategy, we ensure that our values of Patient focus, Integrity, Respect for people, and Transparency are our guiding principles while interacting with students and for all our plans that are developed for Campus Recruitment.

This programme offers training and experience through a number of purposely designed in-depth & breadth rotation across the organization, such as Sales/Marketing, Medical, Manufacturing, Human Resources, etc.

GSK Pakistan has selected, developed, and been an active exporter of FLP talent for international assignments across GSK Global, in a short span of time. Salman Haroon, Multi-Channel Marketing Manager in Singapore and Ali Mehdi, Specialist Project Management in Belgium, are two such examples of successful permanent placements from our FLP. With a new batch of exceptional graduates having joined our programme in 2015, we expect to see and look forward to a lot more of this talent to become valuable permanent members of GSK in 2016.

Our aim is to select the best talent from the local market and enable them to sharpen their commercial & technical acumen in the healthcare industry by providing them with extensive learning and development opportunities so that they not only serve GSK Pakistan, but also perform at international markets within GSK.

We recruit the best Early Talent available – with the objective of developing them into GSK's future leaders. This programme aims to strengthen our leadership pipeline while building breadth and adaptability to support our organization in a rapidly

changing environment, as these graduates go forth to hold key positions in the company.

Global Grades Harmonization

GSK started the journey towards consistent grading for leadership teams across GSK when this initiative was first introduced in the UK and US in 2010 by simplifying their local grades. In Pakistan, we implemented global grades at all levels in October 2015, when we successfully harmonized our grades after resolving local challenges and aligning their affiliated benefits.

Through grade harmonization, we were able to simplify the GSK operating model and at the same time optimise the speed of transformation and capability for sharing and reallocating resources.

This change has not only created a fluid organisational structure which offers opportunities for stretch and development at all levels, but will also facilitate easier talent transfer across business units and geographies.

This process will result in time and cost savings through use of common processes and tools across the GSK community. Most importantly, following an extensive job benchmarking exercise that was part of this change, now when we discuss our talent on GSK's global platforms, we are literally speaking the same language!



Medical Affairs

Medical Affairs plays an increasingly important role in communicating the value message to physicians in an objective and ethical manner, whilst providing education on product benefits and risks.

The Global HCP Engagement Initiative aims to deliver a new operating model for engaging HCPs, consistently executed across the organization - an engagement model that builds trust and credibility through the quality of our interactions and communications with HCPs.

This will require a transformation in the way Medical works, in the shape and size of the organization, and a shift in mindset towards a more customer-centric model.

During 2015, Medical Affairs has enhanced its capabilities to shift from being an internally-focused support function to a more externally-focused strategic partner to the business. The focus has been on developing customer and patient insights; translating evidence into meaningful information and communicating scientific information on the appropriate use of GSK medicines and vaccines directly to HCPs.

We have focused our efforts on the following capabilities to enable this change:

- Greater product/scientific expertise to support credible external interactions (in terms of both capacity and competency to deliver this).
- Robust capability development and training with an initial focus on product/scientific knowledge and external engagement skills for customer-facing Medical roles.
- Enhanced capacity and efficiency in operations to support internal processes and governance, allowing us time to focus on more external customer engagement.

Under the Medical Governance umbrella, our responsibility is to safeguard that our system of principles, policies and accountabilities is adhered to. This helps ensure that we apply the generally recognized philosophy of good medical science, medical integrity, ethics and standards to the development and marketing of drugs, vaccines and medicinal products. Pharmacovigilance at GSK has always been a key parameter in managing human safety related matters; our department is well equipped with both workforce and resources on a day to day basis for management of human safety related information for both local and global regulators.

The Medical department has contributed significantly in delivering quality medical education by engaging with around 8000 HCPs nationwide through face to face meetings and other multichannel interactions such as video conferencing, webinars, mobile applications and our website (www.health.gsk.com.pk).

On the Research & Development front, GSK Pakistan has maintained its leadership position in Pharmaceutical clinical trials for several years. The allocation of vaccine trials and other bioequivalence studies has further strengthened the Research & Development portfolio.

It is also our responsibility to ensure that the changing role of the Medical Department as a strategic partner to commercial operations is patient focused, as well as aligned with the needs of the local business as well.

Dermatology

GSK in Pakistan enjoys a legacy of excellence in dermatology with longstanding expertise in acne, psoriasis, eczema, atopic dermatitis and superficial skin infections. The dermatology portfolio adds value to GSK's diversified business, positioning us as the undisputed leaders in the derma market, with significant contributions on the global scale. Our portfolio ranges from prescription to daily skincare, so that we can offer quality, science-led products that help meet individual treatment needs and improve overall quality of life for people with skin conditions.

Our dermatology team collaborates with leading skin health professionals all over the country to keep them updated on the advances in the dermatology sphere. Keeping patients at heart of all our initiatives, we strive to increase awareness on the burden of skin infections, and remain dedicated to ensuring that consumers and patients achieve healthy and radiant skin, by using our quality branded products.

We take skin seriously because we understand the impact it can have on people's daily lives and the challenges faced those who advise and care for them. We're inspired by the difference

healthy skin can make. It can affect our daily lives, our confidence and outlook at home, at work and at school. This motivates us to make a difference through the development of our integrated portfolio of daily skincare products and prescription treatments, ranging from Topical Steroids and Antibacterial products to sunscreens and soap. Our approach is underpinned by our long-standing, trusted relationship with consumers and dermatology experts. We are committed to developing science-led and differentiated products, so that more people discover and enjoy healthy skin.

Milestones/ Achievements

- We remain #1 in Pakistan's dermatology market in terms of value, volume and prescriptions generated
- Every 3rd prescription in the Derma Market is for a GSK Brand
- Betnovate joined the Rs.1 billion club on IMS (IMS PKPI MAT Nov 2015)
- Hydrozole achieved the 200 million milestone in 2015 in primary and secondary sales (IMS PKPI MAT Nov 2015)
- Zolanix joined the Rs.100 million club in secondary sales. (IMS PKPI MAT Nov 2015)
- Bactroban became a member of the Rs.100 million club on IMS. (IMS PKPI MAT April 2015)
- Acne-Aid regained its market leadership in the Topical Anti-Acne Category in terms of sales and is also the most prescribed brand in the Topical Anti-Acne Category

 **Stiefel**
a GSK company

Consumer Healthcare

GSK's Consumer HealthCare business maintained its growth momentum in 2015 reaching Rs. 4.9 billion which represents a 16% increase over last year. All key brands such as Panadol®, Horlicks® and Sensodyne® reflected a strong performance throughout the year. With this performance, the business continues to be aligned with GSK's corporate vision of helping people "Do more, feel better, live longer", and improving access to our products

Panadol – A Saga of Success

Panadol is the flagship brand of GlaxoSmithKline Consumer Healthcare. The brand has been in the market for decades, earning the trust of consumers and doctors alike. It is one of the biggest brands in the pharmaceutical industry in Pakistan with over Rs. 3 billion in net sales. Panadol is readily accessible by patients, through thick and thin, providing effective relief against pain with all its variant SKUs. The product captured a third of the market share in 2015 (source: IMS PKPI, 2015) with over 60 million prescriptions written for Panadol (source: IMS prescription data MAT 2015). These achievements are a testimony to Panadol's promise to be there for everyone in need, making sure that pain does not bring a stop to their lives and hopes to be even better at helping people enjoy a happy, pain free life.



Sensodyne Pakistan

Sensodyne® is the No.1 dentist recommended brand for sensitive teeth in Pakistan and is rapidly capturing a significant share within the toothpaste segment in Pakistan. With a portfolio consisting of toothpastes, toothbrushes and mouthwash, Sensodyne is a complete oral care regime for sensitivity sufferers and offers innovative science based solutions to differing consumer needs. The brand is active throughout the year on all advertising fronts with the core objective of imparting awareness on sensitivity as a condition that can be alleviated.



Sensodyne has been made more accessible to customers through shelf visibility projects, 'intercept and promote' activities and other consumer promotions. In 2015, 160,000 sensitivity sufferers were engaged as part of various in-store activities. Sensodyne also has a robust detailing team which promotes the advance science behind Sensodyne to dentists. As a result of consistent detailing, Sensodyne has acquired the endorsement of the dentist fraternity and has phenomenal expert

recommendation of over 83% thereby allowing the brand to leverage the claim of '8 Out of 10 Dentists Recommend Sensodyne' in all its communications.

Sensodyne witnessed impressive growth in 2015 over the previous year and significant jump in market share. As a result of strategic investments and a smooth supply throughout 2015, Sensodyne achieved net sales of over Rs.1 billion.

Launch of Horlicks NutriQuest

To 'get the kids to get the moms', Horlicks launched its first ever mobile app in the summer of 2015. NutriQuest is a feature filled and graphic rich game mobile game with a detailed storyline developed on the iOS/android platforms. The plot is that an evil scientist takes over the Horlicks factory with his army of Metalloids and 4 Horlicks heroes have to fight across 30 levels to defeat the elusive Dr Greedy and has the Taller, Stronger, Sharper platform at its heart.

The game successfully integrates the Taller, Stronger, Sharper (TSS) claim of the brand by having TSS boosters across levels creating Relevance with the brand. Additionally, there is a consumer promotion leg to the game with 5 hidden levels which can only be accessed through NutriCoins found in Consumer Promotion packs in-store.

The project was a first of its kind in many ways. Pakistan was the pioneer market in the Family Nutrition Category globally for the NutriQuest launch. No brand had previously launched a campaign which integrated digital with consumer promotion. A key factor was the execution of the launch for which several levers we utilized in ensuring that we achieved our objective with a great new asset.

The campaign was leveraged through both online and offline channels. The offline assets consisted of a TVC with a strong

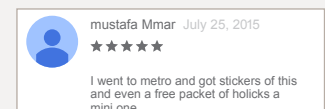
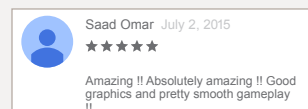
We now aspire to build upon the momentum achieved in 2015 by reaching out to even more people in 2016. The teams are geared up to the challenge and motivation levels are sky high because we want to continue being the first choice for consumers, shoppers and experts to enable people to do more, feel better and live longer!



call to action regarding NutriCoins, engaging print ads, game experience zones at 4 of the biggest malls in the country and at 6 International Modern Trades. In-store activations with brand ambassadors armed with tablets containing the game were held at 30 Local Modern Trade outlets through the first 45 days of launch.

We successfully achieved our objective of driving awareness through this innovative Game App with a record setting performance on Digital Media. Our efforts were also recognized in the Middle East Digital Awards in which Pakistan won the 2nd prize for NutriQuest on account of the advanced and integrated strategy which generated over 16,000 app downloads against our target of 10,000.

Moreover, as a result of the optimized media investment for NutriQuest, the Horlicks Pakistan Facebook page has now risen into the top 10 ranking of FMCG food pages, with over 630,000 likes!



Vaccines

The GSK Vaccines Business achieved several milestones in 2015, with a range of HCP engagement and consumer awareness campaigns all aimed towards addressing the challenges of vaccine hesitancy and improving overall immunization coverage in Pakistan.

World Pneumonia Day

According to WHO, one out of every five child deaths, under the age of 5, can be attributed to pneumonia. In Pakistan, pneumonia is responsible for 92,000 deaths of young children every year. Despite the fact that Synflorix, GSK's flagship vaccine brand for pneumococcal diseases, is available for free in Pakistan through the Expanded Program on Immunization (EPI), awareness with regards to vaccination is extremely low, and children continue to suffer at the hands of this deadly disease.

World Pneumonia Day falls on November 12th of every year, and is one of the platforms GSK actively uses to spread mass public awareness with regards to the dangers of childhood pneumonia, the need for vaccination and the availability of free vaccines at EPI centres. This year, we had an extensive World Pneumonia Day campaign, whereby disease awareness messages from renowned pediatricians were recorded and aired on major TV and Radio channels across the country. These messages were recorded in Urdu as well as Sindhi and Pashtu, to increase penetration into the masses.

In addition to this, press conferences were held in major cities and the resulting coverage in the press was phenomenal. The key messages from the press conferences were aired on TV as well as major newspapers across the country.



RVGE Disease Awareness Campaign

Rotavirus is a contagious virus which causes severe diarrhea in children. A child suffering from Rotavirus Gastroenteritis can get severely dehydrated, may need to get hospitalized, and can even die. In Pakistan, 100 children under the age of 5 die due to RVGE every day.

In order to spread awareness about RVGE and the need for vaccination, we aired TVCs, radio ads and print ads across Pakistan, highlighting the burden of disease, the complications caused by RVGE and the need to vaccinate children against it. The campaign lasted a month and was aired on all major channels in Urdu, Sindhi, Punjabi and Pashtu to ensure maximum coverage.



UACC (United Against Cervical Cancer) *paves the way for increasing awareness against cervical cancer in Pakistan*

Around 80 per cent women are vulnerable to cervical cancer as they can be infected by the Human Papillomavirus (HPV) that causes cervical cancer at some point in their lives. As per WHO, Pakistan has already made it to top 10 countries with highest

number of Cervical Cancer deaths, killing around 20 women every day who die due to this entirely preventable disease.

The launch of UACC (United Against Cervical Cancer) in 2014 aimed at driving a cause for Cervical Cancer to cut through the lack of awareness and the cultural and religious taboos that hamper the fight against this cancer in Pakistan. The year 2015 has witnessed an enhanced emphasis from GSK Vaccines on the importance of Cervical Cancer prevention through a robust series of awareness initiatives, taking a lead in our commitment towards *Protecting. Human. Kind.*

In order to sustain the platform of UACC this year, we conducted media launches supported by Society of Obstetrics and Gynaecology of Pakistan (SoGP), Pakistan Paediatric Association, AMAN (Association for Mothers and Newborns), AKUH Gynae division & AIESEC for Cervical Cancer prevention initiatives in Pakistan. Robust awareness activities were carried out on World Cancer Day & International Women's Day in the form of press briefings, PR releases, TV & Radio placements. Subsequently, a full year partnership was carried out with AIESEC for taking forward the cause of UACC and increasing awareness for university student segment. This involved an aggressive thrust of university awareness drives, youth to business forums and social leadership platforms which were utilized to reach out to the students in approximately 20 universities across Pakistan. In addition to this, adequate social media mileage was gauged through AIESEC fan page for UACC spreading the message of prevention across the digital savvy masses. Disease awareness sessions were also conducted in major corporate institutions to increase awareness and emphasize on the prevention of Cervical Cancer for working women.

This innovative approach reinforced GSK's Commitment to protecting precious lives through prevention and bringing a positive change in the lives of millions of people. Through UACC we aim to encompass people at all levels, be it HCPs, Students, Corporates, general people, NGOs etc. Going forward, GSK Vaccines Pakistan aims to elevate the cause of UACC to an enormous level in Pakistan, and continue

to foster robust initiatives of this kind in future. The women of Pakistan are unaware of the seriousness of this disease. It's high time we all Unite Against Cervical Cancer to protect our girls & women from this silent killer!



IMPACT Workshop

Amidst a range of HCP engagement activities in the year 2015; the Vaccines Team successfully executed a 2-day Cervical Cancer Workshop titled; "IMPACT- Immunization Practices & Advocacy for Cervical Cancer". This was GSK Pakistan's second symposium which was accredited by PMDC for 9 credit hours in collaboration with Baqai Medical University.

The objective of the meeting was to overcome the challenges of hesitancy towards Cervical Cancer prevention in Pakistan. The agenda comprised of a combination of scientific as well as discussion based sessions. Sessions like "The Great Debate" was designed as an interactive "case-study workshop" which encouraged HCPs to think out of the box and formulate strategies on how best to convince their patients for vaccinations against cervical cancer. The distinguishing factor about the 2-day workshop was that the challenge of bringing Paeds, Gynae & GPs on one single platform for sharing the responsibility of Cervical Cancer prevention was addressed.

Through these initiatives GSK Vaccines leveraged its strengths by bringing in more Healthcare Professionals into the circle of being prevention-centric and taking a lead in the commitment towards *Protecting. Human. Kind*

Vaccinology Workshop

One of the greatest challenges for vaccination in Pakistan is the lack of awareness about the need for Vaccines and the general preventive measures available against various infectious diseases. This gap in knowledge exists not only in the general public, but also within the HCP community.

As an ongoing initiative, GSK vaccines held this year's Vaccinology Workshop in Karachi. The event was a day and a half of informative and interactive meetings on the most recent strategies related to preventive medicine, with almost 70 attendees from all over Pakistan. The meeting was structured to provide a dynamic mix of interactive workshops and state of the art lectures, targeting Pediatricians, Gynecologists, and General Practitioners.

The topics of discussion ranged from Vaccine Hesitancy, Immunology, Childhood pneumonia, Rotaviral Diarrhea, as well as a session on the complex vaccine manufacturing process. The event culminated in a highly interactive Workshop session on Challenges and Barriers of Cervical Cancer immunization.

Foreign Speaker Sessions

The GSK Pakistan Vaccines team has always maintained an active engagement process with KOL's through our sales reps, medical team, and commercial team, as well as internal regional and global experts.

2015 was especially active in terms of HCP engagement, as we were able to have 3 separate visits by our global internal experts.

William Hausdorff, Serdar Ozturk, Juan Pablo, Selim Badur, and Richard Adegbola visited Pakistan throughout the year and were actively engaged with Senior Pediatricians, as well as EPI officials, in order to share the latest scientific data pertaining to our vaccines.

In addition, during Juan Pablo and Richard Adegbola's visit, GSK Vaccines was able to conduct the first ever CME accredited medical education symposium in collaboration with the Pakistan Pediatric Association in Karachi. The theme of the symposium was "Overcoming the challenges of vaccine hesitancy in Pakistan", and was very well appreciated by the Pediatric community.



Corporate Social Responsibility (CSR)

Corporate Social Responsibility at GSK encompasses the many factors that affect the well-being of all living species. GSK has retained its traditional commitment to excellence, practicing as a socially-responsible global healthcare company with a model that operates within the scope of its core values of transparency, respect for people, integrity, and patient-focus.

The year 2015 has seen dedicated focus on working towards our objective of improving patient access to quality medicines, operating with the most energy-efficient supply chain, and making an impact that alleviates pollution-related burdens on the environment. With our values and principles forming the backbone of our operations, we place patients first in our decision making, and aim to enable them to “Do more, feel better, live longer”.

GSK's Corporate Responsibility principle aligns us to make a positive contribution to the community by investing in health and educational programs and partnerships with organizations that strive to bring value to the communities they work for. It brings sustainable improvements in the lives of the under-

served people of the developed and under-developed world. At GSK, corporate citizenship is integrated at every level, where our work demonstrates ethical practices across all fronts, from marketing activities, ethical research and development, to environmental protection, community support and development.

Driving towards Zero Waste with an Innovative Approach

According to global statistics shared by water.org, a child is lost to a preventable water-related disease every 90 seconds. Aligning operations with our traditional objective of alleviating health-related burdens, we have successfully combined our resources with innovation to develop a water waste management system, by setting up a tertiary treatment plant at our F-268 GMS site in Karachi. The effective execution of the project in 2015 can be seen in the improved efficiency in water consumption by 4%, reusing nearly 15,000 gallons of waste water each day. Reusing water has contributed to a significant reduction in the scarcity of water in the region, saving precious drinking supplies for the inhabitants of the neighboring communities. Through consumption cutback programs, we have

reduced the consumption of water and other energy sources by 17%. Our waste water management has also saved marine life from the verge of extinction, by reducing the amount of pollutants entering their ecosystem, helping us achieve our objective of placing the well-being of all living species first, in our ways of operating.





Solar Energy Project

At GSK, we actively recognise and work towards fulfilling the need for creating an energy-efficient model of working. Carbon footprint is one of the greater concerns that affect consistency in the conservation of resources in the environment. One of the major contributors to the problem is the industrial production processes, which results in large amounts of carbon emissions. In 2015, we sought out a solution to the burden, to ensure that we operate using renewable and sustainable means, with the installation of solar panels to generate power for the production process at our Korangi GMS site in Karachi. The project was successfully executed within four months, with an installed capacity of 20.4 kW, having generated 11,440 kWh since its setup in May, 2015. With the initiation of the project, we maintain a firm commitment to achieving a 25% reduction in our carbon footprint by 2020. Having taken the initiative at one production site, focusing on the reduction of industrial pollution in the environment, we plan on extending these innovative techniques to other sites. With these initiatives taken, we work towards forming a sustainable future, hence exercising our dedication to enable people to do more, feel better, live longer.

For efforts made towards resource conservation in 2015, GSK has been recognized as “the Best in Europe and EMAP Supply Chain for Saving Water and Energy”.



Donations/Grants for the Year 2015

- GSK donated medicines worth over half a million rupees to various relief centers, as aid for victims of the nationwide heat wave, during the holy month of Ramadan in 2015.
- We have awarded a grant to the Institute of Behavioral Psychology (IBP), in recognition of their active cause-led efforts to provide educational, therapeutic, and psychological services to children, youth, and adults with special needs.

Achieving *Milestones*

Augmentin

GSK's flagship brand Augmentin™ maintained its position as the highest selling antibiotic in Pakistan's pharmaceutical industry, achieving steady growth in 2015. This quality and cost effective product, which is prescribed by HCPs as the 1st choice of treatment for a variety of indications such as Respiratory Tract Infections, Acute Otitis and Skin and Soft Tissue Infections, provides relief to approximately 5 patients every second. On the basis of one prescription generated per second in Pakistan, Augmentin™ crossed the Rs. 4.4 billion mark in 2015, registering a growth of 7% in the highly competitive anti-infectives market.

Augmentin™ success in the anti bacterial market was achieved through a multi channel engagement approach, keeping the patient at the heart of what we do. Augmentin™ messaging this year has been centered on a series of digital initiatives such as IPAD detailing, webinars & multiple knowledge based forums dedicated towards dissemination of the concept of rational use of antibiotics in Pakistan. This has not only improved the quality of our interaction with Healthcare providers, but has also delivered greater value for the patient, thus realizing GSK's mission to enable people to "Do more, feel better, live longer".

Augmentin™
(Co-amoxiclav)

Amoxil

2015 proved to be yet another successful year for Amoxil, demonstrating the immense trust that doctors place in this brand and the value it adds to the GSK portfolio. Ranked as the third largest GSK antibiotic in Pakistan, Amoxil closed 2015 with Rs. 1.9 billion in sales, registering solid growth of 10% over the previous year. Overcoming the challenges of a highly competitive environment by successfully maintaining its position in the market, Amoxil helped contribute to our mission to make a difference to the lives of millions of people every day. Keeping our customer at the heart of everything we do, we are confident of Amoxil achieving even greater success in 2016.

Amoxil™
amoxicillin

Velosef

Velosef, the second largest GSK antibiotic in Pakistan surpassed the Rs. 2 billion landmark once again in 2015. This was achieved despite facing supply constraint issues throughout the year. In 2015, Velosef was the largest oral cephalosporin brand in terms of value, and the most prescribed cephalosporin in the Pakistan pharmaceutical market. The brand was able to deliver growth by increased focus on patients suffering from Tonsillopharyngitis and Skin and Soft Tissue Infections.

Velosef®
(cephradine)

FixVal

FixVal demonstrated increased momentum in growth in 2015 by crossing the Rs. 150 million milestone in sales. Patients had better access to FixVal in 2015, which is reflected in an in-market growth of 27%. This product, which is one of the fastest growing GSK antibiotics, established itself as the 9th largest Cefixime brand in terms of value and the 5th most prescribed Cefixime brand in Pakistan. The success, which has been achieved within 5 years of its launch, was based upon highlighting its differentiation in a cluttered generic market, through a comprehensive marketing campaign promoting FixVal as an antibiotic that is 'similar but not the same', a message which resonated strongly with the target audience.

FixVal
(cefixime)

Fefolvit

In 2015, Fefolvit recorded its highest ever sales of Rs. 676 million, delivering growth of 17.5% over the previous year, the highest percentage growth by any GSK brand with sales greater than Rs. 500 million per annum. This growth was complemented with an 18% increase in Fefolvit prescriptions, demonstrating the Fefolvit team's commitment to improving access and the trust HCPs place in this brand.

FefolVit
iron & vitamins with folic acid

Zantac

Zantac proved itself to be one of the top performing brands in the primary care business unit by delivering the highest absolute growth of 61 million in 2015. Having crossed the Rs. 950 million mark and with the continued trust of doctors, Zantac aims to join the Rs. 1 billion club in 2016. Zantac, introduced in Pakistan in 1983, continues to be the trusted choice by doctors across Pakistan, for the treatment of Acid Related Disorders. Although the anti-ulcerant market is cluttered with newer classes of PPIs, Zantac continues to be the 3rd most prescribed drug in this market showing the immense trust doctors have based on the quality, efficacy and safety of this product.

ZantacTM
Ranitidine HCl

Derma products

Zolanix

Zolanix became the 10th GSK dermatology brand to achieve Rs. 100 million in annual sales. This feat was achieved with a consistent strategy that included the launch of the Pack of 4 capsules in 2015, to support the complete treatment regimen for the recurrent vaginal candidiasis indication. The launch was followed by an increased focus on the Gynecology segment, with an approach focused to outline the patient access factor. The sound product knowledge and patient focused approach of the field force was also instrumental in the success of Zolanix.

Zolanix[®]
Fluconazole 150 mg Capsule

Bactroban

Bactroban joined the prestigious Rs. 100 million club in 2015, sustaining GSK's leadership position in the topical anti-bacterial category. This novel offering aligns with GSK's commitment by helping patients recover from a wide range of primary and secondary skin infections effectively, thus helping patients do more, feel better and live longer.

BactrobanTM
(mupirocin, 2%)

Hydrozole

With GSK quality and strong medical heritage in dermatology, Hydrozole achieved another milestone when it joined the Rs. 200 million club in 2015. Hydrozole, which is one of the Stiefel's legacy brands, was first launched in Pakistan in 2003. It belongs to the corticosteroid/antifungal class, offering a dual action that ensures relief for patients of all age groups suffering from inflamed fungal infections including nappy rash. For this reason, Hydrozole has become the treatment of choice and #1 prescribed brand among all the topical categories of the Derma Market.

Hydrozole
(Hydrocortisone 1%, Clotrimazole 1%) Cream

GSK Pharma Launches 2015

Primary Care

Calpol

In order to offer our patients an opportunity to increase dosage compliance, Calpol 6 Plus and Paeds Suspensions were upsized from 60 to 90ml and 90 to 100ml respectively. The upsize was welcomed by HCPs and patients, which was evidenced by > 90% pack conversion in 2015 for both SKUs. This resulted in a +27% growth in value in Q4 2015 vs the same period last year. Calpol is currently ranked second in the analgesics market with a value share of 15%.

CALPOL™ 6 Plus
(Paracetamol)
Suspension

CALPOL™
(Paracetamol)
Paediatric Suspension



Zyrtec

As of October 2015, the internalization process for Zyrtec manufacturing was completed, which has enabled the production of this product at our F-268 production facility in Karachi. To promote the success in internalization, we have introduced a global packaging design for Zyrtec, offering a fresher and more vibrant appearance, while ensuring that patient benefit and product quality is maintained at every step.

ZYRTEC®
(Cetirizine 2HCl)



Traxon

At GSK, we aim to improve the quality of human life by enabling people to do more, feel better live longer. In 2015 we launched Traxon (ceftriaxone Sodium) I.V injections, a third-generation cephalosporin that can be used to treat a wide range of infections including pneumonia, gastroenteritis and typhoid. Traxon is being manufactured locally at our state of the art cephalosporins manufacturing plant in Korangi, with the raw material being procured from a supplier who was first in the world to develop ceftriaxone. Traxon was launched under the umbrella of Value Health, which is a GSK Pakistan initiative to provide access to quality medicines for a larger number of patients at affordable prices.



Dermatology

Clobevate

For over a decade, Clobevate has been providing patients with relief from Psoriasis. In order to improve patient compliance, GSK introduced an additional SKU in the steroids market; Clobevate 20 gram. This range was introduced to enable convenience to patients, thus enabling improved patient compliance during their treatment regimen.



Directors' Profile



Mr. Dylan Jackson

Dylan joined GSK in 2012 as Head of Strategy for Emerging Markets and Asia-Pacific, and as a member of the EMAP Leadership Team. In this role he was a key driver of GSK's Emerging Markets strategy, as well as leading major initiatives including GSK's Africa 2020 investment programme. Dylan went on to hold the role of General Manager of the Kazakhstan and Central Asia cluster, and more recently, led the Novartis transaction on behalf of the Global Pharma business.

Dylan is a graduate of Oxford University and a pharmaceutical industry expert with 17 years experience in this sector. Before joining GSK, he held a number of senior Commercial and Corporate Development roles at General Electric (Healthcare) and Takeda Pharmaceuticals; he has also supported a number of global pharmaceutical companies as a Strategy Consultant and led two Pharmaceutical industry start-ups.



Mr. Nicolas Ragot

Nicolas Ragot has been appointed to the position of Regional Pharma Supply Chain Head, MEA/ CIS replacing Dave Cooper, effective 1 May 2015. Russia will remain in the scope of his new role in which he will continue to report to Regis Simard, SVP Europe & EMAP Pharma Supply.

In this role, Nicolas will lead the GSK end-to-end supply chain in MEA and CIS, overseeing Boudouaou (Algeria), El Salam and Giza in Cairo (Egypt), Jeddah (Saudi Arabia) and F268, West Wharf and Korangi (Pakistan) manufacturing sites. He will also be a member of the Pharma MENA/ CIS Commercial Leadership Team. Nicolas will also work closely with Rodrigo Becker, SVP Africa & Developing Countries collaborating on the Africa 2020 GSK Strategy.

Nicolas joined GSK in 2000 as Penicillin Production Director at Mayenne (France). In 2004, he moved to Evreux (France) taking the role of Production Director for Inhaled Products. In 2008, Nicolas became Site Director at Mayenne, before taking the same position at Evreux in 2011.



Mr. Husain Lawai

Mr. Husain Lawai is the President and CEO of Summit Bank Limited and is a seasoned banker with vast experience in the banking and financial services industry. He holds a Masters Degree in Business Administration from the Institute of Business Administration, Karachi. Mr. Lawai has previously held the position of President and Chief Executive Officer at Muslim Commercial Bank, and has the distinction of establishing Faysal Islamic Bank's Pakistan Branches; the first Islamic Sharia Compliant Bank (presently known as Faysal Bank Limited). He has also served as the General Manager, Emirates NBD Bank for Pakistan and Far East. Currently, Mr. Lawai is the Chairman of Central Depository Company of Pakistan. He is also on the Board of Directors of Wyeth Pakistan Ltd., GlaxoSmithKline Pakistan Ltd., and The Searle Company Ltd. He is on the Board of Governors of Karachi Grammar School and Virtual University of Pakistan.



Mr. Mehmood Mandviwalla

Mr. Mehmood Mandviwalla is the Senior Partner of the law firm, Mandviwalla & Zafar. He obtained his LLB (Hons) from the London School of Economics and Political Science and qualified as a Barrister from the Hon'ble Society of Lincoln's Inn. He has been in commercial law practice for over 28 years.

Mr. Mandviwalla is on the Board of Directors of the State Bank of Pakistan. He is also a member of the Board of Governors of the British Overseas School and Trustee of ICI Pension Fund.



Mr. M. Azizul Huq

Mr. M. Azizul Huq is the VP and General Manager of GSK Pakistan. He began his career with Rhone-Poulenc (now Sanofi) in Bangladesh and during the 9 years with the company, moved through different progressive roles in product and marketing management.

He then joined the legacy company GlaxoWellcome in Bangladesh as Marketing Manager in 1998 and also held the positions of Sales & Marketing Manager before being appointed Marketing Director during the merger through which GSK was created. Aziz was appointed General Manager & Managing Director of GSK Bangladesh in 2003.

Mr. Huq holds a post graduation in Pharmacy from the University of Dhaka and also an MBA degree from the Institute of Business Administration at the same university.



Mr. Abdul Samad

Abdul Samad is Chief Financial Officer / Finance Director and joined the Board of Directors of GlaxoSmithKline Pakistan Limited on August 1st, 2015.

Abdul Samad is a Chartered Accountant and fellow member of ICAP. He joined GSK in 2002 and during 13 years of association with the company, he has obtained diversified multi markets' experience and worked on various finance roles covering Business Partnering, Shared Service, Compliance/ Internal Audit and Supply chain. He has taken secondment assignments in GSK Saudi Arabia and Morocco. Previously, he has also served as Audit Manager at PricewaterCoopers (PwC) Pakistan.

Board & Management Committees

The Board of Directors

Our Board of Directors is the highest governing body and represents the interest of all our Shareholders. We are focused on strategies that we believe are right for the long term growth and success of the Company with the objective of delivering total shareholder's return, along with staying true to our core values.

Keeping the above requirements in mind, we have an extremely capable and dedicated Board of Directors which has the knowledge, proficiency, reliability and strong sense of conscientiousness required for protecting investors' yield. The Board will ensure that the management of the Company; its financial and other matters are in accordance with legal and regulatory requirements. The Management Committee is responsible for implementation of strategies and policies approved by the Board, reviewing of business, capital expenditure appraisals, investment and divestment of funds, determination and delegation of financial powers and transactions or contracts with related parties, etc.

Board's Performance Review and Continuous Professional Development

All members of the Board have been provided with an Orientation Course upon their joining, to apprise them of their roles and responsibilities. An Evaluation Questionnaire was also distributed amongst the Board Members, to assess the performance of senior management on a periodical basis regarding the objectives, goals and working of the Board.

Membership and Attendance

The names of the members of the Board of Directors, attendance in the Board Meetings held during 2015 are detailed on Page 52 and their profiles are detailed on Pages 46 to 47.

Audit Committee

Terms of Reference

The Audit Committee meets at least four times a year. The Committee assists the Board in the effective discharge of its responsibilities for corporate governance and financial reporting. It also reviews the internal control systems including financial and operational controls, accounting systems and reporting structure to ensure that they are adequate and effective. The Head of Internal Audit has direct access to the Chairman of the Audit Committee.

Report of the Audit Committee

With the aim of enhancing confidence in the integrity of GSK's processes and procedures relating to internal control and corporate reporting, the following items were the main highlights on the agenda during the year:

- GSK's Anti-Bribery and Anti- Corruption Programme
- Related party purchase transactions and the status of Tax cases
- Operational Performance Review
- Review of Internal Audit activities

Human Resource and Remuneration Committee

This committee is responsible for dealing with employee related matters including recruitment, training, remuneration, performance evaluation, succession planning, and measures of effectively utilizing the workforce of the Company. It is also responsible for making HR policies, recommending and approving salaries of the CEO, CFO, Company Secretary, Head of Internal Audit and senior management who report directly to the CEO.

Management Committees

Management Committee

Terms of Reference

The Management Committee ensures smooth operations of the Company, engages in strategic business planning, decision making and overall management of the Company. It also ensures adequacy of operational, administrative and financial controls.

Risk Management & Compliance Board

Members and Terms of Reference

The Risk Management & Compliance Board comprises of the Functional Heads and the Chief Internal Auditor. It reviews significant risks affecting the business, including strategic, financial, operational and legal compliance risks. It oversees and ensures the identification and implementation of internal controls to mitigate significant risks. The Board monitors the various compliance initiatives and promotes risk management and compliance culture in the Company.

Environment Health & Safety Committee

Members & Terms of Reference

The Environment Health & Safety Committee is chaired by the respective Site Heads. It ensures operations are fully compliant with the EHS practices as outlined by regulatory control and corporate. It appraises the major EHS projects and monitors their implementation, identifies risk conditions and organizes training programmes to educate employees for EHS issues.

Vision Team

The Vision team at GSK gives input for alignment of the GSK strategy and futuristic objectives. It primarily reviews line capacities at the various sites over the long term perspective focusing on capacity constraints, potential for export markets, product initiatives and new packaging requirements

Composition of the Board

The Board consists of executive and non-executive directors, including independent directors and those representing minority interests, with the necessary skills, knowledge, experience and competence, so that the Board as a group includes competencies and diversity considered relevant in the context of a Public Sector Company's operations. The Board comprises of the Chairman and the Chief Executive Officer, which are two separate positions.

Role of the Chairman

The office of the Chairman shall be separate and his responsibilities distinct from those of the CEO. The Chairman shall ensure that the Board is working properly and all matters relevant to the governance of the Company are placed on the Agenda of Board meetings. He shall conduct the Board Meeting according to Agenda. He shall also ensure that all the directors are enabled and encouraged to participate in the decisions of the Board. He will lead the Board and ensure its effective functioning and continuity of development. He shall however, not be involved in the day to day operations of the Company.

Role of the Chief Executive Officer (CEO)

The CEO is responsible for the management of the Company and for its financial procedures and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Ordinance and Code of Corporate Governance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively in accordance with all statutory obligations.

Directors' Report to the Shareholders

The Board of Directors of GlaxoSmithKline Pakistan Limited is pleased to present to you the Annual Report along with the Company's audited financial statements for the year ended December 31, 2015.

The Directors' Report has been prepared in accordance with section 236 of the Companies Ordinance, 1984 and regulation 5.19 of Pakistan Stock Exchange Limited, previously known as Karachi Stock Exchange and Lahore Stock Exchange. This report is to be submitted to the members at the Sixty Ninth Annual General Meeting of the Company to be held on April 27, 2016.

Operating results

	Rs. in million
Profit for the year before taxation	3,846
Taxation	(1,203)
Profit after taxation	2,643
Un-appropriated profit brought forward	2,576
Other comprehensive income	74
Profit available for appropriation	5,293

Appropriations:

Final dividend 2014	
Cash	(1,592)
Un-appropriated profit carried forward	3,701

The Board of Directors is pleased to announce a final cash dividend of Rs. 4.0 per share amounting to Rs. 1.27 billion, subject to the approval of the shareholders at the Annual General Meeting to be held on April 27, 2016.

The Net sales of the Company grew by 6.1% during the current year to Rs. 29.6 billion. Net profitability of the company was Rs. 2.6 billion, an increase of Rs 1 billion.

Holding Company

As at December 31, 2015, S.R. One International B.V., Netherlands held 263,029,794 shares of Rs. 10 each. The ultimate parent of the company continues to be GlaxoSmithKline plc, UK.

Pattern of Shareholding

The Company's shares are traded on the Pakistan Stock Exchange Limited, previously known as Karachi Stock Exchange and Lahore Stock Exchange. The shareholding information as of December 31, 2015 and other related information is set out on pages 114 to 117.

The Directors, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the Company. The shareholding of Mr. M. Salman Burney increased marginally.

Chief Executive's review

The Chief Executive's review on pages 56 to 58 deals with:

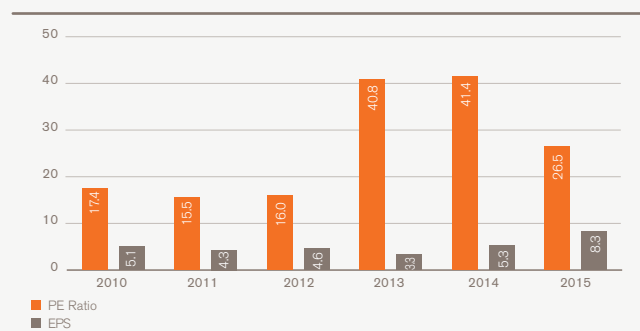
- Economic overview and business performance with latest developments in the Pharmaceutical industry.
- Performance review of the Company during the year and significant changes from the previous year along with reasons.
- Effective cash management strategy.
- Future outlook and challenges.

The directors of the Company endorse the contents of the same.

Basic Earnings per Share

Basic Earnings per Share after taxation were Rs. 8.30 (2014: Rs. 5.30). Excluding the gain of Lahore Site land the EPS were Rs 5.58.

Earning per Share & Price Earning Ratio



Corporate Social Responsibility (CSR)

GSK is committed to social responsibility and aims to conduct business practices aligned with our values. Corporate Social Responsibility is therefore an integral part of how we work as an organization. At GSK, we understand the need for outreach programs at the grass root level, focusing on health, education, general medical relief. Improving environmental sustainability is another key area of concentration. This year our primary focus was on using innovative methods to improve and make more

efficient our use of resources in our manufacturing process, thus enabling environmental sustainability and improving patient access to quality medicines. By doing so, we were able to adopt a socially responsible means of working every day, throughout the year, that help us attain significant progress on reducing our impact on the environment. Details of our eco-friendly and efficient ways of working can be found on page 40.

Human Resource Development and Succession Planning

GSK takes pride to create a working environment where employees feel valued, respected, empowered and inspired which drive our vision to "Do More, Feel Better, Live Longer".

With this value proposition in place, we have implemented our New Performance System to enhance individual accountability and reward high achievers. A great effort has also been made to clearly outline and communicate GSK's expectations to our employees at an individual and leadership level. Moreover, we ensure that our behaviors are driven at all times by our values of Transparency, Respect for People, Integrity and Patient-Focus.

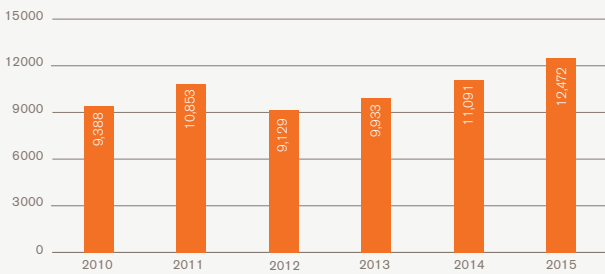
Additionally, our talent systems encourage honest and frequent feedback to provide our employees with a holistic assessment of their behaviors and its impact, thus ensuring that as teams, we harness the best out of our employees and proactively manage performance.

We need a talented, motivated and resilient workforce to deliver our strategy and tackle challenges effectively. Our approach to acquire high potential talent externally continues with an increased vigor when conducting recruitment drives at top tier universities. At the same time, we focus on the development of internal talent through a robust talent management process, which provides them local and global opportunities to excel and deliver GSK's strategy. In order to streamline our HR processes globally, we have implemented state-of-the-art technology that

provides our leaders with accurate data for strategic alignment and decision making, as well as empowering employees at all levels.

On the whole, our efforts are helping us build a High Performance Culture in GSK.

Sales Per Employee
Rs. in Thousand



Environment, Health and Safety (EHS)

As GSK, we consider environmental protection, occupational health and safety at work as important as providing quality products.

GSK Pakistan is committed to provide a safe, injury-free workplace where everyone is healthy, energized and protects the society.

Our processes are robust and sustainable to ensure that we deliver quality products and serve the needs of our customers, without compromising the safety of our employees. To help achieve this objective, a number of programs have either been launched or are in the pipeline to maintain and further improve EHS performance in all operational areas of GSK Pakistan.



These programs aim to strengthen the EHS systems in number of ways to:

- Ensure a better understanding of operational risks, their effective management and create a safer workplace for our people.
- Enhance the capability of our employees to put safety first while conducting day-to-day operations and decision making.
- Improve on the sustainability elements to curtail the water and energy consumption and waste generation to ensure a sustainable environment for the society.

GSK Pakistan will continue to embrace the EHS systems across the supply chain and will strive to advocate excellence in EHS performance.

Business Ethics and Anti-Corruption Measures

GSK considers performance with integrity as the central core of its operations. The Board of Directors of the Company has set down the acceptable business practices and behaviors in a “Code of Conduct/Statement of Ethics and Business Practices” which guide our people in applying our values in everyday activities. The Code has been disseminated for signing by all the employees, including the senior management and is also available on the Company’s website. Salient features of the Code of Conduct are provided in brief on page 16 to 18.

Board of Directors’ Meetings and Attendance

The Board of Directors met four times in 2015. All the meetings were held in Pakistan; each member’s attendance at these meetings is listed below:

Name	Meetings attended
Mr. M. Salman Burney	4
Mr. Husain Lawai	3
Mr. Mehmood Mandviwalla	4
Mr. Yahya Zakaria	4
Mr. Abdul Samad	2
Mr. Dave Cooper	1
Mr. Renaud Savary	2
Mr. Nicolas Ragot	1
Mr. Fabio Landazbal	Nil
Mr. M Azizul Huq	Nil

Leave of absence was granted to the Directors who could not attend some of the board meetings.

Mr. Salman Burney retired from the Company in November 2015 as CEO after his 23 years association with the company. The Board would like to thank Mr. Burney for his vast contribution and dedication over the years, which played a critical role in the success of the Company. The Board is also pleased to welcome Mohammed Azizul Huq, who was appointed by the board as CEO of the Company in November 2015. Prior to joining GSK Pakistan, Mr. Huq worked as CEO at GSK Bangladesh for 12 years and brings broad based pharmaceutical business experience with him to the Company.

Mr. Abdul Samad was appointed as CFO of the Company in July 2015. As per regulation 5.19 of the Pakistan Stock Exchange Limited, Mr. Abdul Samad has completed the mandatory training required under the Directors' training program.

Mr. Nicolas Ragot was appointed in the Board in May 2015. Mr. Nicolas is currently working as Regional Pharma Supply Chain Head, MENA CIS

Other changes in the Board are

- Mr. Dave Cooper resigned in April 2015
- Mr. Renaud Savary resigned in August 2015
- Mr. Fabio Landazabal resigned in February 2016
- Mr. Yahya Zakaria resigned in March 2016
- Mr. Dylan Jackson appointed in March 2016

The Board would like to record its appreciation and gratitude to outgoing directors Mr. Fabio Landazabal, Mr. Yahya Zakaria, Mr. Dave Cooper and Mr. Renaud Savary for their input and contribution while serving on the board.

Audit Committee

The Audit Committee consists of four members, all of whom are non-executive directors, including the chairman of the committee. The terms of reference of this Committee have been determined in accordance with the guidelines provided in the Listing Regulations and advised to the Committee for compliance (refer pages 48 to 49). The Committee held four (04) meetings during the year.

An independent Internal Audit function headed by the Chief Internal Auditor reporting to the Board's Audit Committee reviews the corporate accounting and financial reporting process, the effectiveness and adequacy of internal controls, the management

of risks and the external and internal audit process. In addition to this, the Internal Audit Function also utilizes the services of independent audit firms to continuously examine company records and operations to ensure fair financial reporting processes, compliance with applicable laws and adherence with internal control systems. The attendance of members in the meetings and the terms of reference of the Committee are provided on page 48.

Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee comprises of 4 members, the majority of whom are non-executive directors. One meeting was held in the current year. The committee is involved in making recommendations to the board regarding executives' remuneration, performance evaluation and succession planning etc. The terms of reference of the Committee are provided in detail on pages 48 to 49.

Management Committee

The Management Committee comprises of 12 senior members who meet and discuss significant business plans, issues and progress updates of their respective functions. Significant matters to be put forth in the Board as per the Code of Corporate Governance are also discussed for onward approval.

Risk Management, Governance and Classification

Effective risk management is key to sustainable business success. Our established risk management framework, coupled with our internal controls, helps us maintain our focus on managing the principal risks affecting our business.

Our Risk Management and Compliance Board (RMCB) is responsible for identifying, assessing, treating, monitoring and reporting on significant risks associated with the business. Our risk exposure is continually reviewed by the RMCB and is therefore subject to change as a result of internal and external factors. The RMCB also ensures that appropriate strategies and policies are in place so that key risks which may threaten the achievement of strategic objectives are identified, recorded and minimized. The RMCB held four (04) meetings during the year.

The Internal Control Framework established by the Company ensures appropriate risk mitigation plans, designated

accountability, and mechanisms for upward communication of any significant issues and incidents that arise. The Risk Management team, along with Corporate Ethics & Compliance uses its system of controls to protect the Company's assets, safeguard shareholder investment and ensure compliance with applicable legal requirements.

In this respect the RMCB has formed a structure whereby designated Risk Owners are accountable for identifying and treating significant risks, while the Compliance Officer facilitates in instilling a risk-based approach in establishing internal control systems within GSK, so that risk management becomes an integral part of decision making and is embedded in normal business operations.

Risks can be largely classified as follows:

Strategic Risks – are those which pose a significant threat to meeting the business objectives and are outside of entity's control. The most important strategic risk being faced by the Company remains the overly restrictive and lack of market oriented regulatory pricing policies. Although Government in March 2015 notified a Drug Pricing Policy, however the new Policy contains many challenges and concerns that have not yet been addressed. The Company is countering this risk through active discussion with pharmaceutical industry and DRAP on new pricing policy implementation issues, internal cost saving initiatives, various cost rationalization measures and optimum product sales mix.

Operational Risks – are those which hinder the entity from running its operations smoothly. Our main operational risks are the supply issues, inflation, potential for fraud and employee turnover. These risks are being managed through a variety of measures including development of alternate sourcing of materials, facility upgradations, robust forecasting process in commercial and manufacturing, simplification of operating model, spend management, etc. In addition to the above, adequate segregation of duties, refresher trainings of Code of Conduct, job rotations, employee empowerment, etc are being reinforced to reduce risk.

Commercial Risks – are those which stem from the commercial nature of the industry and direct a threat to the profitability of the entity. In GSK's case, the main threat stems from the acceleration of low cost generics in the market. GSK responds through capacity enhancement / plant upgrading,

new product launches, R&D, etc to provide affordable healthcare solutions and maintain the Company's market share.

Financial Risks – are those that may cause financial loss to the entity are described in more detail in note 38 of the financial statements.

The above risks are categorized using the following grid:

Degree	Likelihood	Impact
5	Almost certain	Catastrophic
4	Likely	Major
3	Moderate	Moderate
2	Modest	Unlikely
1	Minor	Rare

Auditors

The present auditors, Messrs A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending December 31, 2016, at a mutually agreed fee.

Subsequent Events

As stated earlier, following the sanction of the Scheme of arrangement by the Honorable High Court of Sindh vide its order dated February 29, 2016, the Company intends to file the order with the Registrar of Companies on April 01, 2016, whereby, the Consumer Healthcare Business of GlaxoSmithKline Pakistan Limited would stand demerged from April 01, 2016.

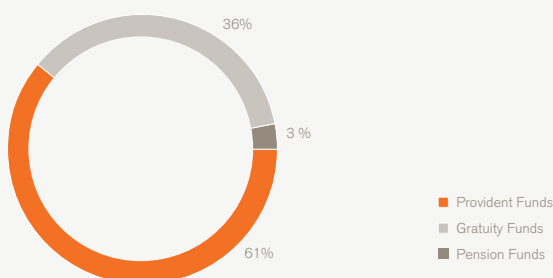
Further, as part of the Global plan to reduce risk in 18 countries where it is difficult to provide proper governance and assurance in respect of commercial operations, or where the security risk to individuals is high due to war or political unrest, effective 1st January, 2016, the Company has changed its operating model in Afghanistan by discontinuing to work through existing distribution agreements that fall outside the new model. Instead, GSK Exports will continue to supply medicines and vaccines to Afghanistan through Supranational Organizations or direct to Governments following satisfactory due diligence.

Value of Investments of Provident, Gratuity and Pension Funds

The Company maintains retirement benefits plans for its employees. Value of investments of provident and gratuity funds based on un-audited accounts as of December 31, 2015 (audit in progress) was as follows:

Rs. in millions	2015
Provident fund	2,772
Gratuity fund	1,627
Pension fund	157

Value of Investment



Contribution to National Exchequer and Economy

Your Company made a total contribution of Rs 3.5 billion to the National Exchequer by way of custom duties, income tax, sales tax and employees' tax during the year 2015.

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- The key operating and financial data for the last six years is set out on pages 59 to 67.

By order of the Board

M. Azizul Huq
Chief Executive Officer

Abdul Samad
Director

Karachi
March 30, 2016

Chief Executive Officer's Review

I am pleased to present the Annual report of your Company for the financial year ended December 31, 2015.

Overview of Economy & Business

The economic growth in Pakistan has shown signs of sustained recovery in 2015. While inflation has fallen, continuing security concerns, energy shortfall and water scarcity continue to hinder any significant recovery in growth. The overall macro environment for 2016 however appears positive, necessitating investment in energy, infrastructure areas and maintaining law and order situation.

In 2015, Pakistan's pharmaceutical industry continued to operate in an environment that has proved to be highly arduous for sustainable business growth. In the face of an unstable and challenging regulatory regime, inflationary and fiscal pressures and ongoing power crises, the pharmaceutical industry has been compelled to internalize costs for the past decade, unlike other critical support industries who have had the liberty to operate under a free market mechanism.

Despite these challenges, our pharmaceuticals business continues to develop and make medicines to treat a broad range of acute and chronic diseases. The Company was successful in maintaining its position as the leading pharmaceutical Company in Pakistan in terms of value, prescription and volume share, and was able to enhance financial performance through spend management, optimizing portfolio mix, simplifying the operating model and delivering more products of value. We also continue to make good progress to implement the new ways of working pertaining to the change in our sales and marketing model.

Business Review

Turnover grew by 6.1% to Rs 29.6 billion, an increase of Rs 1.7 billion over the last financial year. Our Pharmaceutical business delivered net sales of Rs 24.0 billion with a growth of 4.3%. Supply issues were partially responsible for the slowdown in growth. Key portfolios of Antibiotics, Dermatological and Anthelmintics delivered solid growth in 2015.

The Consumer Health Care performance remained strong and delivered sales of Rs 5.6 billion with double digit growth of 14.4%. Growth was driven by key products such as Sensodyne, Panadol and Horlicks. Panadol and Sensodyne also achieved Rs. 3 billion and Rs. 1 billion annual net sales milestones, respectively.

Export sales of your company grew progressively to Rs. 1.1 billion, registering an increase of Rs 122 million over last year.

Demerger of Consumer HealthCare business

As disclosed earlier, the Board of GlaxoSmithKline Pakistan Limited (the "Company") in its meeting held on 25 August 2015 has approved a Scheme of Arrangement (the Scheme) of the Company which was also sanctioned by the Honorable High Court of Sind vide its order dated February 29, 2016, whereunder, the assets, rights, liabilities and obligations of the Consumer Healthcare business of the Company shall be transferred to and vested in GlaxoSmithKline Consumer Healthcare Pakistan Limited.

Post demerger GlaxoSmithKline Consumer Healthcare Pakistan Limited, will be listed as a separate entity on the Pakistan Stock Exchange.

As a consequence thereof and in line with the IFRS standards, the consumer segment has been reported as a discontinuing operation. Relevant disclosures are being made in these financial statements.

Rs. in million	2015			2014		
	Continuing Operations	* Discontinuing Operations	Total	Continuing Operations	Discontinuing Operations	Total
Net sales	23,822	5,761	29,583	22,843	5,040	27,883
Cost of sales	(17,398)	(4,093)	(21,491)	(16,996)	(3,541)	(20,537)
Gross profit	6,424	1,668	8,092	5,847	1,499	7,346
Selling, marketing and distribution expenses	(2,788)	(1,211)	(3,999)	(2,607)	(1,087)	(3,694)
Administrative expenses	(971)	(97)	(1,068)	(936)	(84)	(1,020)
Other operating expenses	(256)	(28)	(284)	(231)	(23)	(254)
Other income	1,159	-	1,159	488	3	491
Operating profit	3,568	332	3,900	2,561	308	2,869
Financial charges	(54)	-	(54)	(20)	-	(20)
Profit before taxation	3,514	332	3,846	2,541	308	2,849
Taxation	(1,003)	(200)	(1,203)	(1,005)	(157)	(1,162)
Profit after taxation	2,511	132	2,643	1,536	151	1,687

* Profit and loss from Discontinuing Operations also includes Oncology Business which is more fully explained in Note 1.1 of the Financial Statement.

Gross margin for the year at 27.4% showed an improvement of 1.0% over last year. The margin improvement has been achieved through better product mix, product portfolio rationalization and cost efficiencies in manufacturing operations.

Selling, marketing and distribution expenses recorded at Rs. 4.0 billion increased by 8.3%, mainly due to a one off provision for operational excellence programme to restructure our business. This restructuring is likely to positively impact long term cost and business viability. Excluding this restructuring cost, the expenses are well under control and increased only by 2.6% over last year, mainly due to better expense management and also a reduction in freight cost. Administrative expenses recorded at Rs. 1.1 billion increased by 4.7% over the corresponding period.

Other income totaled Rs. 1.2 billion, an increase of Rs. 668 million from last year, which was mainly on account of gain on sale of land.

Overall, your Company posted a net profit after tax of Rs. 2.6 billion for the year, depicting an increase on account of reasons outlined in the preceding paragraphs.

Cash Flows & Capital Expenditure

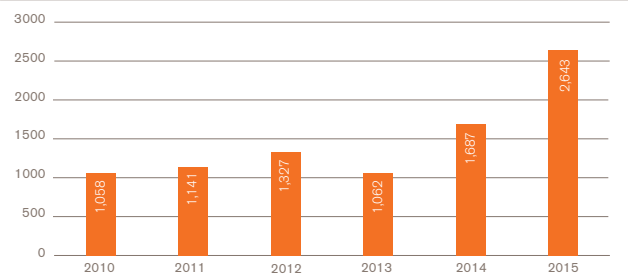
The Company's cash requirements for capital expenditure are managed through internal cash generation without reliance on external financing. The cash flow forecast and internal funding requirements are effectively monitored. The company invests its surplus funds in a mix of sovereign investments and high credit rated bank deposits to maintain a risk averse optimum interest yielding portfolio. The Company continued to use its strong cash flows to make the required levels of investments in business necessary to sustain long term growth.

Cash inflows from operations were recorded at Rs. 4.5 billion, an increase of Rs. 1.3 billion over last year. Lahore factory sales proceeds also constituted to the cash inflow. In 2015, we made a capital investment of Rs. 1.3 billion (2014: Rs. 1.2 billion) to upgrade our manufacturing facilities and enhance capacity.

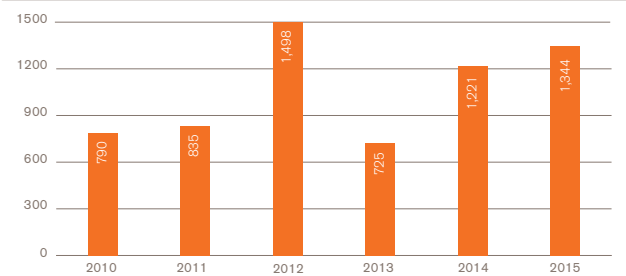
Dividends

The Company maintained its history of providing reasonable returns to its shareholders. The Board of Directors of the Company, in their meeting held on March 30, 2016, have proposed a cash dividend of Rs. 4.0 (2014: Rs. 5.0) per share.

Profit After Tax
Rs. in million



Capital Expenditure
Rs. in million



Future Outlook and Challenges

Looking forward to 2016, we are focused on successful execution of our strategic priorities including completion of the de-merger of our Consumer business. The Company will continue to invest in the development of new products as well as building on its diversified portfolio of existing brands. Pakistan's Pharma Industry has a great potential for contributing to national exchequer by generating economic value in terms of providing quality medicines at affordable prices, domestic value addition, creating employment as well as significantly enhancing the country's export revenues. Over the past many years, the industry has continued to suffer from the lack of transparent market oriented regulatory policies that are benchmarked with other regional countries. The absence of a rational pricing policy has impeded the growth of this important sector and severely curtailed its economic potential for the country.

After a decade long concerted effort on the part of the industry, the Government in March 2015 finally notified a Drug Pricing Policy. While the new Policy contains many challenges and concerns that have not yet been addressed, it can still be considered an important step towards developing a transparent and predictable regulatory regime that would look after the interests of all stakeholders involved, ensuring the availability of quality affordable medicines and support the continuity of research based drugs.

Intellectual property

While the use of scientific knowledge and creation of Intellectual property rights is central to our values, the effective legal protection of our intellectual property is equally important to

ensure a reasonable return on investment in the research and commercialization of new therapies.

The IPR laws in Pakistan need to be appropriately tailored to deter counterfeiters and discourage violation of intellectual property rights. While the efforts and initiatives taken by the Government and individual organizations has resulted in increased deterrence, a more robust implementation of these IPR laws remains the need of the hour for the industry.

Acknowledgment

The Company's success is owed to talented employees whose passionate & unwavering commitment and efforts to excel in what we do has helped sustain the Company's success in these challenging times.

On behalf of the Board, I would like to thank our employees, partners and suppliers for their continued commitment and support. We look forward to continuing to deliver results in the coming year.

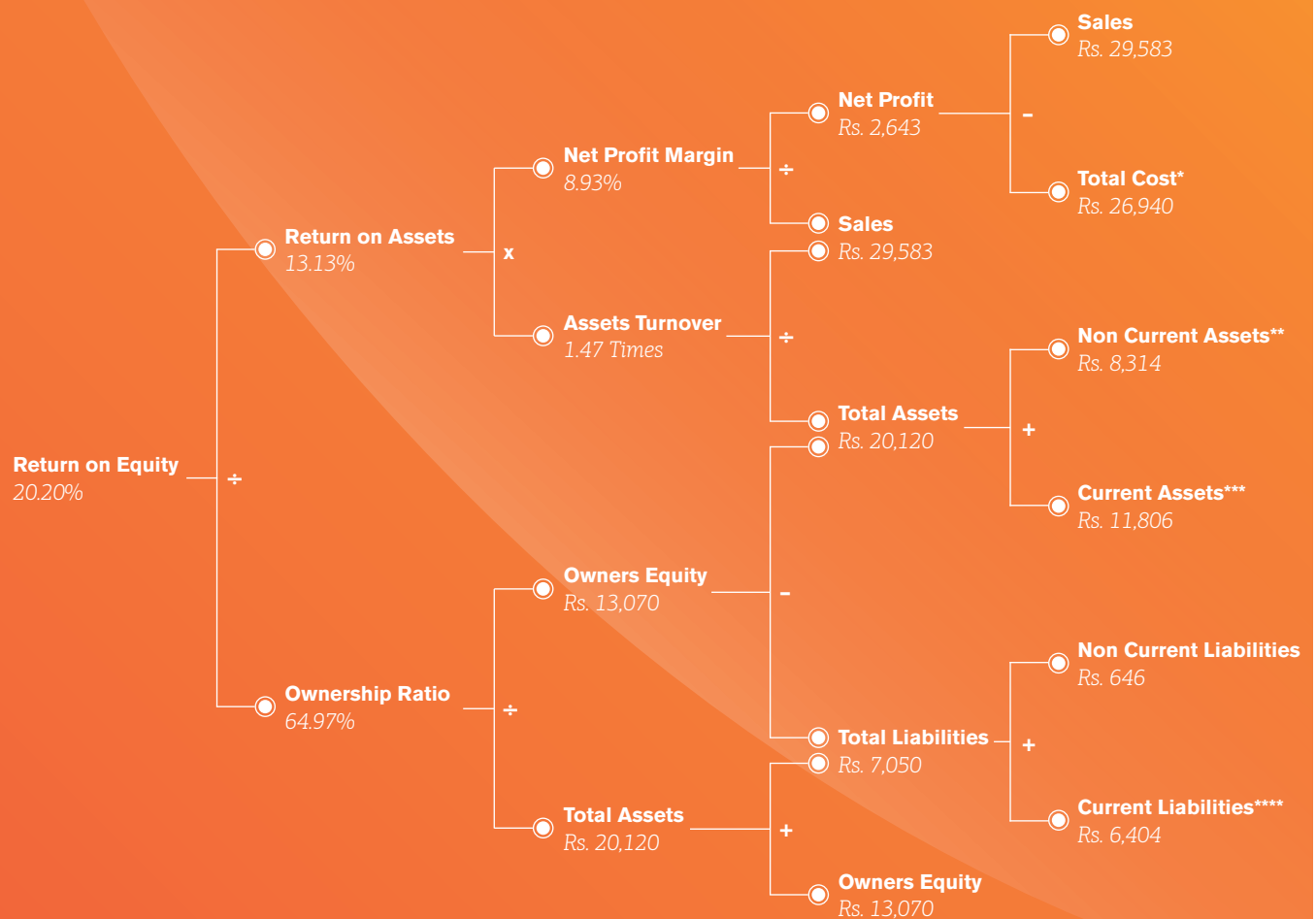
M. Azizul Huq
Chief Executive Officer

Karachi
March 30, 2016

DUPONT Analysis

for the year ended December 31, 2015

Rs. in million



* Total Cost includes COGS, Selling, Admin, Other Expenses, Financial charges, (less: Other income)and Taxation.

** Non Current Assets include Assets of disposal group classified as held for Sales/ Disposal

*** Current Assets include Assets of disposal group classified as held for Sales/ Disposal

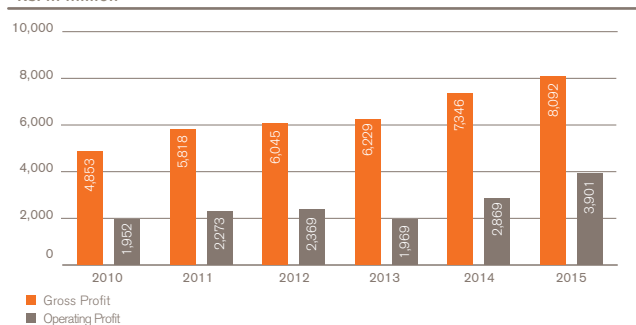
**** Current Liabilities include Assets of disposal group classified as held for Sales/ Disposal

Financial Performance at a Glance

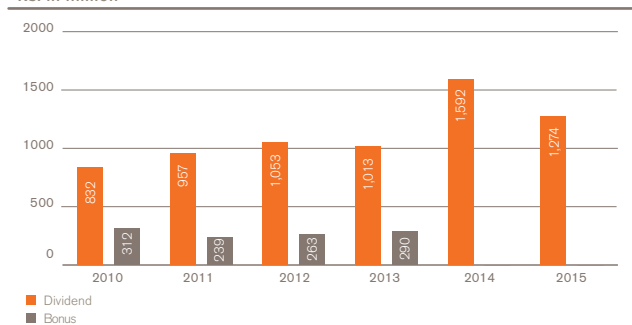
Rupees in million	2015	2014
Net Sales	29,583	27,883
Gross Profit	8,092	7,346
Operating Profit	3,901	2,869
Profit Before Tax	3,846	2,849
Taxation	(1,203)	(1,162)
Profit after taxation	2,643	1,687
Dividend - cash*	1,274.0	1,592.3
- per share - Rs.	4.0	5.0
Paid-up Capital	3,184.7	3,184.7

* Represents final cash dividend @ Rs 4.0 per share (2014: Rs. 5.0) proposes by the Board of Directors subsequent to the year end.

Gross and Operating Profit
Rs. in million



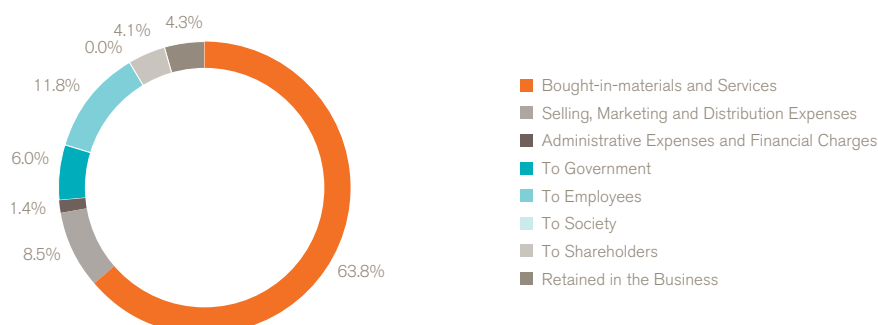
Payout to Shareholders
Rs. in million



Statement of Value Added

	2015		2014	
	Rs. 000	%	Rs. 000	%
Revenue Generated				
Total revenue	31,129,194	100.0	28,665,947	100.0
Revenue distributed				
Bought-in -materials and Services	19,873,420	63.8	19,083,436	66.6
Selling, Marketing and Distribution Expenses	2,649,647	8.5	2,630,772	9.2
Administrative Expenses and Financial Charges	440,531	1.4	433,783	1.5
Income tax	1,203,188	3.9	1,161,511	4.1
Worker's funds and Central research fund	283,940	0.9	253,411	0.9
Sales tax	387,133	1.2	291,532	1.0
To Government	1,874,261	6.0	1,706,454	6.0
Salaries, Wages and other benefits	3,679,119	11.8	3,124,331	10.9
To Employees	3,679,119	11.8	3,124,331	10.9
Donations	1,290	0.0	100	0.0
To Society	1,290	0.0	100	0.0
Cash dividend*	1,273,869	4.1	1,592,338	5.5
To Shareholders	1,273,869	4.1	1,592,338	5.5
Retained in the Business	1,337,057	4.3	94,733	0.3
	31,129,194	100.0	28,665,947	100.0

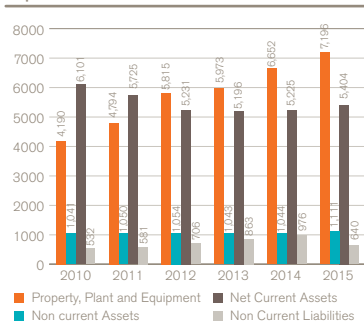
* Represents final cash dividend @ Rs 4.0 per share proposes by the Board of Directors subsequent to the year end.



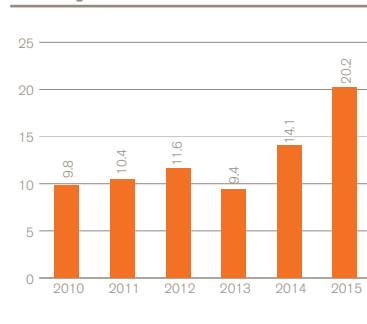
Key Operating *and* Financial Data

Rupees in million	2015	2014	2013	2012	2011	2010
Balance Sheet						
Assets employed						
Fixed Assets - tangible						
- property, plant and equipment	7,196	6,652	5,973	5,815	4,794	4,190
Assets - intangible						
- Goodwill	1,039	956	956	956	956	956
Long-term loans and deposits	72	88	87	99	94	85
Net current assets	5,404	5,198	5,196	5,231	5,725	6,101
Non Current Asset Held For Sale	-	27				
	13,711	12,921	12,212	12,101	11,569	11,332
Less: Non-Current Liabilities						
Staff retirement benefits - Staff gratuity	16	382	251	175	214	115
Deferred taxation	624	594	612	531	367	417
	640	976	863	706	581	532
Net assets employed	13,071	11,945	11,349	11,395	10,988	10,800
Financed by						
Issued, subscribed and paid-up capital	3,185	3,185	2,895	2,632	2,393	1,964
Reserves	9,886	8,760	8,454	8,763	8,595	8,836
Shareholders' Equity	13,071	11,945	11,349	11,395	10,988	10,800
Turnover and profit						
Net sales	29,583	27,883	25,231	23,150	21,750	18,916
Gross profit	8,092	7,346	6,229	6,045	5,818	4,853
Operating profit	3,901	2,869	1,969	2,369	2,273	1,952
Profit before taxation	3,846	2,849	1,810	2,322	2,237	1,932
Taxation	(1,203)	(1,162)	(748)	(995)	1,096	874
Profit after taxation	2,643	1,687	1,062	1,327	1,141	1,058
EBTIDA	4,348	3,293	2,323	2,716	2,599	2,324
Cash Dividend including bonus shares	1,274	1,592	1,303	1,316	1,196	1,144
Sales per employee	12,472	11,091	9,933	9,129	10,853	9,388

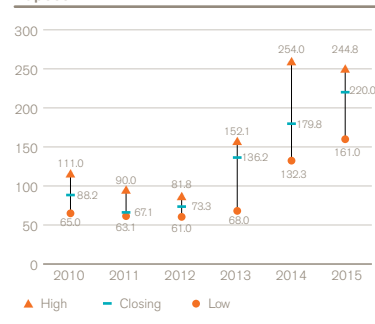
Assets & Liabilities
Rupees in million



Return on Equity
Percentage



Share Price Sensitivity
Rupees

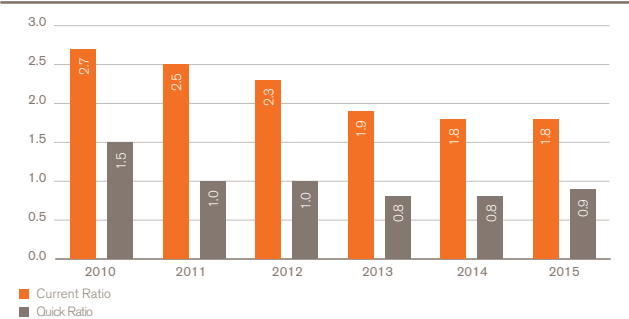


		2015	2014	2013	2012	2011	2010
Cashflows							
Operating Activities	Rs. in million	3,044	2,432	1,057	2,057	127	2,433
Investing Activities	Rs. in million	(249)	(920)	(285)	(1,167)	(558)	(739)
Financing Activities	Rs. in million	(1,805)	(957)	(990)	(900)	(782)	(849)
Changes in Cash equivalents	Rs. in million	990	555	(218)	(10)	(1,213)	845
Cash & cash equivalents - Year end	Rs. in million	3,642	2,652	2,097	2,316	2,326	3,538
Financial Highlights							
Cash dividend per share	Rupees	4.0	5.0	3.5	4.0	4.0	4.0
Bonus shares	%	-	-	10.0	10.0	10.0	15.0
Market value per share - year end	Rupees	220.0	219.3	136.2	73.3	67.1	88.2
Market value per share - high	Rupees	244.8	254.0	152.1	81.8	90.0	111.0
Market value per share - low	Rupees	161.0	136.3	68.0	61.0	63.1	65.0
Market price to Book value with surplus	Times	5.4	5.8	3.5	1.7	1.4	1.7
Market capitalization	Rs. in million	70,069	69,843	39,435	19,300	16,050	17,321
Stock Dividend per share	Rupees	-	-	10.0	10.0	10.0	15.0
Profitability Ratios							
Profit before tax ratio	%	13.0	10.2	7.2	10.0	10.3	10.2
Gross Yield on Earning Assets	%	4.9	7.1	7.6	6.9	14.8	8.7
Gross Spread ratio	Times	0.3	0.2	0.2	0.2	0.2	0.2
Cost / Income ratio	Times	0.6	0.6	0.7	0.6	0.6	0.6
Return on Equity	%	20.2	14.1	9.4	11.6	10.4	9.8
Return on Capital employed	%	13.5	9.1	6.2	8.4	7.5	7.2
Gross Profit ratio	%	27.4	26.3	24.7	26.1	26.8	25.7
Net Profit to Sales	%	8.9	6.1	4.2	5.7	5.2	5.6
EBITDA Margin to Sales	%	14.7	11.8	9.2	11.7	11.9	12.2
Operating leverage ratio	Times	5.7	5.5	(2.5)	0.6	1.1	1.0
Investment/Market Ratios							
Earnings per share (EPS)	Rupees	8.3	5.3	3.3	4.6	4.3	5.1
Price Earnings ratio	Times	26.5	41.4	40.8	16.0	15.5	17.4
Price to Book ratio	Times	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Yield ratio	%	1.8	2.3	2.6	5.5	6.0	4.5
Dividend Payout ratio	Times	0.5	0.9	1.0	0.9	0.9	0.8
Dividend Cover ratio	Times	2.1	1.1	1.0	1.1	1.1	1.3
Break-up Value per share without Surplus on Revaluation of Fixed Assets	Rupees	41.0	37.5	39.2	43.3	45.9	55.0
Break-up Value per share including the effect of Surplus on Revaluation of Fixed Assets	Rupees	41.0	37.5	39.2	43.3	45.9	55.0

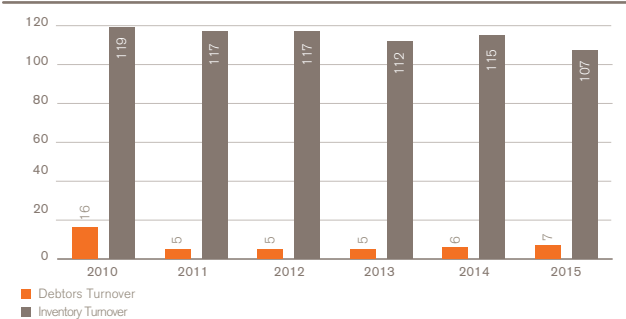
Key Operating *and* Financial Data

		2015	2014	2013	2012	2011	2010
Capital Structure Ratios							
Earning assets to total assets ratio	%	18.1	13.9	11.7	14.3	15.1	24.9
Net assets per share	Times	41.0	37.5	39.2	43.3	45.9	51.9
Debt to Equity ratio	Times	0.0	0.1	0.1	0.1	0.1	0.0
Financial leverage ratio	Times	0.5	0.6	0.6	0.4	0.4	0.4
Interest Cover ratio	Times	70.8	139.9	11.4	48.9	61.2	96.5
Liquidity Ratios							
Advances to Deposits ratio	Times	3.1	2.9	2.1	2.6	3.0	1.5
Current ratio	Times	1.8	1.8	1.9	2.3	2.5	2.7
Quick / Acid test ratio	Times	0.9	0.8	0.8	1.0	1.0	1.5
Cash to Current Liabilities	Times	0.6	0.4	0.4	0.6	0.6	1.0
Cash flow from Operations to Sales	%	10.3	8.7	4.2	8.9	0.6	12.9
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.4	3.2	3.3	3.1	3.1	3.1
No. of Days in Inventory	Days	107	115	112	117	117	119
Debtor turnover ratio	Times	56.1	63.0	72.1	66.7	68.1	23.3
No. of Days in Receivables	Days	7	6	5	5	5	16
Creditor turnover ratio	Times	10.6	10.6	10.5	12.8	12.3	10.8
No. of Days in Creditors	Days	35	34	35	28	30	34
Total Assets turnover ratio	Times	1.5	1.5	1.4	1.4	1.4	1.3
Fixed Assets turnover ratio	Times	4.1	4.2	4.2	4.0	4.5	4.5
Operating Cycle	Days	79	86	82	94	93	100

Current Ratio and Quick Ratio
Number of Times



Debtors Turnover and Inventory Turnover
Number of Days



Direct Cash Flow Statement

For The Year Ended December 31, 2015

Rupees in '000	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	29,582,635	27,676,396
Cash paid to suppliers / service providers	(21,250,121)	(20,860,599)
Cash paid to employees	(3,401,215)	(2,915,649)
Payment of indirect taxes and other statutory duties	(249,158)	(218,263)
Payment of royalty and technical services fee	(167,806)	(342,393)
Payment to Retirement Funds	(512,424)	(171,871)
Financial charges paid	(21,945)	(20,363)
Income tax paid	(935,995)	(710,378)
Long term deposits	-	(5,090)
Net cash from operating activities	3,043,971	2,431,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(1,343,763)	(1,221,013)
Proceeds from sale of operating assets	111,811	109,575
Proceeds from sale of non current assets classified as HFS	894,560	-
Purchase of Market authorization rights	(83,330)	-
Return on investments	172,126	191,881
Net cash used in investing activities	(248,596)	(919,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,805,288)	(957,390)
Net cash used in financing activities	(1,805,288)	(957,390)
	990,087	554,843
Cash and cash equivalents at beginning of the year	2,652,111	2,097,268
Cash and cash equivalents at end of the year	3,642,198	2,652,111

Horizontal Analysis

%	2015	2014	2013	2012	2011	2010
Balance Sheet Analysis						
		Change from preceding year				
Share Capital and Reserves	9.4	5.2	(0.4)	3.7	1.7	1.9
Non Current Liabilities	(34.4)	13.0	22.2	21.5	9.3	8.4
Current Liabilities	3.6	7.9	38.0	7.0	9.0	6.4
Total Equity and Liabilities	5.3	6.5	10.4	5.2	3.7	3.2
Non Current Assets	7.9	9.7	2.1	17.6	11.7	4.0
Current Assets	3.8	4.2	16.4	(2.3)	(0.6)	2.7
Total Assets	5.3	6.5	10.4	5.2	3.7	3.2
Profit and Loss Account Analysis						
		Change from preceding year				
Net sales	6.1	10.5	9.0	6.4	15.0	12.9
Cost of sales	4.6	8.1	11.1	7.4	13.3	12.4
Gross profit	10.2	17.9	3.0	3.9	19.9	14.5
Selling, marketing and distribution expenses	8.2	1.9	19.7	8.5	21.8	18.1
Administrative expenses	4.7	9.0	19.3	(23.2)	22.8	(2.9)
Other operating expenses	12.0	65.4	(20.4)	(0.7)	13.4	12.5
Other income	135.9	8.0	37.8	(28.5)	16.2	(14.2)
Operating profit	36.0	45.7	(16.9)	4.2	16.5	11.5
Financial charges	167.0	(87.2)	235.1	30.1	82.4	(55.6)
Profit before taxation	35.0	57.4	(22.0)	3.8	15.8	13.2
Taxation	3.6	55.4	(24.9)	(9.2)	25.3	31.4
Profit after taxation	56.7	58.8	(19.9)	16.3	7.9	1.6

Vertical Analysis

%	2015	2014	2013	2012	2011	2010
Balance Sheet Analysis						
Share Capital and Reserves	65.0	62.5	63.3	70.1	71.1	72.5
Non Current Liabilities	3.2	5.1	4.8	4.3	3.8	3.6
Current Liabilities	31.8	32.4	31.9	25.5	25.1	23.9
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non Current Assets	41.3	40.4	39.1	42.3	37.8	35.1
Current Assets	58.7	59.6	60.9	57.7	62.2	64.9
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Profit and Loss Analysis (%)						
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	72.6	73.7	75.3	73.9	73.2	74.3
Gross profit	27.4	26.3	24.7	26.1	26.8	25.7
Selling, marketing and distribution expenses	13.5	13.3	14.4	13.1	12.8	12.2
Administrative expenses	3.6	3.7	3.7	3.4	4.7	4.4
Other operating expenses	1.0	0.9	0.6	0.8	0.9	0.9
Other income	3.9	1.8	1.8	1.4	2.1	2.1
Operating profit	13.2	10.3	7.8	10.2	10.5	10.3
Financial charges	0.2	0.1	0.6	0.2	0.2	0.1
Profit before taxation	13.0	10.2	7.2	10.0	10.3	10.2
Taxation	4.1	4.2	3.0	4.3	5.0	4.6
Profit after taxation	8.9	6.1	4.2	5.7	5.2	5.6

Financial
Report
2015

Financial *Highlights*

Sales Revenue

(2014: Rs. 27,883 M)

+6.1%

(2015: Rs. 29,583 M)

Net assets per share

(2014: 375 Times)

+9.3%

(2015: 41.0 Times)

Earning Per Share

(2014: Rs. 5.3)

+56.6%

(2015: Rs. 8.3)

Return on Equity

(2014: 14.1%)

+43.3%

(2015: 20.2%)

Return on Capital employed

(2014: 9.1%)

+48.0%

(2015: 13.5%)

Statement of Compliance with the Code Of Corporate Governance for the Year Ended 31 December 2015

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 5.19 of Listing Regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors	Hussain Lawai
Executive Directors	M. Azizul Huq
	Abdul Samad
Non-Executive Directors	Mehmood Mandviwalla
	Dylan Jackson (appointed in March 2016)
	Nicolas Ragot
	Fabio Landazabal (resigned in February 2016)
	Yahya Zakaria (resigned in March 2016)

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Three casual vacancies occurred during the year; all were filled within the stipulated time frame under the Code.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has delegated the authority for approval of significant policies to the Chief Executive Officer. A record of particulars of such significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for the purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. During the year one director obtained certification under the directors' training program.
10. The Board has approved the appointment of Chief Executive Officer, Chief Financial Officer and Chief Internal Auditor. However, their remuneration and terms and conditions of employment were approved subsequent to the year end.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the material corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors including the chairman of the committee.
18. The Board has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with except for the following areas;
 - The Board reviewed the threshold for the definition of 'Executives' for disclosure of trade in shares of the company in the annual report subsequent to year end;
 - The Board has formulated a mechanism for annual evaluation of the Board, however the evaluation could not be conducted during the year due to frequent change of non-resident directors on the board;

The Company is making reasonable progress with respect to the above to seek compliance by the end of the next accounting year.

On behalf of the Board



M. Azizul Huq

Chief Executive Officer

Karachi
March 30, 2016

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of GlaxoSmithKline Pakistan Limited for the year ended December 31, 2015 to comply with the Code contained in Regulation No. 5.19 of the Listing Regulations of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

S. No.	Note Reference	Description
(i)	10	<ul style="list-style-type: none"> Remuneration and terms of conditions of employment of Chief Executive Officer, Chief Financial Officer and Chief Internal Auditor were approved subsequent to year end.
(ii)	23	<ul style="list-style-type: none"> Threshold for definition of 'Executives' for disclosure in the annual report of trade in the shares of the company was reviewed subsequent to year end. Annual evaluation of the Board was not carried out during the year.



A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March 31, 2016

Auditors' Report *to the* Members

We have audited the annexed balance sheet of GlaxoSmithKline Pakistan Limited as at December 31, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: March 31, 2016

Name of Engagement Partner: Mohammad Zulfikar Akhtar

Balance Sheet

as at December 31, 2015

Rupees '000	Note	2015	2014
NON-CURRENT ASSETS			
Fixed assets	3	7,154,446	6,652,251
Intangibles	4	1,039,072	955,742
Long-term loans to employees	5	49,212	65,722
Long-term deposits		21,955	21,955
		8,264,685	7,695,670
CURRENT ASSETS			
Stores and spares	6	158,564	158,775
Stock-in-trade	7	4,707,918	6,308,061
Trade debts	8	328,948	535,116
Loans and advances	9	340,491	414,641
Trade deposits and prepayments	10	123,223	144,669
Interest accrued		10,908	5,793
Refunds due from government	11	109,125	56,925
Other receivables	12	313,127	301,986
Taxation - payments less provision		531,579	799,984
Investments	13	695,586	591,667
Cash and bank balances	14	2,946,612	2,060,444
		10,266,081	11,378,061
Assets of disposal groups classified as held for sale / disposal	15	1,589,416	27,147
		20,120,182	19,100,878
SHARE CAPITAL AND RESERVES			
Share capital	16	3,184,672	3,184,672
Reserves	17	9,885,539	8,760,431
		13,070,211	11,945,103
NON-CURRENT LIABILITIES			
Staff retirement benefits	18	15,861	382,253
Deferred taxation	19	630,681	593,354
		646,542	975,607
CURRENT LIABILITIES			
Trade and other payables	20	5,255,587	6,002,632
Provisions	21	187,113	177,536
		5,442,700	6,180,168
Liabilities of disposal groups classified as held for sale / disposal	15	960,729	—
		7,049,971	7,155,775
CONTINGENCIES AND COMMITMENTS			
	22		
		20,120,182	19,100,878

The annexed notes 1 to 44 form an integral part of these financial statements.


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Profit and Loss Account

for the year ended December 31, 2015

(Re-presented)
- note 1.1

Rupees '000	Note	2015	2014
Continuing Operations:			
Net sales	23	23,821,926	22,843,250
Cost of sales	24	(17,397,755)	(16,996,459)
Gross profit		6,424,171	5,846,791
Selling, marketing and distribution expenses	25	(2,787,942)	(2,607,462)
Administrative expenses	26	(971,144)	(936,170)
Other operating expenses	27	(255,635)	(230,783)
Other income	28	1,159,017	488,010
Operating profit		3,568,467	2,560,386
Financial charges	29	(54,361)	(20,363)
Profit before taxation		3,514,106	2,540,023
Taxation	30	(1,003,380)	(1,005,105)
Profit after taxation from continuing operations		2,510,726	1,534,918
Discontinuing Operations:			
Profit after taxation from discontinuing operations	15	132,504	152,153
		2,643,230	1,687,071
Other comprehensive income			
Items that will not be reclassified to Profit and loss			
Remeasurement of staff retirement benefits		105,995	(116,163)
Impact of taxation		(31,781)	38,187
		74,214	(77,976)
Total comprehensive income		2,717,444	1,609,095
Earnings per share - basic	31		
- continuing operations		Rs. 7.88	Rs. 4.82
- discontinuing operations		Re. 0.42	Re. 0.48
		Rs. 8.30	Rs. 5.30

The annexed notes 1 to 44 form an integral part of these financial statements.


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Cash Flow Statement

for the year ended December 31, 2015

Rupees '000	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	4,476,502	3,221,259
Staff retirement benefits paid		(512,424)	(78,358)
Income taxes paid		(935,995)	(710,378)
Decrease / (increase) in long-term loans to employees and deposits		15,888	(733)
Net cash generated from operating activities		3,043,971	2,431,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,343,763)	(1,221,013)
Proceeds from sale of operating assets		111,811	109,575
Proceeds from sale of non current assets classified as held for sale - net of disposal costs		894,560	-
Purchase of marketing authorisation rights		(83,330)	-
Return received		172,126	191,881
Net cash used in investing activities		(248,596)	(919,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,805,288)	(957,390)
Net increase in cash and cash equivalents		990,087	554,843
Cash and cash equivalents at beginning of the year		2,652,111	2,097,268
Cash and cash equivalents at end of the year	33	3,642,198	2,652,111

The annexed notes 1 to 44 form an integral part of these financial statements.


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2015

Rupees '000	Share capital	Capital reserves		Revenue reserves		Total
		Reserve arising on amalgamation	Issue of bonus shares	General reserve	Unappropriated profit	
Balance as at January 1, 2014	2,895,156	2,184,238	-	3,999,970	2,269,949	11,349,313
Final dividend for the year ended December 31, 2013 @ Rs. 3.5 per share	-	-	-	-	(1,013,305)	(1,013,305)
Transferred to reserve for issue of bonus shares	-	-	289,516	-	(289,516)	-
Bonus shares issued during the year in the ratio of 1 share for every 10 shares held	289,516	-	(289,516)	-	-	-
Profit after taxation for the year ended ended December 31, 2014	-	-	-	-	1,687,071	1,687,071
Remeasurement of staff retirement benefits - net of tax	-	-	-	-	(77,976)	(77,976)
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,609,095	1,609,095
Balance as at December 31, 2014	3,184,672	2,184,238	-	3,999,970	2,576,223	11,945,103
Final dividend for the year ended December 31, 2014 @ Rs. 5 per share	-	-	-	-	(1,592,336)	(1,592,336)
Profit after taxation for the year ended December 31, 2015	-	-	-	-	2,643,230	2,643,230
Remeasurement of staff retirement benefits - net of tax	-	-	-	-	74,214	74,214
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	2,717,444	2,717,444
Balance as at December 31, 2015	3,184,672	2,184,238	-	3,999,970	3,701,331	13,070,211

The annexed notes 1 to 44 form an integral part of these financial statements.


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

1. THE COMPANY AND ITS OPERATIONS

The Company is incorporated in Pakistan as a limited liability company and is listed on the Pakistan Stock Exchange. It is engaged in manufacturing and marketing of research based ethical specialties, other pharmaceutical and consumer 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. DISCONTINUING OPERATIONS

During the year ended December 31, 2014, GSK plc announced a major global three-part inter-conditional transaction with Novartis AG, Switzerland (Novartis) on April 22, 2014, whereas GSK plc and Novartis will work to create a new world-leading Consumer Healthcare Business with GSK plc holding a controlling equity interest of 63.5%. Further, GSK plc has also acquired Novartis's global vaccines business (excluding influenza vaccines) whereas GSK plc has divested its marketed Oncology portfolio and Research and Development activities related to it, as well as rights to GSK plc's AKT inhibitor to Novartis. Further, in order to satisfy regulatory clearances for this three part transaction, GSK plc agreed to divest its legacy meningitis vaccines business to Pfizer Inc.

Pursuant to the global transaction, the Board of Directors of the Company in their meeting held on February 25, 2015 considered various options and in principle decided for its demerger.

Subsequently, the Board of Directors in their meeting held on August 25, 2015 approved a Scheme of Arrangement (the Scheme) of the Company which was sanctioned by the Honourable High Court of Sindh vide its order dated February 29, 2016, whereunder, the assets, rights, liabilities and obligations of the Company relating to Consumer Healthcare Business shall be transferred to and vested in GlaxoSmithKline Consumer Healthcare Pakistan Limited on the date on which the Company files the order of the Court with the Registrar of Companies. It is envisaged that the order will be filed with the registrar on April 1, 2016 from which date the demerger will then be effective.

Further, pursuant to the global transaction the Company has proceeded to transfer and acquire market authorisation in respect of its Oncology portfolio to Novartis Pharma Pakistan Limited (NPPL) and NPPL's vaccines business respectively and transfer market authorisation in respect of its meningitis vaccines portfolio to Pfizer Pakistan Limited. The Company will have its distribution rights on oncology and meningitis portfolio terminated subject to transfer of registration by Drug Regulatory Authority of Pakistan.

Consequently, the relevant assets and liabilities of the Company relating to Consumer Healthcare and Oncology Businesses have been classified as disposal groups in accordance with IFRS 5 - 'Non current assets held for sale and discontinued operations' and have been disclosed in note 15.4 of these financial statements. The profit and loss and net cashflows attributable to the operating and investing activities of these Businesses have been disclosed as discontinuing operations in notes 15.1 and 15.5 to these financial statements respectively and the profit and loss account and respective notes have been re-presented accordingly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued

by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant which have been disclosed in the relevant notes to the financial statements are:

- i) Provision for retirement benefits
- ii) Depreciation and impairment of non-current assets
- iii) Provision for obsolete and slow moving stock
- iv) Provision for doubtful receivables
- v) Taxation

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical judgments made by the Company's management in applying the accounting policies that would have effect on the amounts recognised in the financial statements.

2.2 Changes in accounting standards, interpretations and pronouncements

(a) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations:

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard does not have any significant impact on the Company's financial statements.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year but are not relevant

Except as stated above, new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

(c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

2.3 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.4 Staff retirement benefits

2.4.1 The Company operates following defined benefit plans (the Plans):

- Approved funded gratuity plans for its permanent employees; and
- Approved funded pension plan for management employees of former GlaxoSmithKline Pharmaceuticals (Private) Limited.

Contributions to the gratuity and pension plans are based on actuarial recommendations. The latest actuarial valuations of the schemes were carried out as at December 31, 2015 using the Projected Unit Credit Method.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the Plans.

2.4.2 The Company also operates approved contributory provident funds for all its permanent employees.

2.5 Compensated absences

The Company provides for compensated absences of its non-management employees on unavailed balance of leave in the period in which the leave is earned.

2.6 Taxation

2.6.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime.

2.6.2 Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts. Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the profit and loss account except for deferred tax arising on revaluation of available for sale investments and remeasurements of retirement benefits obligations which are recognised in other comprehensive income.

2.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.8 Property, plant and equipment

(i) Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation / amortisation and accumulated impairment.

Depreciation is charged using the straight line method whereby the carrying value of an asset less estimated residual value, if not insignificant, is written off over its estimated remaining useful life. Depreciation / amortisation on assets is charged from the month of addition to the month of disposal. Cost of leasehold land is amortised over the period of the lease.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the entity expects to use these for more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are included in income currently.

(ii) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of tangible fixed assets in the course of their construction and installation.

2.9 Impairment

Carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash-generating units are tested for impairment. Cash-generating units to which goodwill is allocated are tested for impairment annually. Where the carrying values of assets or cash-generating units exceed the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to profit and loss account.

Impairment is reversed only if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised carrying value does not exceed the carrying value that would have existed, had no impairment been recognised, except impairment of goodwill which is not reversed.

2.10 Intangibles

Goodwill

Goodwill represents excess of consideration transferred over the fair value of the interest acquired in the net assets of an entity. After initial recognition, it is carried at cost less accumulated impairment, if any.

Market authorisation rights

Market authorisation rights (the rights) are recognised if it is probable that future economic benefits attributable to the rights will flow to the Company and cost of such rights can be measured reliably. The rights acquired by the Company are initially recognised at cost and are carried at cost less accumulated amortisation and impairment, if any.

2.11 Stores and spares

These are valued at lower of cost, determined using moving average method, and estimated recoverable amount. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon. Provision is made for items which are obsolete and slow moving.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

2.12 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined using first-in first-out method.

Cost of raw and packing materials comprise of purchase price including directly related expenses less trade discounts. Cost of work-in-process and finished goods include cost of raw and packing materials, direct labour and related production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

2.13 Trade debts

Trade debts are initially recognised at the invoice value which signifies their fair value, and then carried at amortised cost. Provision is made against debts considered doubtful of recovery. Bad debts are written off when considered irrecoverable.

2.14 Investments

Available-for-sale

Securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in the interest rates, are classified as available-for-sale.

Available-for-sale investments are initially recognised at fair value plus transaction cost and subsequently recognised at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income.

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity. These are stated at amortised cost.

2.15 Non-current assets held for sale / disposal

Non-current assets are classified as held for sale / disposal if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable.

The Company measures its non-current assets classified as held for sale / disposal at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost / amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and cheques in hand, balances with banks on current, savings and deposit accounts, short-term investments and short-term borrowings under running finance, having maturity of upto three months.

2.17 Foreign currency translation

Foreign currency transactions are recorded into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currency are translated into Pak Rupee at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in income currently.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.18 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Sales of goods are recorded when the risks and rewards of the goods are transferred to the customers.
- Returns on deposits, investments, scrap sales and insurance commission are recognised on accrual basis.

2.19 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received respectively. These are subsequently measured at fair value, amortised cost or cost as the case may be.

2.20 Dividend

Dividend is recognised as a liability in the period in which it is approved.

2.21 Share based payments

Cash settled share based payments provided to employees are recorded as liability in the financial statements at fair value over the period the services are received.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

Rupees '000	Note	2015	2014
3. FIXED ASSETS			
Operating assets	3.1	5,387,352	5,318,400
Major spare parts and stand-by equipments	3.4	80,514	74,542
Capital work-in-progress	3.5	1,686,580	1,259,309
		7,154,446	6,652,251

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

Rupees '000	Land		Building		Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
	Freehold	Leasehold	On freehold land	On leasehold land					
3.1 Operating assets									
Net carrying value basis									
Year ended December 31, 2015									
Opening net book value (NBV)	-	346,468	-	1,310,662	2,874,953	153,530	353,915	278,872	5,318,400
Additions (at cost)	-	-	-	126,886	252,958	13,697	173,353	120,591	687,485
Disposals									
- Cost	-	-	-	-	(30,329)	(49)	(187,924)	(1,779)	(220,081)
- Accumulated depreciation	-	-	-	-	29,704	41	108,171	1,665	139,581
Depreciation charge	-	(5,248)	-	(41,342)	(248,535)	(20,245)	(106,966)	(74,944)	(497,280)
Impairment charge	-	-	-	(13)	(4,687)	(14)	-	(30)	(4,744)
Transferred to disposal groups classified as held for sale / disposal - Note 15.4									
- Cost	-	-	-	-	(15,282)	-	(44,177)	(4,450)	(63,909)
- Accumulated depreciation	-	-	-	-	10,500	-	14,757	2,643	27,900
	-	-	-	-	(4,782)	-	(29,420)	(1,807)	(36,009)
Closing net book value	-	341,220	-	1,396,193	2,869,282	146,960	311,129	322,568	5,387,352
Gross carrying value basis									
At December 31, 2015									
Cost	-	382,676	-	1,793,512	4,995,989	284,992	532,099	742,121	8,731,389
Accumulated depreciation	-	(41,456)	-	(397,306)	(2,101,873)	(137,835)	(220,970)	(419,523)	(3,318,963)
Accumulated impairment	-	-	-	(13)	(24,834)	(197)	-	(30)	(25,074)
Net book value	-	341,220	-	1,396,193	2,869,282	146,960	311,129	322,568	5,387,352
Depreciation rate % per annum	-	2.5 to 10	2.5	2.5	5 to 6.67	10	25	10 to 33.33	
Net carrying value basis									
Year ended December 31, 2014									
Opening net book value (NBV)	174	351,719	1,335	1,318,417	2,664,861	146,388	340,542	252,397	5,075,833
Additions (at cost)	-	-	-	32,547	446,959	26,068	178,901	100,258	784,733
Disposals									
- Cost	-	-	-	-	(84,018)	(1,558)	(136,279)	(3,887)	(225,742)
- Accumulated depreciation	-	-	-	-	71,319	1,548	74,574	3,042	150,483
- Accumulated impairment	-	-	-	-	4,239	-	-	-	4,239
Disposals (at NBV)	-	-	-	-	(8,460)	(10)	(61,705)	(845)	(71,020)
Depreciation charge	-	(5,251)	(8,915)	(40,302)	(228,493)	(18,930)	(103,823)	(72,938)	(478,652)
Impairment reversal	-	-	31,916	-	2,698	39	-	-	34,653
Transferred to disposal group classified as held for sale									
- Cost	(174)	-	(64,417)	-	(7,752)	(1,611)	-	-	(73,954)
- Accumulated depreciation	-	-	40,081	-	5,140	1,586	-	-	46,807
	(174)	-	(24,336)	-	(2,612)	(25)	-	-	(27,147)
Closing net book value	-	346,468	-	1,310,662	2,874,953	153,530	353,915	278,872	5,318,400
Gross carrying value basis									
At December 31, 2014									
Cost	-	382,676	-	1,666,626	4,788,642	271,344	590,847	627,759	8,327,894
Accumulated depreciation	-	(36,208)	-	(355,964)	(1,893,542)	(117,631)	(236,932)	(348,887)	(2,989,164)
Accumulated impairment	-	-	-	-	(20,147)	(183)	-	-	(20,330)
Net book value	-	346,468	-	1,310,662	2,874,953	153,530	353,915	278,872	5,318,400
Depreciation rate % per annum	-	2.5 to 10	2.5	2.5	5 to 6.67	10	25	10 to 33.33	

3.2 Details of assets sold, having net book value in excess of Rs. 50,000 are as follows:

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Plant & machinery - various items	1,030	546	484	675	Tender	M/s. Shakoor Brothers, Plot # SA-6, Street # 4, Sector-27, Korangi Industrial Area, Karachi
Items sold with tender having individual book values less than Rs. 50,000						
- Plant & machinery - various items	4,122	3,997	125			
- Office equipment - various items	988	927	61			
- Furniture & fixture - various items	49	41	8			
	6,189	5,511	678	675		
Motor vehicles	766	686	80	574	Tender	Mr. Javed Muhammad Khan, A/2/2, Maymar Terrace, Gulshan-e-Iqbal, Karachi
"	662	497	165	561	"	"
"	766	622	144	620	"	Mr. Riaz Manzoor, 3-D, 3/9, Nazimabad # 3 Karachi
"	637	478	159	568	"	Mr. Syed Hassan Ali Warsi, A-162/12, Gulberg F.B. Area, Karachi
"	1,009	368	641	928	"	"
"	647	485	162	612	"	Mr. Mohammad Imran Younus, Amin Motors Shop # 1296, Near New Town Police Station Karachi
"	1,243	485	758	1,137	"	"
"	647	485	162	590	"	Mr. Zahid Qadri, R-536, 15-A/4, Buffer Zone Karachi
"	873	655	218	746	"	"
"	647	485	162	486	"	Mr. Nawaz Khan, Plot # B-11-A13, Massan Road Kemari, Karachi
"	662	497	165	561	"	"
"	662	497	165	555	"	"
"	810	608	202	591	"	Mr. Syed Anwar Abbas, B-43, Block-1, Street No.1, Chapel Sun City, Scheme 33, Gulistan-e-Johar, Karachi
Motor vehicles	662	497	165	565	Tender	Mr. Waseem Mirza, R-2, Row-4, Block-10/A Gulshan-e-Iqbal, Karachi
"	662	497	165	455	"	M/s. Toyota Western Motors, C-38, S.I.T.E. Karachi
"	1,365	256	1,109	1,064	"	Mr. Shoaib Ilyas Siddiqui, House No. 3-D-8/15 Nazimabad, Karachi
"	662	497	165	488	"	Ms. Fouzia Nadeem, Flat # 3, Mullah Luxury Apartment, Block/A, SD-29, North Nazimabad
"	662	497	165	532	"	Mr. Noor Hassan, Metroville, S.I.T.E., Karachi
"	662	497	165	552	"	Mr. Numeri Abarar, A-50, Block-3, Gulistan-e-Johar, Karachi
"	662	497	165	566	"	"
"	662	497	165	540	"	"
"	662	497	165	441	"	M/s. Honda Quaideen, 233-A/2, P.E.C.H.S. Karachi
"	647	485	162	432	"	"
"	637	478	159	515	"	"
"	1,203	836	367	932	"	"
"	1,148	718	430	932	"	"
"	3,500	2,975	525	575	"	"
"	1,223	669	554	914	"	"
"	4,316	3,237	1,079	2,100	"	"
"	1,019	318	701	980	"	"
"	1,302	386	916	1,050	"	"
"	1,365	171	1,194	1,200	"	"
"	1,335	438	897	1,019	"	"
Balance carried forward	34,387	21,791	12,596	24,381		

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Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Balance brought forward	34,387	21,791	12,596	24,381		
Motor vehicles	7,517	4,228	3,289	3,455	Tender	M/s. Honda Quaideen, 233-A/2, P.E.C.H.S. Karachi
"	1,389	1,042	347	1,111	"	Mr. Khalid Anwar, House # 2029, Near Sharif Medical Centre, Charral Road, Kemari, Karachi
"	1,000	439	561	878	"	Mr. Riaz Manzoor, 3-D, 3/9, Nazimabad # 3 Karachi
"	1,000	439	561	890	"	"
"	2,072	1,456	616	1,396	"	Mr. Syed Riaz Ahmed, A-216, Block 3, Gulshan-e-Iqbal, Karachi
"	1,365	213	1,152	1,096	"	Mr. Adnan Ahmed Bhatti, E-148, Defence View Phase II, Karachi
"	1,365	235	1,130	1,069	"	"
"	1,365	149	1,216	1,124	"	"
"	2,046	1,148	898	1,755	"	M/s. S.I.U.T. TRUST, D.F.M.C. Building, Yaqoob Khan Road, Near Civil Hospital, Karachi
"	647	485	162	601	"	Mr. Usman Shahid, A-6, Sector 11-B, North Karachi, Karachi
"	662	497	165	510	"	Mr. Syed Aley Haider Jaffery, B-20, Block-10 F.B.Area, Karachi
"	1,350	169	1,181	1,180	"	"
"	2,489	544	1,945	2,023	"	Mr. Sajid Muhammad Ibrahim-Flat # 207, Sector 2, 7th Floor, Clifton Karachi
"	1,868	496	1,372	1,551	"	M/s. Suzuki South, Plot # 25/1, Korangi Industrial Area, Karachi
"	5,749	2,335	3,414	3,473	"	"
"	675	505	170	250	Company Policy	Mr. Waseem Amir - Ex-Employee
"	985	800	185	591	"	Mr. Zaheer Ahmed - Ex-Executive
"	1,203	1,004	199	390	"	Mr. Muhammad Younus - Ex-Employee
"	830	622	208	208	"	Mr. Abdul Wahab Qureshi - Executive
"	1,203	977	226	400	"	Mr. Sultan Gul - Ex-Employee
"	1,039	779	260	262	"	Ms. Tazeen Fatima - Executive
"	1,043	782	261	261	"	Mr. Rehan Hasan - Executive
"	1,043	782	261	261	"	Mr. Muhammad Asim - Executive
"	1,056	776	280	649	"	Ms. Samreen Hashmi - Executive
"	1,098	772	326	808	"	Mr. Kaleem Ullah Khan - Ex-Executive
"	1,384	1,038	346	346	"	Mr. M. Naeem Baig - Executive
"	1,384	1,038	346	346	"	Mr. Mohi Ul Islam - Executive
"	1,414	1,060	354	354	"	Mr. Tariq Mahmood Janjua - Executive
"	1,414	1,060	354	354	"	Mr. Aslam Pervaiz - Executive
"	1,414	1,060	354	354	"	Mr. Muhammad Hafeez - Executive
"	1,574	935	639	944	"	Mr. Irfan Qureshi - Executive
"	1,426	1,070	356	420	"	Mr. Nadeem Malik - Ex-Executive
"	1,426	1,069	357	357	"	Mr. Zahid Iqbal - Executive
"	1,426	1,069	357	357	"	Mr. Irshad Us Sami - Executive
"	1,426	1,069	357	357	"	Mr. Haider Khan - Executive
"	1,148	789	359	694	"	Mr. Shakil Ahmed - Executive
"	1,462	1,097	365	426	"	Mr. Zafar Ali - Ex-Executive
"	1,483	1,112	371	890	"	Mr. Imran Amin - Ex-Executive
"	1,529	1,147	382	612	"	Mr. Khurram Amjad - Executive
"	1,176	735	441	706	"	Mr. Khurram Ahmed - Executive
"	1,123	719	404	679	"	Mr. Mazhar Iqbal Shams - Executive
"	1,243	760	483	420	"	Mr. Atif Aslam - Ex-Employee
"	1,970	1,478	492	788	"	Dr. Gohar Nayab - Executive
"	1,000	497	503	786	"	Mr. Junaid Yousuf - Ex-Executive
"	2,029	1,522	507	828	"	Dr. Tariq Farooq - Executive
"	2,045	1,534	511	550	"	Mr. Wajid A. Qureshi - Ex-Executive
"	1,608	1,080	528	965	"	Mr. Yahya Jan - Executive
"	1,019	488	531	540	"	Mr. Atif Shah - Ex-Employee
Balance carried forward	109,569	66,891	42,678	63,646		

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Balance brought forward	109,569	66,891	42,678	63,646		
Motor vehicles	1,243	653	590	-	Company Policy	Mr. Naeem Rajput - Ex-Executive
"	1,608	980	628	643	"	Mr. Muhammad Ramzan - Ex-Executive
"	1,672	1,019	653	1,004	"	Mr. Qasim Abbas Naqvi - Executive
"	1,607	929	678	1,148	"	Mr. Tariq Shamshad - Ex-Executive
"	964	221	743	540	"	Mr. Najum Ur Rehman - Ex-Employee
"	2,080	1,333	747	1,395	"	Mr. Khalid Sethi - Executive
"	2,454	958	1,496	1,935	"	Mr. Shabbir Gadriwala - Ex-Executive
"	1,607	854	753	1,229	"	Ms. Marriam Ilahi - Executive
"	964	181	783	540	"	Mr. M. Jamil - Ex-Employee
"	1,317	466	851	660	"	Mr. Atif Aslam Siddiqui - Ex-Employee
"	1,044	174	870	791	"	Mr. Shamim Shafiq - Ex-Employee
"	1,315	370	945	798	"	Mr. Tahir Rabbani - Ex-Executive
"	1,760	770	990	1,283	"	Mr. S.M. Sibtain - Executive
"	1,760	770	990	884	"	Mr. Asad Zaidi - Ex-Executive
"	1,315	308	1,007	1,064	"	Mr. Kashif Ayub - Executive
"	1,732	487	1,245	1,354	"	Ms. Gohar Siddiqui - Executive
"	1,414	1,061	353	353	"	Ms. Ayesha Muharram - Ex-Executive
"	1,414	1,060	354	354	"	Mr. Ahsan Iqbal - Executive
"	1,426	1,069	357	357	"	Mr. Malik Abdul Razzak - Executive
"	1,725	431	1,294	1,400	"	Ms. Naila Inam - Ex-Executive
"	1,772	443	1,329	1,550	"	Mr. Khawaja A. Hameed - Ex-Executive
"	2,377	1,040	1,337	1,700	"	Dr. Yousuf H. Khan - Ex-Executive
"	1,782	139	1,643	1,050	"	Mr. Naeem Baig - Ex-Executive
"	2,573	442	2,131	1,508	"	Mr. Haji Hanif - Ex-Executive
"	14,000	10,500	3,500	3,500	"	Mr. Salman Burney - Ex-Chief Executive
"	7,000	3,208	3,792	3,500	"	Mr. Salman Burney - Ex-Chief Executive
"	6,300	984	5,316	4,000	"	Mr. Anwar Ayaz Khan - Executive
"	2,432	798	1,634	2,447	Insurance Claim	M/s. EFU General Insurance Limited
Total	178,226	98,539	79,687	100,633		

3.3 Leashold land includes land at Sundar Industrial Estate, Lahore, with a net book value of Rs. 17.10 million (2014: Rs. 17.53 million) for which lease from Punjab Industrial Estates Development and Management Company is not finalised.

Rupees '000	2015	2014
3.4 Major spare parts and stand-by equipments		
Balance at beginning of the year	74,542	42,722
Additions during the year	12,156	41,382
Transfers made during the year	(6,184)	(9,562)
Balance at end of the year	80,514	74,542

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Rupees '000	2015	2014
3.5 Capital work-in-progress		
Civil work	350,181	274,797
Plant and machinery	1,233,578	856,608
Furniture and fixtures	23,997	13,130
Office equipments	60,404	89,837
Advances to suppliers	58,607	65,124
	1,726,767	1,299,496
Provision for impairment	(40,187)	(40,187)
	1,686,580	1,259,309
4. INTANGIBLES		
Market authorisation rights - note 4.1	83,330	—
Goodwill	955,742	955,742
	1,039,072	955,742

4.1 This includes Rs. 40.3 million paid as consideration to Novartis Pharma Pakistan Limited (NPPL) in respect of acquiring marketing authorisation rights in relation to NPPL's vaccines business (refer note 1.1) and Rs. 43 million paid as consideration for acquiring market authorisation rights of Traxon from Akhai Pharmaceuticals (Private) Limited the transfer of which is in progress.

4.2 The recoverable amount of intangibles is the higher of value in use and fair value less cost to sell. Value in use is calculated as the net present value of the projected cash flows of the intangibles to which the asset belongs, discounted at risk-adjusted discount rate.

Details relating to the discounted cash flow model used in the impairment test are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth rates Discount rate
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information and past performance. Cost reflects past experience, adjusted for inflation and expected changes. Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	4%
Period of specific projected cash flows	5 years
Discount rate	15.5%

The valuation indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related intangibles.

Rupees '000	2015	2014
5. LONG-TERM LOANS TO EMPLOYEES		
Considered good		
To executives	17,642	9,884
To other employees	78,895	104,431
	96,537	114,315
Recoverable within one year - note 9		
Executives	(9,391)	(5,009)
Other employees	(37,934)	(43,584)
	(47,325)	(48,593)
	49,212	65,722
Reconciliation of carrying amount of loans to executives:		
Opening balance	9,884	4,685
Disbursements including promotions	14,167	9,469
Recoveries and amortisation	(5,787)	(4,270)
Transferred to disposal groups classified as held for sale / disposal - note 15.4	(622)	–
	17,642	9,884

- 5.1** These loans have been given in accordance with the terms of employment for purchase of house, motor car, motor cycle, computer and for the purpose of staff welfare and are repayable in 12 to 60 equal monthly installments depending upon the type of the loan. These loans are interest free except certain loans which carry interest ranging from 5% to 8% per annum (2014: 5% to 8% per annum). All loans are secured against the retirement fund balances.

The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs.16.95 million (2014: Rs. 13.78 million).

Rupees '000	2015	2014
6. STORES AND SPARES		
Stores and spares	190,143	172,092
Less: Provision for slow moving and obsolete items	(31,579)	(13,317)
	158,564	158,775

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Rupees '000	2015	2014
7. STOCK-IN-TRADE		
Raw and packing materials including in transit Rs. 252.69 million (2014: Rs. 668.63 million)	2,071,159	2,431,776
Work-in-process	342,790	426,951
Finished goods including in transit Rs. 381.28 million (2014: Rs. 466.87 million)	2,569,245	3,849,157
	4,983,194	6,707,884
Less: Provision for slow moving, obsolete and damaged items - note 7.3	(275,276)	(399,823)
	4,707,918	6,308,061

7.1 Details of stock-in-trade held with the third parties is as follows:

For use in third party manufacturing

Roomi Enterprises (Private) Limited	–	103,429
Akhai Pharmaceuticals (Private) Limited	54,594	64,154
Pharmatec Pakistan (Private) Limited	–	80,897

**Stock held with distributors and
at third party warehouses**

Expeditors International Pakistan (Private) Limited	12,722	351,000
DHL Global Forwarding (Private) Limited	94,226	154,609
Vikor Enterprises (Private) Limited	–	47,073
Muller & Phipps Pakistan (Private) Limited	–	14,491
Chemitex (Private) Limited	–	88,560

7.2 Stock-in-trade includes items costing Rs. 1.20 billion (2014: Rs. 1.73 billion) valued at net realisable value of Rs. 1.03 billion (2014: Rs. 1.51 billion).

7.3 During the year, stock-in-trade of Rs. 298.46 million (2014: Rs. 26.15 million) have been written off against provision.

Rupees '000	2015	2014
8. TRADE DEBTS		
Considered good		
GlaxoSmithKline Trading Services Limited - Associated company	1,561	12,426
Others	327,387	522,690
	328,948	535,116
Considered doubtful	66,090	54,032
Provision for doubtful debts	(66,090)	(54,032)
	328,948	535,116

8.1 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 80.72 million (2014: Rs. 43.22 million).

Rupees '000	2015	2014
9. LOANS AND ADVANCES		
Considered good		
Loans due from employees - note 5	47,325	48,593
Advances to employees	33,501	44,241
Advances to suppliers	259,665	321,807
	340,491	414,641
Considered doubtful		
Advances to suppliers	4,092	27,689
	344,583	442,330
Provision for doubtful advances	(4,092)	(27,689)
	340,491	414,641
10. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits		
- considered good	92,488	120,716
- considered doubtful	37,675	28,832
	130,163	149,548
Provision for doubtful deposits	(37,675)	(28,832)
	92,488	120,716
Prepayments	30,735	23,953
	123,223	144,669
11. REFUNDS DUE FROM GOVERNMENT		
Custom duty and sales tax		
- considered good	109,125	56,925
- considered doubtful	18,464	18,464
	127,589	75,389
Provision for doubtful receivables	(18,464)	(18,464)
	109,125	56,925
12. OTHER RECEIVABLES		
Due from related parties		
- Associated companies - note 12.1	164,247	254,711
- BMS Pakistan (Private) Limited Management Staff Pension Fund	-	6,042
- GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund - note 18.1	105,595	-
	269,842	260,753
Claims recoverable from suppliers	-	99
Receivable against sale of assets	-	1,659
Workers' Profits Participation Fund - note 12.3	5,467	15,744
Others	37,818	23,731
	313,127	301,986

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Rupees '000	2015	2014
12.1 Due from associated companies		
GlaxoSmithKline Services Unlimited, UK	3,670	7,418
GlaxoSmithKline Export Limited, UK	9,381	42,390
GlaxoSmithKline Limited, Bangladesh	8,377	8,377
GlaxoSmithKline Biologicals, S.A.	750	189
Glaxo Operations UK Limited, UK	–	11,686
GlaxoSmithKline Investment Co. Limited, China	481	463
Stiefel Laboratories (Pte) Limited, Singapore - note 12.1.1	124,625	129,267
GlaxoSmithKline S.A.E., Egypt	1,049	1,026
Stiefel Laboratories Limited, USA	6,584	6,331
GlaxoSmithKline Consumer Healthcare R&D, UK	4,384	4,215
GlaxoSmithKline Consumer Nigeria plc, Nigeria	–	15,229
GlaxoSmithKline Pharmaceutical Sdn Bhd, Malaysia	1,421	1,682
SmithKline Beecham Egypt LLC, Egypt	–	1,452
GlaxoSmithKline Research & Development, UK	3,525	15,015
GlaxoSmithKline Consumer Health Care, Singapore	–	9,971
	164,247	254,711

12.1.1 The Company also has Rs. 124.63 million (2014: Rs. 129.27 million) payable to the same entity that has been classified in trade and other payables.

12.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 230.53 million (2014: Rs. 337.23 million).

Rupees '000	2015	2014
12.3 Workers' Profits Participation Fund		
Opening balance	15,744	(2,129)
Allocation for the year	(164,533)	(155,100)
	(148,789)	(157,229)
Amount paid to the Fund net of refund received from the Fund amounting to Rs. 15.74 million (2014: Nil)	154,256	172,973
Closing balance	5,467	15,744

13. INVESTMENTS

Held-to-maturity

Investments represent four treasury bills (2014: three treasury bills) which are held with Company's banker for safe custody yielding 6.26% to 6.44% per annum (2014: 9.46% to 9.88% per annum) with maturity by March 2016 (2014: by March 2015).

Rupees '000	2015	2014
14. CASH AND BANK BALANCES		
With banks		
on deposit accounts - note 14.1	2,400,000	1,600,000
on PLS savings accounts - note 14.1 & 14.2	193,679	89,928
on current accounts		
[including foreign currency account		
Rs. 248.04 million (2014: Rs. 246.57 million)]	346,157	366,700
Cash and cheques in hand		
[including foreign currency in hand of		
Rs. 4,389 (2014: Rs. 4,890)]	6,776	3,816
	2,946,612	2,060,444

14.1 At December 31, 2015 the rates of mark-up on PLS savings accounts and on term deposit accounts were 4% to 4.5% (2014: 6.5% to 7.4%) per annum and 5.45% to 5.65% (2014: 8.8% to 9%) per annum respectively.

14.2 This includes Rs. 1.45 million (2014: Rs. 1.80 million) under lien with bank against bank guarantee issued on behalf of the Company.

15. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE / DISPOSAL

15.1 As stated in note 1.1, profit after taxation from discontinuing operations (Consumer Healthcare and Oncology businesses) for the year:

Rupees '000	2015	2014
Net sales	5,760,709	5,039,637
Cost of sales	(4,092,843)	(3,540,657)
Gross profit	1,667,866	1,498,980
Selling, marketing and distribution expenses	(1,210,759)	(1,087,220)
Administrative expenses - note 15.2	(96,899)	(84,091)
Other operating expenses	(28,305)	(22,628)
Other income	409	3,518
Profit before taxation	332,312	308,559
Taxation - note 15.3	(199,808)	(156,406)
Profit after taxation	132,504	152,153

15.2 This includes auditors' remuneration amounting to Rs. 2 million with respect to special audit in respect of scheme of Arrangements.

15.3 This includes charge for current and deferred taxation amounting to Rs. 187.53 million and Rs. 12.28 million (2014: Rs. 166.24 million and (income) Rs. 9.84 million) respectively.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

15.4 Assets and liabilities of disposal groups classified as held for sale / disposal:

Rupees '000	December 31, 2015
ASSETS	
Fixed assets	41,173
Long-term loans to employees	622
Deferred taxation	6,758
Stock-in-trade - net of provision for slow moving, obsolete and damaged stocks of Rs. 91.92 million	1,245,385
Trade debts - net of provision for bad debts of Rs. 8.92 million	191,322
Loans and advances	44,371
Other receivables	59,785
	1,589,416
LIABILITIES	
Trade and other payables	960,729
Total net assets	628,687

15.5 Net cash flows relating to discontinuing operations for the year:

Rupees '000	2015	2014
Net cash generated from / (used in) operating activities	425,302	(54,023)
Net cash used in investing activities	(12,205)	(6,694)

15.6 During the year, the Company disposed its land located at 18.5 km, Ferozepur Road, Lahore measuring approximately 27 acres along with related operating assets having cost of Rs. 73.95 million and net book value of Rs. 27.15 million to M/s. SAF & Company having its registered office at Plot No. D-178/B, Karnal Godown, S.I.T.E. Area, Karachi for Rs. 894.56 million net of disposal costs. The sale was made through tender obtained by the Company.

Rupees '000	2015	2014
16. SHARE CAPITAL		
Authorised share capital		
	2015	2014
500,000,000	500,000,000	500,000,000
Ordinary shares of Rs. 10 each	5,000,000	5,000,000
Issued, subscribed and paid-up capital		
Ordinary Shares of Rs. 10 each		
	2015	2014
5,386,825	5,386,825	5,386,825
Shares allotted for consideration paid in cash	53,868	53,868
64,339,835	64,339,835	64,339,835
Shares allotted for consideration other than cash	643,398	643,398
248,740,618	248,740,618	248,740,618
Shares allotted as bonus shares	2,487,406	2,487,406
318,467,278	318,467,278	318,467,278
	3,184,672	3,184,672

- 16.1** As at December 31, 2015 S.R. One International B.V., Netherlands and its nominees held 263,029,794 shares (2014: 245,180,610 shares).

Rupees '000	2015	2014
17. RESERVES		
Capital reserve - note 17.1	2,184,238	2,184,238
General reserve	3,999,970	3,999,970
Unappropriated profit	3,701,331	2,576,223
	<u>9,885,539</u>	<u>8,760,431</u>

- 17.1** This represents reserves in respect of various schemes of arrangements involving the Company in respect of amalgamations.

Rupees '000	2015	2014
18. STAFF RETIREMENT BENEFITS		
18.1 Staff retirement benefit plans		
- BMS Pakistan (Private) Limited Management Staff Pension Fund	11,764	(6,042)
- BMS Pakistan (Private) Limited Staff Gratuity Fund	4,097	35,052
- GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund - note 12	(105,595)	347,201

- 18.1.1** The Company operates approved funded gratuity schemes for its permanent employees and approved funded pension scheme only for management employees of former GlaxoSmithKline Pharmaceuticals (Private) Limited (the Plans). Actuarial valuation of these Plans is carried out every year and the latest actuarial valuation was carried out as of December 31, 2015.

- 18.1.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Ordinance, 1984; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Boards of Trustees of relevant Plans. The Company appoints the trustees and all trustees are employees of the Company.

- 18.1.3** The latest actuarial valuation of the Plans as at December 31, 2015 was carried out using the Projected Unit Credit Method. Details of the Plans as per the actuarial valuation are as follows:

Rupees '000	Gratuity plans		Pension plan	
	2015	2014	2015	2014
18.1.4 Balance sheet reconciliation				
Present value of defined benefit obligation at December 31 - note 18.1.5	1,525,156	1,585,653	168,569	141,270
Fair value of plan assets at December 31 - note 18.1.6	(1,626,654)	(1,203,400)	(156,805)	(147,312)
(Surplus) / deficit	<u>(101,498)</u>	<u>382,253</u>	<u>11,764</u>	<u>(6,042)</u>

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Rupees '000	Gratuity plans		Pension plan	
	2015	2014	2015	2014
18.1.5 Movement in the present value of defined benefit obligation				
Balance at January 1	1,585,653	1,292,228	141,270	105,433
Benefits paid by the Plans	(237,221)	(116,922)	(6,454)	(5,805)
Current service cost	104,228	83,494	5,585	3,774
Interest cost	162,999	167,277	14,840	13,315
Remeasurement on obligation	(90,503)	159,576	13,328	24,553
Balance at December 31	1,525,156	1,585,653	168,569	141,270
18.1.6 Movement in the fair value of plan assets				
Balance at January 1	1,203,400	1,041,251	147,312	136,231
Contributions made to the Plans	511,424	78,358	1,000	–
Benefits paid by the Plans	(237,221)	(116,922)	(6,454)	(5,805)
Interest income	119,875	132,625	15,303	17,008
Remeasurement on plan assets	29,176	68,088	(356)	(122)
Balance at December 31	1,626,654	1,203,400	156,805	147,312
18.1.7 Expense recognised in profit and loss account				
Current service cost	104,228	83,494	5,585	3,774
Net interest cost / (income)	43,124	34,652	(463)	(3,693)
Expense recognised in profit and loss account	147,352	118,146	5,122	81
18.1.8 Remeasurements recognised in Other Comprehensive Income				
(Gain) / loss from changes in actuarial assumptions	(77,422)	–	12,683	2,392
Experience (gain) / loss	(13,081)	159,576	645	22,161
Remeasurement of fair value of plan assets	(29,176)	(68,088)	356	122
	(119,679)	91,488	13,684	24,675
18.1.9 Net recognised liability / (asset)				
Net liability / (asset) at the beginning of the year	382,253	250,977	(6,042)	(30,798)
Expense recognised in profit and loss account	147,352	118,146	5,122	81
Contribution made to the Plan during the year	(511,424)	(78,358)	(1,000)	–
Remeasurements recognised in other comprehensive income	(119,679)	91,488	13,684	24,675
Recognised (asset) / liability as at December 31	(101,498)	382,253	11,764	(6,042)

Percentage	Gratuity plans		Pension plan	
	2015	2014	2015	2014
18.1.10 Plan assets comprise of the following				
Plan assets are comprised of the following:				
- Equity and mutual funds	12.63	17.14	-	-
- Bonds	61.93	80.57	99.22	96.74
- Term deposits	19.68	-	-	-
- Others	5.76	2.29	0.78	3.26
	100.00	100.00	100.00	100.00
18.1.11 Actuarial Assumptions				
Discount rate at December 31	9.00	10.50	9.00	10.50
Future salary increases	9.00	10.50	9.00	10.50

18.1.12 Pre-Retirement mortality was assumed to be SLIC (2001-05) rated down one year and Post-Retirement mortality was assumed to be SLIC (2001-05), but rated down one year. Wives were assumed to be 5 years younger than the husbands.

18.1.13 In case of the funded plans, investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of government bonds and term deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

The Company's contribution to gratuity and pension plans in 2016 is expected to amount to Rs. 100.22 million.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity plans according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

18.2 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees '000	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate at December 31	1%	(126,589)	145,435
Future salary increases	1%	67,032	(61,036)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity and pension liability recognised within the balance sheet.

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Rupees '000.	2015	2014	2013	2012	2011
18.3 Historical information					
Gratuity plans					
Present value of defined benefit obligation	(1,525,156)	(1,585,653)	(1,292,228)	(1,108,768)	(1,057,028)
Fair value of plan assets	1,626,654	1,203,400	1,041,251	933,488	843,122
Surplus / (deficit) in the plans	101,498	(382,253)	(250,977)	(175,280)	(213,906)
Experience Adjustments					
Gain / (loss) on obligation (as percentage of plan obligation)	5.93%	(10.06)%	(7.04)%	1.95%	(0.16)%
Gain / (loss) on plan assets (as percentage of plan assets)	1.79%	5.66%	1.06%	4.07%	(1.43)%
Pension plan					
Present value of defined benefit obligation	(168,569)	(141,270)	(105,433)	(98,249)	(83,544)
Fair value of plan assets	156,805	147,312	136,231	130,229	118,656
(Deficit) / Surplus in the plans	(11,764)	6,042	30,798	31,980	35,112
Experience Adjustments					
Gain / (loss) on obligation (as percentage of plan obligation)	(7.91)%	(17.38)%	2.25%	(6.45)%	(9.60)%
Gain / (loss) on plan assets (as percentage of plan assets)	(0.23)%	(0.08)%	(2.62)%	1.00%	(3.50)%

18.4 Company's contributions towards the provident fund for the year ended December 31, 2015 amounted to Rs. 99.34 million (2014: Rs. 93.51 million).

18.5 The weighted average duration of approved funded gratuity schemes for its permanent employees is 8 years and of approved funded pension scheme is 12 years.

18.6 Expected maturity analysis of undiscounted retirement benefit plans:

Rupees '000.	At December 31, 2015					Total
	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 10 years	
Retirement benefit plans	146,760	124,675	577,157	1,250,499	8,288,358	10,387,449

18.7 Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2015.

Rupees '000	2015	2014
19. DEFERRED TAXATION		
Credit balance arising in respect of:		
- Accelerated tax depreciation allowances	712,172	823,192
- Staff retirement benefits	26,901	(123,702)
	739,073	699,490
Debit balances arising in respect of:		
- Provision for doubtful debts and refunds due from government	25,133	23,837
- Provision for trade deposits and doubtful advances	11,296	18,584
- Provision for slow moving & obsolete stocks and stores & spares	71,963	63,715
	108,392	106,136
	630,681	593,354
20. TRADE AND OTHER PAYABLES		
Creditors		
- Associated companies	1,387,903	1,029,693
- Others	596,784	459,043
Bills payable	95,426	131,241
Royalty and technical assistance fee payable		
- Associated company	673,477	604,108
- Others	48,404	40,649
Accrued liabilities - note 20.1	1,976,622	3,117,822
Advances from customers	125,228	139,367
Contractors' retention money	14,331	6,678
Taxes deducted at source and payable to statutory authorities	53,059	64,523
Workers' Welfare Fund	144,398	67,291
Central Research Fund	42,300	31,020
Unclaimed dividend	55,974	53,080
Dividend payable	-	215,846
Others	41,681	42,271
	5,255,587	6,002,632

20.1 This includes liability for share based compensation amounting to Rs. 73.89 million (2014: Rs. 92.02 million).

Rupees '000	2015	2014
21. PROVISIONS		
Balance as at January 1	177,536	165,079
Charge for the year	262,793	30,730
Payments during the year	(253,216)	(18,273)
Balance as at December 31	187,113	177,536

21.1 Provisions include restructuring costs and government levies of Rs. 32.54 million and Rs. 154.57 million (2014: Rs. 64.85 million and Rs. 112.69 million) respectively.

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22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

(a) Claims against the Company not acknowledged as debt amount to Rs. 133.79 million (2014: Rs. 137.86 million) as at December 31, 2015 for reinstatement of employees and other cases.

(b) Income Tax

(i) While finalising the Company's assessments for the years 1999-2000 through 2002-2003 (accounting years ended December 31, 1998 through 2001) the Assessing Officer (AO) had made additions to income raising tax demands of Rs. 73.6 million. Such additions were made on the contention that the Company had allegedly paid excessive amount for importing certain raw materials. Upon Company's appeal, the Commissioner of Inland Revenue (Appeals) (CIRA) had maintained the addition to income for assessment years 1999-2000 and 2000-2001 (accounting years ended December 31, 1998 and 1999) while the additions made in assessment years 2001-2002 and 2002-2003 (accounting years ended December 31, 2000 and 2001) were deleted. In respect of assessment years 1999-2000 and 2000-2001 the Company, and in respect of assessment years 2001-2002 and 2002-2003, the department, filed respective appeals with the Income Tax Appellate Tribunal (ITAT). In 2008, all the above assessments were set aside by ITAT for fresh consideration by the AO. In 2011, AO passed assessment orders for the above years in which additions of same amount as described above were made. The Company has filed appeals against the orders of AO with CIRA. In 2014, Company's appeals to Commissioner Inland Revenue (Appeals) (CIRA) in respect of its income tax assessments for tax years 2000-01 to 2002-03 have been decided whereby additions to income in respect of certain raw materials have been deleted, resulting in deletion of tax demand to the extent of Rs. 26.8 million. The Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the additions to income confirmed by the CIRA whereas the department has filed appeal before the Appellate Tribunal Inland Revenue against the additions to income deleted by CIRA. During the year 2015, the CIRA has passed the order for assessment year 1999-2000, whereby the additions made against the allegedly paid excessive amount for importing certain raw materials have been deleted resulting in deletion of tax demand amounting to Rs. 13.01 million.

(ii) While finalising the assessment of former Smith Kline & French of Pakistan Limited for the assessment year 2002-2003 (accounting year ended December 31, 2001), the Assessing Officer (AO) had made addition to income raising tax demands of Rs. 4.03 million. Such addition was made on the contention that the Company had allegedly paid excessive amount for importing certain raw materials. Upon Company's appeal, the CIRA had maintained the addition to income against which the Company filed an appeal with the ITAT.

In 2008, the above assessment was set aside by ITAT for fresh consideration by the AO. In 2011, AO passed assessment order for the above year in which addition of same amount as described above was made. The Company has filed appeal against the order of AO with CIRA who has maintained the aforesaid addition. The Company has filed appeal against the decision of the CIRA before the Appellate Tribunal Inland Revenue.

(iii) While amending the assessments of the Company for the tax years 2005, 2006, 2007 and 2008 (accounting years ended December 31, 2004, 2005, 2006 and 2007) the Assessing Officer (AO) had made additions to income raising tax demands totalling Rs. 151.15 million. Such additions were made on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials and in respect of royalty. The Company has filed appeals with CIRA in respect of above tax years. In respect of tax years 2005 and 2008, CIRA has granted relief on certain additions made by AO. The company has filed appeal before Appellate Tribunal Inland Revenue against remaining additions on which relief has not been granted by CIRA.

(iv) While finalising the assessment of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for tax year 2006 (accounting year ended December 31, 2005) the Assessing Officer (AO) made additions to income raising tax demands of Rs. 10.04 million on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials. The Company filed an appeal with CIRA in respect of the said matter. During the year, the CIRA has annulled the order of AO.

- (v) While finalising the assessments of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for assessment years 1989-1990 through 2002-2003 (accounting years ended December 31, 1989 through 2001) the Assessing Officer (AO) made additions to income raising tax demands of Rs. 314.10 million on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials. CIRA also maintained the additions. On GSKPPL's appeals, the additions made by the AO were deleted by ITAT. Later, the department filed appeals against the decision of ITAT in the Sindh High Court (the High Court).

In October 2007, the High Court awarded its verdict for the assessment years 1989-1990 and 1990-1991 in favour of the tax department confirming tax demands of Rs. 11.99 million. However, the decisions in respect of the department's appeals for the assessment years 1991-1992 through 2002-2003 are still pending in the High Court for which the net aggregate tax liability, if such cases are decided against the Company, will be Rs. 302.11 million.

The Company had filed an appeal in the Supreme Court of Pakistan against the above decision of the High Court in respect of assessment years 1989-1990 and 1990-1991 and a leave to appeal had been granted to the Company. The Company through its legal counsel had also filed review petition before the High Court in this regard.

- (vi) While finalising the assessments of the Company for tax year 2012 (accounting year ended December 31, 2011) the Additional Commissioner (AC) made additions to income raising tax demands of Rs. 87.15 million on the contention that the Company had allegedly paid excessive amounts on account of royalty and technical fees and certain imported raw materials. The Company has filed an appeal with the Commissioner of Inland Revenue (Appeals) (CIRA) in respect of the said matter. The CIRA has deleted the order passed under section 122(5A) of the Ordinance.
- (vii) While finalising the assessments of the Company for tax year 2011 (accounting year ended December 31, 2010) the Deputy Commissioner Inland Revenue (DCIR) made additions to income raising tax demands of Rs. 98.64 million on the contention that the Company had allegedly paid excessive amounts on account of royalty, certain imported raw materials and stock written off. The Company filed appeal with the CIRA against the DCIR's order. The CIRA has maintained the additions made by DCIR, against which the Company has filed appeal before ATIR.
- (viii) As a result of monitoring of withholding tax for the tax year 2012 (accounting year ended December 31, 2011) Deputy Commissioner Inland Revenue (DCIR) issued an order raising tax demand amounting to Rs. 80 million. Such demand has been made on the contention that the Company has not deducted tax @ 20% at the time of making payment on account of meetings and symposia and gifts and giveaways under section 156 of Income Tax Ordinance 2001. The Company has filed an appeal before CIRA against the order of DCIR. In addition to this, on the Company's appeal the High Court has granted stay against the recovery until the case is heard by Sindh High Court. The CIRA has set-aside the order of DCIR. The proceedings are yet to be finalized.
- (ix) During the year, as a result of monitoring proceedings of withholding tax for the tax year 2014 (accounting year ended December 31, 2013) Assistant Commissioner Inland Revenue (ACIR) issued a notice under section 161 (1A) / 205 of the Income Tax Ordinance, 2001. Such notice has been issued with the contention that the Company has allegedly not deducted applicable withholding taxes under section 149, 150, 152, 153, 156, 233 and 236 (A) of the said Ordinance. The Company has filed a civil suit before the Sindh High Court against the said notice. The Sindh High Court has granted stay against the recovery proceedings.

The management is confident that the ultimate decisions in the above cases will be in favour of the Company, hence no provision has been made in respect of the aforementioned additional tax demands.

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(c) Sales Tax

- (i) Effective July 1, 2013, Sindh Revenue Board has levied Sindh Sales Tax at the rate of 16 per cent on toll manufacturing activities under Sindh Sales Tax on Services Act, 2011 treating such activity as a 'service'. Historically, such activity had been treated as a 'manufacturing' of goods and were taxable within the domain of Federal Sales Tax Act, 1990. No sales tax was payable under the Federal law on toll manufacturing charges paid by the Company owing to the fact that the Company is engaged in manufacturing of pharmaceutical products which are exempt from federal sales tax.

In view of this, the Company has jointly filed a constitutional petition with M/s Pharmatec Pakistan (Private) Limited (toll manufacturer of the Company) before the Honorable Sindh High Court contending that toll manufacturing is a process and not a service; therefore comes under the legislative authority of the Federal Government; hence, Sindh Sales Tax is not chargeable on toll manufacturing charges billed to the Company. The High Court has issued a stay order and restrained Sindh Revenue Board from collection of sales tax on toll manufacturing charges till the time aforesaid petition is decided by the Court. The management of the Company on the advice of its legal counsel is confident that the eventual outcome of the petition would be in favour, hence, no provision is made in the financial statements for sales tax on toll manufacturing charges which estimates to an amount of Rs. 186.96 million (2014: Rs. 110.04 million).

- (ii) During the year ended December 31, 2014, Commissioner has raised a demand of Rs. 36.4 million for accounting year 2011, in respect of few products of Company on the ground that the products are neither medicines nor drugs which are exempt from levy of sales tax (as per SRO 551(I)/2008) etc. Company's appeal is pending with Income Tax Appellate Tribunal.

The management is confident that the ultimate decisions in the above cases will be in favour of the Company, hence no provision has been made in respect of the aforementioned tax demands.

22.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2015 amount to Rs. 704.18 million (2014: Rs. 1,077.17 million).

Rupees '000	2015	2014 (Re-presented) - note 1.1
23. NET SALES		
Gross sales		
Local	23,218,068	22,301,122
Export - note 23.3	1,048,544	926,866
	24,266,612	23,227,988
Less: Commissions, returns and discounts	439,258	379,378
Sales tax	5,428	5,360
	23,821,926	22,843,250

- 23.1** Sales of major product categories i.e. antibiotics, dermatologicals and respiratory during the year amounted to Rs. 11.18 billion, Rs. 3.44 billion and Rs. 1.25 billion (2014: Rs. 10.38 billion, Rs. 3.18 billion and Rs. 1.26 billion) respectively.

- 23.2** Company sells its products through a network of distribution channels involving various distributors / sub-distributors and also directly to government and other institutions. Sales to two distributors (2014: two distributor) exceed 10 percent of the net sales during the year, amounting to Rs. 3.47 billion and Rs. 3.28 billion (2014 (re-presented): Rs. 3.45 billion and Rs. 3.10 billion).

- 23.3** Included in exports is an amount of Rs. 917.02 million (2014: Rs. 810.52 million) to Afghanistan. In future, due to the risk reduction initiatives, the Company intends not to sell its products through distributors in Afghanistan.

Rupees '000	2015	2014
		(Re-presented) - note 1.1
24. COST OF SALES		
Raw and packing materials consumed	10,823,187	10,782,525
Manufacturing charges to third parties	54,933	47,301
Stores and spares consumed	34,695	53,070
Salaries, wages and other benefits - note 24.1	1,603,224	1,427,977
Fuel and power	591,263	659,736
Rent, rates and taxes	6,617	3,649
Royalty and technical assistance fee	244,930	246,607
Insurance	132,345	119,373
Publication and subscriptions	5,084	3,273
Repairs and maintenance	249,044	219,069
Training expenses	1,056	3,176
Travelling and entertainment	26,183	12,543
Vehicle running	19,440	23,957
Depreciation	330,880	312,971
Provision for / (reversal of) Impairment on fixed assets	4,744	(34,653)
Provision for slow moving, obsolete and damaged stock-in-trade	226,185	44,972
Provision for slow moving and obsolete stores and spares	18,262	5,388
(Reversal of) / provision for doubtful advances	(8,997)	13,089
Canteen expenses	83,573	94,131
Laboratory expenses	50,067	40,744
Communication and stationery	11,877	9,143
Security expenses	11,579	11,915
Stock written off	15,293	17,282
Other expenses	44,079	48,339
	14,579,543	14,165,577
Opening stock of work-in-process	410,787	574,262
Closing stock of work-in-process	(342,790)	(410,787)
	14,647,540	14,329,052
Opening stock of finished goods	2,936,702	2,922,986
Purchase of finished goods	2,465,134	2,819,112
	20,049,376	20,071,150
Closing stock of finished goods	(2,569,245)	(2,936,702)
Cost of samples shown under selling, marketing and distribution expenses - sales promotion expenses	(82,376)	(137,989)
	17,397,755	16,996,459

24.1 Salaries, wages and other benefits include Rs. 57.42 million and Rs. 41.29 million (2014 (re-presented): Rs. 49.30 million and Rs. 39.64 million) in respect of defined benefit plans and contributory provident fund respectively.

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(Re-presented)
- note 1.1

Rupees '000	2015	2014
25. SELLING, MARKETING AND DISTRIBUTION EXPENSES		
Salaries, wages and other benefits - note 25.1	1,073,835	966,718
Sales promotion and symposiums	474,745	498,307
Advertising	56,629	118,813
Restructuring cost - note 25.2	209,521	-
Handling, freight and transportation	323,309	405,439
Travelling and entertainment	265,742	249,627
Depreciation	76,719	75,866
Vehicle running	71,897	78,632
Publication and subscriptions	42,135	34,844
Fuel and power	31,307	36,428
Communication	22,481	22,032
Provision / (reversal of provision) for doubtful debts	16,243	(3,229)
Repairs and maintenance	23,920	23,262
Insurance	23,763	29,295
Printing and stationery	10,546	14,027
Security expenses	17,541	15,133
Rent, rates and taxes	1,437	1,415
Canteen expenses	1,687	1,840
Training expenses	10,399	5,368
Other expenses	34,086	33,645
	2,787,942	2,607,462

25.1 Salaries, wages and other benefits include Rs. 52.50 million and Rs. 36.45 million (2014 (re-presented): Rs. 38.19 million and Rs. 33.09 million) in respect of defined benefit plans and contributory provident fund respectively.

25.2 This represents charge for severance costs recognised in respect of cost saving initiatives.

(Re-presented)
- note 1.1

Rupees '000	2015	2014
26. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits - note 26.1	607,343	566,266
Depreciation	80,425	79,343
Communication	17,458	17,352
Training expenses	4,904	6,448
Legal and professional charges	30,839	39,956
Travelling and entertainment	36,082	24,224
Repairs and maintenance	35,814	34,717
Donations	1,297	100
Printing and stationery	10,988	13,140
Auditors' remuneration - note 26.2	9,869	9,141
Vehicle running	19,182	24,583
Security expenses	20,379	29,053
Publication and subscriptions	15,369	14,807
Rent, rates and taxes	7,603	7,676
Insurance	12,380	16,745
Canteen expenses	13,821	8,512
Restructuring cost	11,391	28,000
Other expenses - note 26.3	36,000	16,107
	971,144	936,170

- 26.1** Salaries, wages and other benefits include Rs. 27.57 million and Rs. 16.29 million (2014 (re-presented): Rs. 22.68 million and Rs. 15.56 million) in respect of defined benefit plans and contributory provident fund respectively.

Rupees '000	2015	2014 (Re-presented) - note 1.1
26.2 Auditors' remuneration		
Audit fee	4,908	4,675
Fee for review of half yearly financial statements, special certifications and others	6,168	3,295
Taxation services	100	200
Out-of-pocket expenses	693	971
	11,869	9,141
Less: Fee for special audit in respect of scheme of Arrangements included in discontinuing operations - note 15.2	2,000	-
	9,869	9,141

- 26.3** This includes expenses of Rs. 21.48 million (2014: Rs. 53.66 million) net of recovery of Rs. 23.01 million (2014: Rs. 24.49 million) from related parties.

Rupees '000	2015	2014 (Re-presented) - note 1.1
27. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund - note 12.3	146,015	141,185
Workers' Welfare Fund	67,320	58,578
Central Research Fund	42,300	31,020
	255,635	230,783
28. OTHER INCOME		
Income from financial assets		
Return on Treasury Bills	29,759	20,569
Income on savings and deposit accounts	147,482	167,352
	177,241	187,921
Income from non-financial assets		
Gain on disposal of operating assets	30,902	33,378
Gain on disposal of non-current assets classified as held for sale - note 15.6	867,410	-
Others		
Scrap sales	40,709	44,466
Insurance commission	35,443	32,951
Service fee on clinical trial studies	1,529	2,011
Liabilities no longer required written back	5,783	48,441
Exchange gain - net	-	126,897
Insurance claim recovery	-	11,945
	1,159,017	488,010
29. FINANCIAL CHARGES		
Exchange loss - net	32,416	-
Bank charges	21,945	20,363
	54,361	20,363

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

(Re-presented)
- note 1.1

Rupees '000	2015	2014
30. TAXATION		
Current		
- for the year	902,448	975,740
- for prior year - note 30.1	114,420	-
Deferred	(13,488)	29,365
	<u>1,003,380</u>	<u>1,005,105</u>

30.1 This represents one-time charge for super tax, imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act, 2015).

Rupees '000	2015	2014
30.2 Relationship between tax expense and accounting profit		
Profit before taxation including profit from discontinuing operations	3,846,418	2,848,582
Applicable tax rate	32%	33%
Tax calculated at applicable tax rate	1,230,854	940,032
Impact of taxability at different rate and Final Tax Regime	256,041	264,975
Effect of super tax	114,420	-
Effect of tax credits	(31,135)	(49,814)
Effect of exempt income	(277,571)	-
Effect of change in tax rate	(89,841)	(1,066)
Tax effect of other than temporary differences	420	7,384
	<u>1,203,188</u>	<u>1,161,511</u>
31. EARNINGS PER SHARE		
Profit after taxation from continuing operations	2,510,726	1,534,918
Profit after taxation from discontinuing operations	132,504	152,153
Weighted average number of outstanding shares (in thousand)	318,467	318,467
		(Re-presented)
Earnings per share - continuing operations	Rs. 7.88	Rs. 4.82
Earnings per share - discontinuing operations	Re. 0.42	Re. 0.48
Earnings per share - basic	<u>Rs. 8.30</u>	<u>Rs. 5.30</u>

31.1 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.

Rupees '000	2015	2014
		(Re-presented) - note 1.1
32. CASH GENERATED FROM OPERATIONS INCLUDING DISCONTINUING OPERATIONS		
Profit before taxation	3,846,418	2,848,582
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	502,024	443,999
Gain on disposal of operating assets	(31,311)	(36,896)
Gain on disposal of non-current assets classified as held for sale	(867,410)	-
Interest income	(177,241)	(187,921)
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	245,495	61,018
Provision for slow moving and obsolete stores and spares	18,262	5,388
Provision / (reversal of provision) for doubtful debts	20,980	(3,229)
(Reversal of) / provision for doubtful advances	(23,597)	27,689
Provision for staff retirement benefits	152,474	118,227
	(160,324)	428,275
Profit before working capital changes	3,686,094	3,276,857
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(18,051)	(7,615)
Stock-in-trade	109,263	(97,674)
Trade debts	(6,134)	(181,937)
Loans and advances	53,376	(193,867)
Trade deposits and prepayments	21,446	(26,077)
Refunds due from government	(52,200)	(9,974)
Other receivables	28,627	63,801
	136,327	(453,343)
Increase in current liabilities		
Trade and other payables	644,504	385,288
Provisions	9,577	12,457
	790,408	(55,598)
	4,476,502	3,221,259
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 14	2,946,612	2,060,444
Short term Investments - Treasury bill - note 13	695,586	591,667
	3,642,198	2,652,111

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

34. SEGMENT INFORMATION

34.1 Management has determined the operating segments based on the information that is presented to the chief operation decision-maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure the Company is organised into the following two operating segments:

- Pharmaceuticals
- Consumer Healthcare

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

34.2 The financial information regarding operating segments is as follows:

Segment wise operating results

	Year ended December 31, 2015			Year ended December 31, 2014		
	Pharma- ceuticals	Consumer Healthcare (note - 34.3)	Total	Pharma- ceuticals	Consumer Healthcare (note - 34.3)	Total
Rupees '000						
Net sales - note 34.4	24,034,950	5,547,685	29,582,635	23,034,203	4,848,684	27,882,887
Cost of sales	(17,609,830)	(3,880,768)	(21,490,598)	(17,167,734)	(3,369,382)	(20,537,116)
Gross profit	6,425,120	1,666,917	8,092,037	5,866,469	1,479,302	7,345,771
Selling, marketing and distribution expenses	(2,814,913)	(1,183,788)	(3,998,701)	(2,630,054)	(1,064,628)	(3,694,682)
Administrative expenses	(971,144)	(96,899)	(1,068,043)	(936,170)	(84,091)	(1,020,261)
Segment results	2,639,063	386,230	3,025,293	2,300,245	330,583	2,630,828
Other operating expenses			(283,940)			(253,411)
Other income			1,159,426			491,528
Financial charges			(54,361)			(20,363)
Profit before taxation			3,846,418			2,848,582

34.3 During the year, pursuant to the Scheme (refer - note 1.1), the Consumer Healthcare Business has been classified as held for sale / disposal. Accordingly the segment, has been disclosed in note 15 as discontinuing operation.

34.4 There are no inter-segment sales.

34.5 Analysis of segments' assets and liabilities and their reconciliation to total assets and liabilities:

Rupees '000	As at December 31, 2015			As at December 31, 2014		
	Pharma- ceuticals	Consumer Healthcare	Total	Pharma- ceuticals	Consumer Healthcare	Total
Segment assets	14,295,447	1,507,033	15,802,480	14,245,520	1,348,368	15,593,888
Unallocated assets			4,317,702			3,506,990
Total assets			20,120,182			19,100,878
Segment liabilities	5,741,870	960,729	6,702,599	5,102,376	801,945	5,904,321
Unallocated liabilities			347,372			1,251,454
Total liabilities			7,049,971			7,155,775

34.6 Other segment information is as follows:

Rupees '000	Year ended December 31, 2015			Year ended December 31, 2014		
	Pharma- ceuticals	Consumer Healthcare	Total	Pharma- ceuticals	Consumer Healthcare	Total
Depreciation and impairment	492,768	9,256	502,024	433,527	10,472	443,999
Salaries, wages and other benefits	3,284,402	141,502	3,425,904	2,960,961	163,370	3,124,331
Sales promotion and advertisement	531,374	1,008,684	1,540,058	639,715	833,956	1,473,671
Handling and freight	323,309	87,527	410,836	405,439	44,650	450,089

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The amounts charged in these financial statements for remuneration of the Chief Executive, Directors and Executives are as follows:

Rupees '000	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Managerial remuneration	19,775	19,809	4,622	11,474	468,387	424,965
Bonus - note 35.1	30,170	16,525	9,783	3,392	207,752	141,646
Retirement benefits *	2,216	6,395	591	2,052	59,886	143,280
House rent	8,120	8,720	2,080	2,798	208,403	175,320
Utilities	1,733	1,938	462	622	46,333	38,960
Medical expenses	171	146	36	66	21,752	15,806
Others	471	441	514	1,015	172,869	127,369
	62,656	53,974	18,088	21,419	1,185,382	1,067,346
Number of person(s)	2**	1	2**	2	399	317

*Retirement benefits represent amount contributed towards various retirement benefit plans.

**As at December 31, 2015, number of Chief Executive was 1 and the number of executive directors was 1.

35.1 Bonus includes share based payments as Share Appreciation Rights (SARs) given to the Chief Executive, Executive Directors and certain executives amounting to Rs. 65.58 million (2014: Rs. 21.57 million). These are granted every year and are payable upon completion of three years of qualifying period of service. These are linked with the share

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

value of ultimate parent company, GlaxoSmithKline plc, UK. Accruals made for bonus during the year are actualised subsequent to the year end when performance evaluations are finalised; and comparative figures are adjusted accordingly.

In addition to the above, fee to two (2014: three) non-executive Directors during the year amounted to Rs. 650 thousand (2014: Rs. 675 thousand).

Chief Executive, Executive Directors and certain executives are also provided with free use of Company maintained cars in accordance with the Company policy.

36. TRANSACTIONS WITH RELATED PARTIES

Rupees '000		2015	2014
Relationship	Nature of transactions		
Holding Company:	Dividend paid	1,225,905	780,183
Associated Companies / undertakings:	a. Purchase of goods	5,718,008	4,944,001
	b. Purchase of property, plant and equipment	–	5,446
	c. Sale of goods	131,529	116,345
	d. Royalty expenses charged	232,144	232,976
	e. Recovery of expenses	21,482	24,494
	f. Service fee on clinical trial studies	1,529	2,011
	g. Services received	–	2,031
	h. Legal / professional fee	143	2,725
	i. Dividend paid	305,091	–
Staff retirement funds:	a. Expense charged for retirement benefit plans	251,813	206,831
	b. Payments to retirement benefit plans	611,764	171,871
Key management personnel:	a. Salaries and other employee benefits	247,677	175,218
	b. Post employment benefits	11,176	20,776
	c. Sale of assets - sales proceeds	8,505	11,805

36.1 Balances of related parties as at December 31, 2015 are included in the respective notes to the financial statements. These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

37. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS

The facility for running finance available from a bank amounted to Rs. 100 million (2014: Rs. 100 million). Rate of mark-up is three month KIBOR plus 1.25% (2014: three month KIBOR plus 1.25%) per annum. The arrangements are secured by Intra Group Guarantee.

The facilities for opening letters of credit and guarantees as at December 31, 2015 amounted to Rs. 2 billion (2014: Rs. 2.17 billion) of which unutilised balances at the year end amounted to Rs. 1.16 billion (2014: Rs. 1.13 billion).

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial assets and liabilities

All the financial assets of the Company, except treasury bills classified as held to maturity, are categorised as loans and receivables and all the financial liabilities are categorised as financial liabilities measured at amortised cost. The carrying values of all financial assets and liabilities approximate their fair values.

Rupees '000	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Financial assets							
Loans to employees	60	20	80	47,265	49,192	96,457	96,537
Trade deposits	–	–	–	92,488	21,955	114,443	114,443
Trade debts	–	–	–	328,948	–	328,948	328,948
Interest accrued	–	–	–	10,908	–	10,908	10,908
Other receivables	–	–	–	307,660	–	307,660	307,660
Short term investments	695,586	–	695,586	–	–	–	695,586
Cash and bank balances	2,593,679	–	2,593,679	352,933	–	352,933	2,946,612
December 31, 2015	3,289,325	20	3,289,345	1,140,202	71,147	1,211,349	4,500,694
December 31, 2014	1,827,596	4,581	1,832,177	1,127,775	65,498	1,193,273	3,025,450
Financial liabilities							
Trade and other payables	–	–	–	4,890,602	–	4,890,602	4,890,602
December 31, 2015	–	–	–	4,890,602	–	4,890,602	4,890,602
December 31, 2014	–	–	–	5,700,431	–	5,700,431	5,700,431
On balance sheet gap							
December 31, 2015	3,289,325	20	3,289,345	(3,750,400)	71,147	(3,679,253)	(389,908)
December 31, 2014	2,283,468	1,797	2,285,265	(4,341,370)	63,925	(4,277,445)	(1,992,180)

The effective mark-up rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

38.2 Financial Risk Management

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at December 31, 2015 the Company does not have any borrowings. Further, the entire interest bearing financial assets of Rs. 3.29 billion (2014: Rs. 2.28 billion) are on fixed interest rates, hence management believes that the Company is not exposed to interest rate changes.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2015

(ii) Currency risk

Foreign currency risk arises mainly where receivables and payables exist in foreign currency due to transactions with foreign undertakings. Net payables exposed to foreign currency risk as at December 31, 2015 amount to Rs. 1.26 billion (2014: Rs. 906.22 million). The liability is mainly denominated in US Dollars. At December 31, 2015, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 63.05 million (2014: Rs. 45.31 million).

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The analysis of maximum exposure to credit risk resulting from each class of financial assets is as follows:

Rupees '000	2015	2014
Trade debts	328,948	535,116
Loans to employees, trade deposits, interest accrued and other receivables	529,548	521,024
Bank balances	2,939,836	2,056,628
	3,798,332	3,112,768

Trade debts of the Company are not exposed to significant credit risk as the Company trades with credit worthy third parties. Trade debts of Rs. 181.36 million (2014: Rs. 268.47 million) are past due of which Rs. 66.09 million (2014: Rs. 54.03 million) have been impaired. Past due but not impaired balances include Rs. 23.99 million (2014: Rs. 35.95 million) outstanding for more than three months.

Loans to employees are secured against their retirement benefits.

Bank balances represent low credit risk as these are placed with banks having good credit rating assigned by credit rating agencies.

(c) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and balances with banks in deposit accounts and arranging financing through banking facilities and managing timing of payments to associated undertakings.

39. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the Provident Funds (the Funds):

Rupees '000	2015	2014
Size of the fund - Total assets	2,914,449	2,778,607
Fair value of investments	2,771,573	2,656,590
Percentage of investments made	95.10%	95.61%

39.1 The cost of the above investments amounted to Rs. 2,503.4 million (2014: Rs. 2,434.3 million)

39.2 The break-up of the fair value of investments is as follows:

	Percentage (%)		Rupees '000	
	2015	2014	2015	2014
Government securities	83.90%	76.40%	2,325,328	2,029,677
Equity securities	15.94%	15.83%	441,719	420,536
Mutual funds	0.16%	2.65%	4,526	70,431
Bank deposits	–	5.12%	–	135,946

39.3 The investments out of provident funds have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2015	2014
40. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at the end of year	2,372	2,514
Average number of employees including contractual employees during the year	2,424	2,548

41. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal return on capital employed. The current capital structure of the Company is equity based with no financing through borrowings.

42. CAPACITY AND PRODUCTION

The capacity and production of the Company's plants are indeterminable as these are multiproduct and involve varying process of manufacturing.


43. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on March 30, 2016 proposed a cash dividend of Rs. 4 per share (2014: Rs. 5 per share) amounting to Rs. 1.27 billion (2014: Rs. 1.59 billion) subject to the approval of the members in the forthcoming annual general meeting of the Company.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on March 30, 2016.


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Pattern of Shareholding

form 34

NUMBER OF SHAREHOLDERS	SHARES HOLDING		TOTAL SHARES HELD
	From	To	
2,166	1	100	61,590
1,475	101	500	436,382
1,191	501	1000	890,180
1,441	1001	5000	3,488,332
380	5001	10000	2,811,026
158	10001	15000	1,967,542
87	15001	20000	1,531,227
60	20001	25000	1,363,901
41	25001	30000	1,137,478
18	30001	35000	592,949
19	35001	40000	727,368
13	40001	45000	545,666
6	45001	50000	281,676
11	50001	55000	582,481
4	55001	60000	231,390
7	60001	65000	428,412
4	65001	70000	272,363
8	70001	75000	588,337
2	75001	80000	155,000
3	80001	85000	250,252
5	85001	90000	440,607
6	90001	95000	556,789
3	95001	100000	298,000
2	100001	105000	203,179
4	105001	110000	436,376
2	120001	125000	246,470
2	125001	130000	252,691
1	130001	135000	132,700
3	135001	140000	415,700
1	140001	145000	140,002
1	145001	150000	150,000
2	165001	170000	337,800
2	175001	180000	359,411
1	180001	185000	180,060
2	190001	195000	383,522
1	195001	200000	200,000
1	205001	210000	205,900
1	240001	245000	244,538
1	250001	255000	254,900
1	285001	290000	288,200
1	300001	305000	302,580
1	320001	325000	321,099
1	325001	330000	330,000
1	365001	370000	369,050
1	395001	400000	400,000
1	425001	430000	428,300
1	845001	850000	846,818
1	965001	970000	968,300
1	1020001	1025000	1,021,540
1	1850001	1855000	1,854,050
1	1920001	1925000	1,921,500
1	3895001	3900000	3,896,808
1	9175001	9180000	9,176,686
1	9530001	9535000	9,530,356
1	39375001	39380000	39,379,228
1	223650001	223655000	223,650,566
7,152			318,467,278

Categories of Shareholders

a)

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	2,139	4,663,891	1.47
2	Investment Companies	4	2,755	0.00
3	Insurance Companies	1	1	0.00
4	Joint Stock Companies	10	21,980	0.01
5	Financial Institutions	2	6,038	0.00
6	Associated Companies	2	263,029,794	82.59
7	Central Depository Company (b)	4,990	50,699,575	15.92
8	Others (see below)	4	43,244	0.01
		<u>7,152</u>	<u>318,467,278</u>	<u>100.00</u>
Others:				
1	Mohsin Trust	1	26,452	0.01
2	The Al-Malik Charitable Trust	1	936	0.00
3	Punjabi Saudagar Multipurpose Co-operative Society	1	332	0.00
4	The Anjuman Wazifa Sadat-o-Momineen Pakistan	1	15,524	0.00
		<u>4</u>	<u>43,244</u>	<u>0.01</u>

(b) Categories of Account holders and Sub-Account holders as per Central Depository Company of Pakistan as at December 31, 2015

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	4,791	14,822,347	4.65
2	Investment Companies	34	14,443,345	4.54
3	Insurance Companies	8	9,728,999	3.05
4	Joint Stock Companies	73	1,035,489	0.33
5	Financial Institutions	10	4,555,350	1.43
6	Modarabas	4	75,830	0.02
7	Foreign Shareholders	14	4,189,399	1.32
8	Others (see below)	56	1,848,816	0.58
		<u>4,990</u>	<u>50,699,575</u>	<u>15.92</u>

Others:

1	Trustee-Sanofi Aventis Pakistan-Employees Provident Fund	1	7,000	0.00
2	Trustee-Sanofi Aventis Pakistan Senior-Executive Pension FD	1	6,800	0.00
3	Trustee-Sanofi Aventis Pakistan- Employees Gratuity Fund	1	5,200	0.00
4	Trustee Engro Corporation Ltd Gratuity Fund	1	5,000	0.00
5	Trustee Engro Corp Ltd MPT EMP Defined Cont Gratuity Fund	1	22,100	0.01
6	Trustee Engro Corp Ltd MPT EMP Defined Cont Pension Fund	1	14,500	0.01
7	Trustee IBM Italia S.P.A. Pakistan Employees Pension Fund	1	270	0.00
8	Trustee IBM Italia S.P.A. Pakistan Employees Gratuity Fund	1	400	0.00
9	Trustee IBM Semea Employees Provident Fund	1	6,400	0.00
10	Unilever Pakistan Limited Non-Management Staff Gratuity Fund	1	700	0.00
11	The Union Pakistan Provident Fund	1	20,800	0.01
12	Trustee Raffhan Best Foods Employees Provident Fund	1	3,100	0.00
13	Trustee Pak Tobacco Co. Ltd Management Provident Fund (1386-2)	1	14,500	0.01
14	Trustee Pak Tobacco Co. Ltd Employees Provident Fund (1385-5)	1	13,500	0.00
15	Trustee Pak Tobacco Co. Ltd Employees Gratuity Fund (1383-4)	1	18,700	0.01
16	Trustee Pak Tobacco Co. Ltd Staff Defined Cont Pension Fund (1384-1)	1	3,600	0.00
17	Trustee Pak Tobacco Co. Ltd Staff Pension Fund (1390-2)	1	87,300	0.03
18	Trustee Shell Pakistan Management Staff Provident Fund	1	9,000	0.00
19	Trustee Shell Pakistan Management Staff Gratuity Fund	1	500	0.00
20	Trustee Shell Pakistan Labour & Clerical Staff Gratuity Fund	1	1,700	0.00

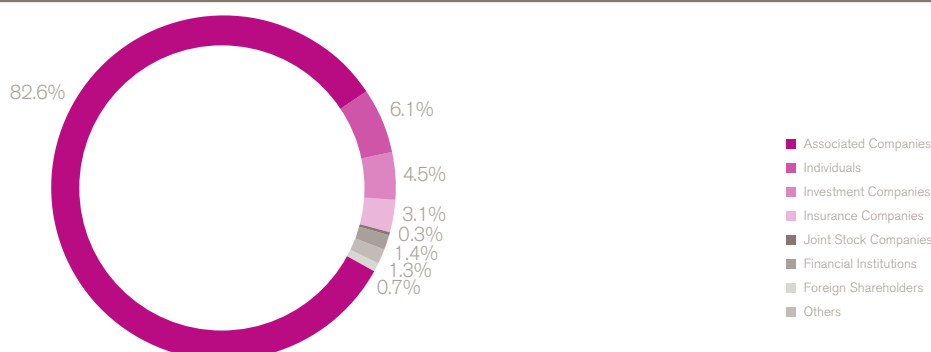
Categories of Shareholders

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
21	Trustee Shell Pakistan Labour Provident Fund	1	1,800	0.00
22	Trustee Shell Pakistan DC Pension Fund	1	12,200	0.00
23	Trustee Shell Pakistan Management Staff Pension Fund	1	24,600	0.01
24	Trustee Allied Engineering & Services Ltd Empl Provident Fund	1	8,000	0.00
25	Trustee Lotte Chemical Pakistan MNGT Staff Gratuity Fund	1	3,550	0.00
26	MANG.Com. Karachi Zarhosti Banu Mandal	1	29,012	0.01
27	Trustees Lotte Chemical Pakistan NON MNG Staff G.Fund	1	80	0.00
28	Trustees Lotte Chemical Pakistan MNG Staff Provident Fund	1	6,100	0.00
29	Trustees of Aminia Muslim Girls School	1	33,000	0.01
30	Trustees Lotte Chemical Pakistan MNG Staff Def Cont S.Fund	1	5,200	0.00
31	Trustees of Zafa Pharma Lab Staff P. Fund	1	16,738	0.01
32	The Aga Khan University Foundation	1	21,710	0.01
33	Trustees Shell Pakistan Staff Pension Fund	1	300	0.00
34	Pakistan Memon Educational & Welfare Soc.	1	25,125	0.01
35	Trustees Mrs. Khorshed H.Dinshaw & Mr. Hoshang N.E. Dinshaw C.TR	1	54,239	0.02
36	Trustees D.N.E. Dinshaw Charity Trust	1	73,610	0.02
37	Trustees Kandawalla Trust	1	68,360	0.02
38	Ribat-ul-Ulum-il-Islamiyah	1	1,000	0.00
39	Trustees Saeeda Amin Wakf	1	92,500	0.03
40	Trustees of Magnus Investment Advisors Ltd. Empl Prov Fund	1	150	0.00
41	Trustees Mohamad Amin Wakf Estate	1	180,000	0.06
42	Trustees of Pakistan Refinery Ltd. Manag Staff Gratuity Fund	1	1,000	0.00
43	Trustees of Pakistan Refinery Ltd. Provident Fund	1	8,700	0.00
44	Trustee National Bank of Pakistan Employees Pension Fund	1	846,818	0.27
45	Trustees of E A Consulting (Pvt) Ltd Employees P.F.	1	11,000	0.00
46	Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1	29,713	0.01
47	Trustees D.G. Khan Cement Co. Ltd. Emp P.F.	1	25,000	0.01
48	Trustees of FFC Employees Provident Fund	1	7,800	0.00
49	The Al-Malik Charitable Trust	1	3,221	0.00
50	Trustee Hafiz Foundation	1	100	0.00
51	Trustee Abdul Shakoor Haji Hussain	1	70	0.00
52	Trustee International Indust. Ltd. Employees Provident Fund	1	5,000	0.00
53	Trustee International Indust. Ltd. Employees Gratuity Fund	1	9,000	0.00
54	Trustees International Steel Ltd Employees Gratuity Fund	1	1,150	0.00
55	Trustees International Steel Ltd Employees Provident Fund	1	1,400	0.00
56	Trustee Avanceon Ltd. Employees Provident Fund	1	500	0.00
		56	1,848,816	0.58

Shareholding Information

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage (%)
Directors and their spouse(s) and minor children			
Mr. Husain Lawai	2	3,873	0.00
Associated Companies, undertakings and related parties			
S.R. One International B.V. Netherlands	2	263,029,794	82.59
Executives	8	23,188	0.01
Public Sector Companies and Corporations	10	13,239,670	4.16
Banks, development finance institutions, non-banking finance companies, insurance companies takaful, modarabas and pension funds	37	2,270,305	0.71
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	254,900	0.08
CDC - Trustee PICIC Investment Fund	1	968,300	0.30
CDC - Trustee PICIC Growth Fund	1	1,921,500	0.60
CDC - Trustee First Dawood Mutual Fund	1	369,050	0.12
CDC - Trustee AKD Index Tracker Fund	1	10,773	0.00
CDC - Trustee AKD Opportunity Fund	1	127,500	0.04
CDC - Trustee Meezan Islamic Fund	1	3,520	0.00
CDC - Trustee NAFA Stock Fund	1	52,000	0.02
CDC - Trustee HBL Stock Fund	1	428,300	0.13
CDC - Trustee HBL Multi Asset Fund	1	83,600	0.03
CDC - Trustee First Habib Stock Fund	1	5,100	0.00
CDC - Trustee HBL Islamic Stock Fund	1	132,700	0.04
CDC - Trustee PICIC Stock Fund	1	7,600	0.00
CDC - Trustee KSE Meezan Index Fund	1	54,932	0.02
CDC - Trustee First Habib Islamic Balanced Fund	1	2,000	0.00
CDC - Trustee PIML Strategic Multi Asset Fund	1	15,800	0.00
CDC - Trustee First Capital Mutual Fund	1	2,700	0.00
CDC - Trustee PIML Islamic Equity Fund	1	30,000	0.01
CDC - Trustee National Investment (Unit) Trust	1	9,530,356	2.99
CDC - Trustee PICIC Islamic Stock Fund	1	22,000	0.01
CDC - Trustee PIML Value Equity Fund	1	26,800	0.01
CDC - Trustee HBL Mustahekum Sarmaya Fund 1	1	27,000	0.01
CDC - Trustee NIT Islamic Equity Fund	1	205,900	0.07
Trustee - Sanofi Aventis Pakistan Senior - Executive Pension fund	1	6,800	0.00
General Public			
a. Local	6,920	19,459,177	6.11
b. Foreign	3	374,457	0.12
Foreign Companies	11	3,814,942	1.20
Others	135	1,962,741	0.62
Total	7,152	318,467,278	100.00
Shareholders holding 5% or more			
S.R. One International B.V. Netherlands		263,029,794	82.59

Distribution of Shares



118 Notice of Annual General Meeting

Notice is hereby given that the SIXTY-NINTH Annual General Meeting of the Shareholders of the Company will be held at Movenpick Hotel, Karachi at 11:00 a.m. on Wednesday, April 27, 2016 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Accounts together with the Directors and Auditors' Report thereon for the year ended December 31, 2015
2. To approve cash dividend
3. To appoint Auditors of the Company upto the next Annual General Meeting and to authorize the Directors to fix their remuneration.

Special Business

4. To consider, and if thought fit, to pass the following resolution as a Special Resolution:
 - RESOLVED THAT Articles of Association Clause 64, be and is hereby amended to remove the requirement for Directors to hold shares of nominal value of Rs.100,000/-
5. To consider and if thought fit, to pass the following resolution as a Special Resolution:
 - RESOLVED THAT the Articles of Association of the Company be and is hereby amended by adding a new Article 57A under the heading of "Votes of Members" as follows:
The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein.

By Order of the Board

Karachi
April 06, 2016

SYED AZEEM ABBAS NAQVI
Company Secretary

(Statement as required by Section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business to be considered at the meeting is being sent to the Members with the Annual Report and Financial Statements 2015.)

Notes:

1. The individual Members who have not yet submitted Photostat copy of their valid Computerized National Identity Card (CNIC) to the Company are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN) and Folio Number along with copy of the CNIC. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 19(1)/2014 dated January 10, 2014 in continuation to SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP Order dated July 06, 2015 under section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants of such shareholders.
2. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of Final Dividend from April 20, 2016 to April 27, 2016 (both days inclusive). Transfers received at the Office of the Share Registrar of the Company at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H. Society, Main Shakra-e-Faisal, Karachi at the close of business on April 19, 2016 (Tuesday) will be treated in time for the purposes of entitlement to the transferees.
3. A member entitled to attend and vote at the Meeting may appoint another member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Office of the Share Registrar of the Company at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi not less than 48 hours before the time of the Meeting.
4. The shareholders are requested to notify the Company if there is any change in their addresses.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. The shareholders holding physical shares are also required to bring their original CNIC and/or copy of CNIC of shareholder(s) of whom he/she/they hold Proxy(ies) without CNIC such shareholder(s) shall not be allowed to attend and/or sign the Register of Shareholders/Members at the AGM.

7. Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.gsk.com.pk and send the said form duly filled in and signed along with copy of his / her / its CNIC / Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

8. Revision of Withholding Tax on Dividend Income

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2015 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.5% and 17.5% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

Notes:

The required information must be reached to our Share Registrar by April 19, 2016, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Shareholders are therefore requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC / Passport number has been recorded by the Participant / Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant / Investor Account Services or in case of physical shareholding by Company's Share Registrar.

Factories *and* Distribution / Sales *offices*

FACTORIES

35, Dockyard Road,
West Wharf, Karachi – 74000
Tel: (92 -21) 32315478 – 82
Fax: (92-21) 32311120
UAN: 111 – 475 – 725

F – 268, S.I.T.E.,
Near Labour Square,
Karachi – 75700
Tel: (92 -21) 32570665 – 69
Fax: (92-21) 32572613

Plot # 5, Sector 21,
Korangi Industrial Area,
Karachi – 74900
Fax: (92 – 21) 35015800
UAN: 111 – 000 – 267

DISTRIBUTION / SALES OFFICE

Karachi

B – 63, 65,
Estate Avenue,
S.I.T.E.,
Karachi
Tel: (92 -21) 32561200 – 07
Fax: (92-21) 32564908

Sukkur

Plot No. 77/80, Block B,
Friends Cooperative Housing Society,
Akhwut Nagar, Airport Road
Tel: (92 -71) 5630668, 5630144
Fax: (92-71) 5631665

Multan

Islam-ud-din House, Mehmood Kot,
Bosan Road,
Tel: (92 -61) 6222061 – 63
Fax: (92-61) 6222064

Lahore

Cordeiro House,
Plot No. 27, Kot Lakhpat Industrial Estate,
Kot Lakhpat
Tel: (92 – 42) 35111061 – 64
Fax: (92 – 42) 35111065

Islamabad

Aleem House, Plot No. 409,
Sector I – 9, Industrial Area
Tel: (92 – 51) 4433589, 4433598
Fax: (92 – 51) 4433706

Peshawar

D' Souza House, Nasirpur,
Near Abid Flour Mills,
G.T. Road
Tel: (92 -91) 2261451 – 52
Fax: (92-91) 2261457

Affix
Correct
Postage

Share Registrar Department:

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-e-Faisal,
Karachi - 74400, Pakistan

Glossary

TERM	DEFINITION
AC	Additional Commissioner
AHU	Air Handling Unit
AO	Assessing Officer
ATIR	Appellate Tribunal Inland Revenue
BMS	Bristol Myers Squibb
CHC	Consumer Healthcare
CIRA	Commissioner Of Inland Revenue (Appeals)
CIS	Commonwealth of Independent States
CME	Continuing Medical Education
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CTC	Commercial Trade Channel
Cx	Consumer
DCIR	Deputy Commissioner Of Inland Revenue
EBIT	Earnings Before Interest And Taxation
EBITDA	Earnings Before Interest, Taxation, Depreciation, And Amortization
EHS	Environment, Health & Safety
EMAP	Emerging Markets & Asia Pacific
EPI	Expanded Program on Immunisation
EPS	Earnings Per Share
EU	European Union
FLP	Future Leaders Program
FPAP	Fire Protection Association of Pakistan
FTSE 100	Financial Times Stock Exchange 100 Index
GMS	Global Manufacturing & Supply
GPS	GlaxoSmithKline Production System
GSK	GlaxoSmithKline
GSKP	GlaxoSmithKline Pakistan
HCP	Healthcare Professional
HEM	High Efficiency Motors
HPV	Human Papillomavirus
HR	Human Resources
HSE	Health, Safety & Environment
HVAC	Heating, Ventilating & Air Conditioning
IAS	International Accounting Standards
IBP	Institute of Behavioural Psychology

TERM	DEFINITION
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute Of Cost And Management Accountants Of Pakistan
IFAC	International Federation Of Accountants
IFRIC	Internal Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IPR	Intellectual Property Rights
IR	Industrial Relations
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
KIBOR	Karachi Interbank Offer Rate
KOLs	Key Opinion Leaders
LGTM	Legal: Global Trademarks
LOC	Local Operating Company
MEA	Middle East & Africa
MENA	Middle East & North Africa
NBV	Net Book Value
NFEH	National Forum for Environment & Health
NGO	Non-government Organization
OCI	Other Comprehensive Income
P4P	Partnership for Prevention
PMA	Pakistan Medical Association
PMDC	Pakistan Medical & Dental Council
PSE	Pakistan Stock Exchange
QMS	Quality Management System
R&D	Research & Development
RVGE	Rotavirus Gastroenteritis
Rx	Pharma
SKU	Stock Keeping Unit
SVP	Senior Vice President
TRA	Technical Risk Assessment
UACC	United Against Cervical Cancer
VSD	Variable Speed Drive
WHO	World Health Organization
ZAP	Zero Accident Promotion



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GlaxoSmithKline Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000

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