



# Interdependence **drives** us

GlaxoSmithKline Pakistan Limited  
**ANNUAL REPORT 2018**

# Introduction

## Interdependence drives us

At **GSK**, we believe that success comes from an ethos of creating synergy across the spectrum of our operations and the communities we serve.

Similarly, challenges are best faced when we combine our efforts and our strengths and rely on each other to solve problems.

Business is evolving at a rapid pace today - more than ever it is underpinned by the growing interconnectedness between humans, their environment, their technology and their values. A robust business is able to synchronise and synergise all these elements into an effective and dynamic mix.

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# Corporate Information

as at December 31, 2018

## Board of Directors

**Mr Andrew Aristidou**  
Chairman

**Mr. M. Azizul Huq**  
Chief Executive Officer

**Mr. Abdul Samad**  
Chief Financial Officer

**Mr. Mehmood Mandviwalla**  
Non-Executive Director

**Mr. Sohail Ahmed**  
Non-Executive Director

**Mr. Mark Dawson**  
Non-Executive Director

**\*Ms. Maheen Rahman**  
Independent Director

## Audit Committee

**\*Ms. Maheen Rahman**  
Chairman

**Mr. Mehmood Mandviwalla**  
Member

**Mr. Andrew Arstidou**  
Member

**Mr. Mark Dawson**  
Member

## Human Resource & Remuneration Committee

**Mr. Mehmood Mandviwalla**  
Chairman

**Mr. M. Azizul Huq**  
Member

**Mr Andrew Aristidou**  
Member

**\*Ms Maheen Rahman**  
Member

## Management Committee

**Mr. M. Azizul Huq**  
Chief Executive Officer

**Mr. Abdul Samad**  
Chief Financial Officer

**Syed Azeem Abbas Naqvi**  
Cluster Legal Director - Pakistan, Iran & Bangladesh

**Dr. Tariq Farooq**  
Business Unit Director - Dermatology, Specialty & Vaccines

**Khurram Amjad**  
Director CTC and Commercial Excellence

**Dr. Gohar Nayab Khan**  
Director Regulatory Affairs

**Mr. Abdul Haseeb Pirzada**  
Director Corporate Affairs and Administration

**Mr. Muhammad Imran Amin**  
Country Compliance Officer

**Dr. Yousuf Hasan Khan**  
Director Medical

**Syed Nabigh Raza Alam**  
Tech Head

**Mr. Obaid Siddiqui**  
Head of Procurement

**Ms. Tania Zahid**  
HR Cluster Head - Pakistan and Iran

## Company Secretary

**Syed Azeem Abbas Naqvi**

## Chief Financial Officer

**Mr. Abdul Samad**

## Chief Internal Auditor

**Syed Ahsan Ejaz**

## Bankers

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

## Auditors

Deloitte Yousuf Adil & Co. Chartered Accountants

## Legal Advisors

Mandviwalla & Zafar  
Hashmi & Hashmi  
Faisal, Mahmood Ghani and Co.  
Legal Consultancy Inc.

## Registered Office

35 - Dockyard Road,  
West Wharf,  
Karachi - 74000.  
Tel: 92-21-111-475-725  
(111-GSK-PAK)  
Website: [www.pk.gsk.com](http://www.pk.gsk.com)

\* Ms. Maheen Rahman appointed as Independent Director w.e.f December 5, 2018



Sykes Building

Over 10 years of TRUST  
**Augmentin**  
5 Billion

A large advertisement for Augmentin is displayed on the building's facade. It features a dark blue background with the text 'Over 10 years of TRUST' at the top, the brand name 'Augmentin' in white, and a large stylized number '5' above the word 'Billion' in a script font.

1111  
1111  
1111111111





# | INNOVATION

*We invest in scientific and technical excellence to develop and launch a pipeline of new medicines that meets the needs of patients and payers.*

# GSK at a glance





## Our purpose

To help people do more, feel better and live longer.

## Our goal

To be one of the world's most innovative, best-performing and trusted healthcare companies.

## Our strategy

Bring differentiated, high-quality and needed healthcare products to as many people as possible, with our three global businesses, scientific and technical know-how and talented people.

## Our values and expectations

Our values and expectations are at the heart of everything we do and form an important part of our culture.



### Be Patient Focused

We focus on the individual, doing what is right for patients and consumers. We work with our partners and customers to improve healthcare and find new medicines and vaccines, and we strive to understand how our work impacts patients and consumers.



### Demonstrate Respect For People

Everyone has a part to play in creating a fair and inclusive work environment that respects human rights and the diversity of the cultures we operate in. When we embrace diversity and individuality, we can support and inspire each other to achieve great things.



### Operate With Transparency

Transparency is vital to the way we work and helps us build trust. We strive to be honest and transparent about what we do and how we do it. This improves how we collaborate with each other and enhances the way we are seen by the communities we work with. It demonstrates that we are open to challenge, discussion and always want to improve how we operate.



### Act With Integrity

We must live up to the standards expected of us. We follow the law and do all we can to maintain the trust and respect of the organisations we work with and the communities we are in. By doing so, we protect the interests of our patients, consumers and our business.

# The GSK Story

## Who we are

*A science-led global healthcare company with a special purpose: to help people do more, feel better, live longer.*

*We have 3 global businesses that research, develop and manufacture innovative pharmaceutical medicines, vaccines and consumer healthcare products.*

*Our goal is to be one of the world's most innovative, best-performing and trusted healthcare companies.*

## What we do

We aim to bring differentiated, high-quality and needed healthcare products to as many people as possible, with our 3 global businesses, scientific and technical know-how and talented people.

### Pharmaceuticals

Our Pharmaceuticals business has a broad portfolio of innovative and established medicines with commercial leadership in respiratory and HIV. Our R&D approach focuses on science related to the immune system, use of genetics and advanced technologies.

### Vaccines

Our Vaccines business has a broad portfolio and innovative pipeline of vaccines to help protect people throughout life. We deliver over two million vaccine doses per day to people living in over 160 countries.

### Consumer Healthcare

Our Consumer Healthcare business develops and markets an innovative portfolio of consumer-preferred and expert-recommended brands in the Pain Relief, Respiratory, Digestive Health, Oral Health, Nutrition and Skin Health categories.



# How we do it

Everyone at GSK is focused on 3 priorities:

## Innovation

We invest in scientific and technical excellence to develop and launch a pipeline of new products that meets the needs of patients, payers and consumers.

## Performance

We aim to achieve industry-leading growth by investing effectively in our business, developing our people and delivering flawlessly.

## Trust

We are a responsible company and commit to use our science and technology to address health needs, make our products affordable and available and to be a modern employer.

# Why we do it

To help people do more, feel better, and live longer.



100,000  
Employees



150+  
Global Markets



70  
Manufacturing Sites

## Company Profile and Group Structure

*GlaxoSmithKline Pakistan Limited was created on 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.

In Pakistan, GSK operates in mainly two industry segments: Pharmaceuticals (Prescription Drugs and Vaccines) and Consumer Healthcare (Over-The-Counter Medicines, Oral Care and Nutritional Care). The Pharma Entity (GSK Pakistan) deals in Anti-infectives, Respiratory, Vaccines, Dermatological, Gastrointestinal, Analgesics, Urology, Central Nervous System, Allergy, Cardiovascular and Vitamins therapy areas.

We are committed to our mission of providing patients quality products to help improve the quality of their lives. Some of our leading pharmaceutical brands include Augmentin, Seretide, Amoxil, Velosef, Zantac and Calpol. Prominent vaccines include Synflorix, Rotarix, Boostrix and Cervarix.

Today, GSK Pakistan maintains almost 8% of the value and over 13% of the volume share of Pakistan's pharmaceutical market. Major competitors are MNCs such as Abbott, Novartis, Pfizer, Sanofi and local companies such as Getz and Sami. GSK Pakistan has built a competent commercial capability with a track record of successfully integrating several businesses to build a diverse and profitable organization with over 150 brands.

GSK Pakistan presently employs approximately 2000 persons across its Pharma division including Sales and Pharma Supply Chain (PSC). Our Pharma Supply Chain (PSC) in Pakistan consists of three facilities: West Wharf; F-268; and Korangi.



### F-268, Karachi

The F-268 site is located in the Sindh Industrial and Trading Estate and is the biggest PSC 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. Major products manufactured at this site are Augmentin, Amoxil, Calpol, Zantac and Actified.

Annual volume:

**255**  
million packs

Number of  
SKUs manufactured:

**121**



### 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. In 2017, a new sterile facility was also inaugurated at this site. Major products manufactured at this site are Velosef, Capotin, Fortum, Ceporex and Theragran.

Annual volume:

**55**  
million packs

Number of  
SKUs manufactured:

**74**



### West Wharf, Karachi

West Wharf is the pioneering multinational pharmaceutical facility in Pakistan. It is located on the seashore close to the Karachi port and city center. The major manufacturing operations are Derma products having ointments, creams & lotions as dosage forms. The site is also home to Otics (ear drops) and manufacturing units of Spansules & ENO. Some renowned products manufactured at this site include Bethovate Cream, Dermovate Cream, Polyfax, Fefolvit & ENO.

Annual volume:

**165**  
million packs

Number of  
SKUs manufactured:

**64**

# Our Behaviour

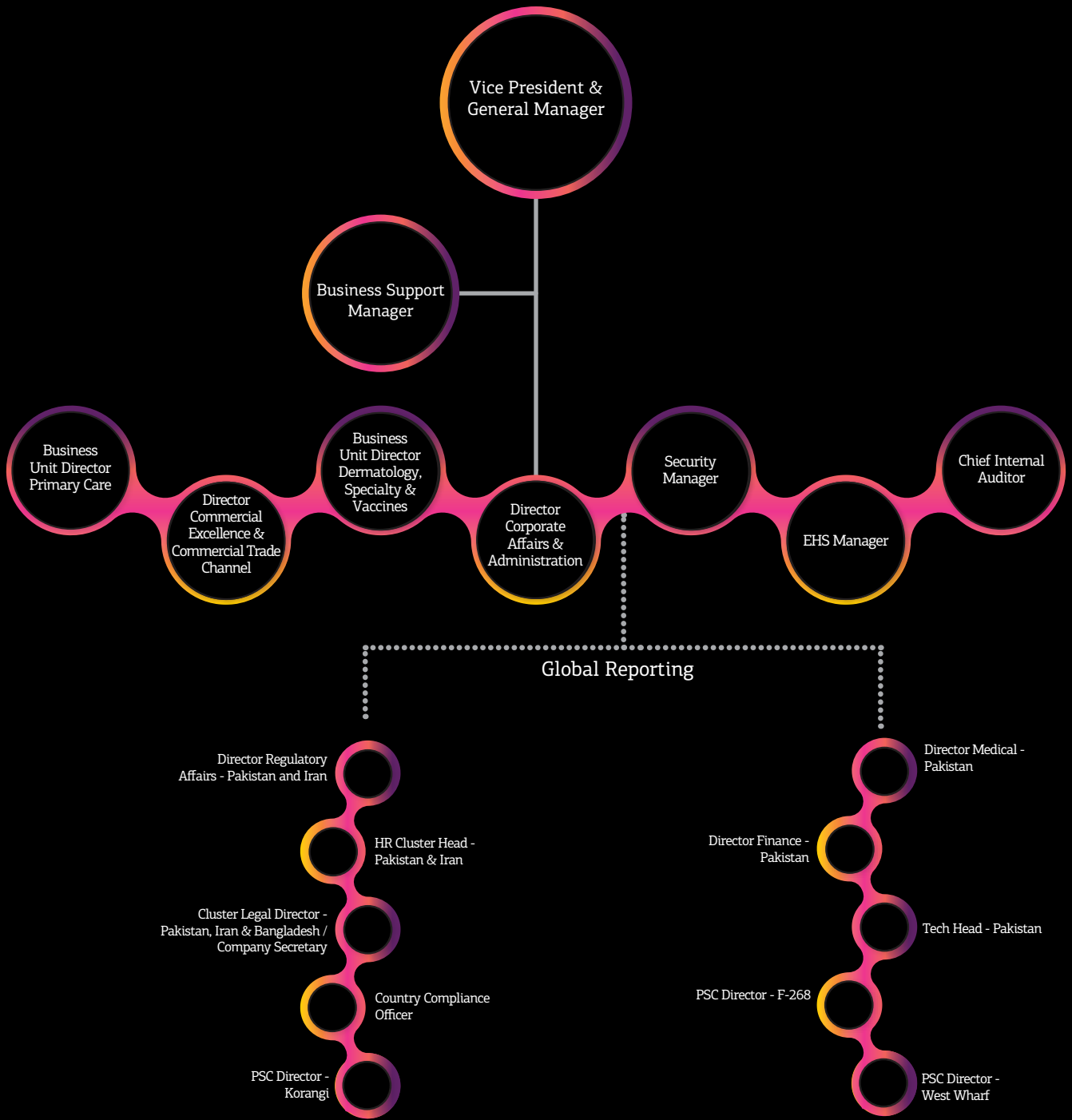
*Our values underpin everything we do – from ensuring rigorous safety standards in the development and manufacturing of new medicines to interacting ethically with healthcare professionals, patient groups and political stakeholders.*

*Adopting an industry-leading approach to working with healthcare professionals, we have fundamentally changed our commercial practices to ensure our Sales and Marketing is underpinned by the values in which we operate. Since January 2016, we have stopped paying healthcare professionals to speak to other prescribers about our medicines and vaccines.*

## **GSK is proud to commit to the following behaviours:**







- 1. Ethical conduct:** 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.
- 2. Promoting values in Sales and Marketing practices:** We will 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.
- 3. Transparency in clinical trial data:** We will be as transparent as possible with our clinical trial data, including publishing clinical study reports (without patient-level data) for all outcome trials of medicines conducted by GSK and, within an appropriate process, making available to researchers access to anonymised patient level data to further scientific enquiry.
- 4. Rigorous patient and consumer safety:** We will continue to ensure that the interests and safety of patients and consumers are of paramount importance in the way we design and undertake our clinical trials, our product quality assurance and our monitoring and reporting of adverse events in ongoing product usage.
- 5. Minimising animal testing:** We will rigorously challenge the need for animal studies and work to minimise the impact on animal welfare, by investing in the development of alternative studies and sharing animal-based data.
- 6. Ensuring ethical interactions:** We will demonstrate that all GSK interactions with patient advocacy groups and political stakeholders are conducted appropriately, ethically and transparently.
- 7. Promoting human rights:** We will address the UN Guiding Principles on Business and Human Rights across our own operations and our supplier relationships.
- 8. Working with third parties:** 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.

# Organogram



# Geographical Presence



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



# SWOT Analysis



## STRENGTHS

- GSK is globally one of the 5 largest pharmaceutical companies
- GSK is one of the world's largest investors in R&D and the UK's biggest private sector funder of R&D
- Winner of chemical industry's Manufacturing and Resource Efficiency award
- Strong R&D focus and exploring new markets
- GSK's global presence is in over 100 countries



## OPPORTUNITIES

- Strategic agreements with other pharmaceutical companies and organisations to boost research
- Increasing awareness regarding healthcare needs
- Global penetration through mergers and acquisitions
- Increasing demand for quality healthcare solutions



## THREATS

- Risk of unsuccessful new products
- Foreign exchange volatility and high inflation risk impacting business profitability



## WEAKNESSES

- Opposing viewpoints regarding the safety of drugs could affect Company's image
- Patent expiry for a number of block-buster products





# PERFORMANCE

*We aim to achieve industry-leading growth by investing effectively in our Pharmaceutical business, developing our people and delivering flawlessly.*

# Finance

*Finance is one of the Global Support Functions which forms the core of GSK's operating model. This function plays an essential role in achieving GSK's mission to do more, feel better and live longer. In Pakistan finance has four key delivery pillars which are Business Partnering, Finance Services, Governance and People development.*

The Finance Department provides strategic counselling and support services to the business units to facilitate their efficient and effective operations. This enables the Corporation to effectively develop, manufacture and deliver products to patients and consumers. The Finance Department strives to enhance returns for GSK shareholders by delivering financial strategies and balancing risks and opportunities.

Finance Business Partnering teams leverage their financial acumen to provide financial inputs on business planning, maximising cash flows, managing cost discipline, and offering strategic insights to all business areas within the Corporation.

Finance Services deliver GSK's core financial processes including financial reporting, transaction processing and governance. One of the prime objectives of Finance

Services is to leverage their processes and systems from an end-to-end point of view, in order to simplify and standardise them where possible.

During 2018, the Finance team took on many initiatives which were aligned with the Company's Innovation, Performance and Trust (IPT) priorities. The team played an active role and partnered with commercial and supply chain for the delivery of sales performance and ensuring timely supplies. The Business sustainability measures and strong cash flow management was also one of the focus areas to manage the foreign exchange volatility and other macro-economic challenges. During the year Finance also developed robust KPIs and Dashboards to ensure consistent and efficient best in class finance shared services.



# Commercial Trade Channel

*In 2018, the Commercial Trade Channel (CTC) Department continued to drive GSK's growth with another strong performance through trade and tender channels. The department fulfilled the prescription demand generated by commercial activities, which aligns with the Company's global pharmaceutical strategy of being one of the world's most innovative, best-performing and trusted healthcare companies.*

CTC has been successful in realising its vision to develop a commercial value chain that is efficient, compliant and improves patient access to quality medicines. The trail of success in trade channels is built upon two key areas within CTC:

- 1) Distribution Management and Trade Marketing
- 2) Tender and Key Account Management

The key objective of the CTC Team is to ensure that patients at the end of our value chain receive a high-quality product as prescribed by the doctor. This is accomplished by ensuring greater access to GSK medicines across a fragmented pharmacy universe in Pakistan. CTC aims to create operational efficiencies through capacity & capability building of our channel intermediaries by imparting multiple trainings & coaching for their teams to ensure GSK products are easily available to patients at the pharmacy nearest to them.

The CTC Team also ensures high-quality GSK products are stored at and delivered to pharmacies under strict quality standards, which is ensured by securing optimum distributor investment in warehousing standards and transportation facilities. GSK's efforts to enhance access to quality medicines

is also evident by way of Access to Medicine Foundation's research ranking<sup>1</sup> (an independent measure of the top 20 pharmaceutical companies' efforts to improve access to healthcare in developing countries) where GSK topped the ATMI each time since the launch of this rating in 2008.

The CTC Team continued building the engagement level and capability of pharmacists through its "Patient Focused Pharmacy Program" across the Country by digitally connecting with pharmacies to disseminate information regarding GSK products. This programme educates pharmacists and pharmacy sales staff on pharmacy management skills, importance of adherence to prescription and stock management for correct dispensing of prescribed medicines and in doing so, helps transform Pakistani pharmacies to be more patient-focused. This programme also aims to promote disease awareness on public health issues, which not only enables access to quality medicines but also provides better education on diseases. In line with its agenda of being a patient-focused Company, GSK Pakistan also partnered with the Government of Punjab to import the influenza vaccine from Russia to combat the increasing cases reported from across the country, especially in Punjab.

1 - <https://accesstomedicinefoundation.org/access-to-medicine-index/2018-ranking#2018-ranking>



# Multi-Channel Marketing

*The improved focus on content and better engagement with HCPs resulted in 2.35 million digital connects for GSK Pakistan in 2018, exceeding the F2F connects for the first time ever. To get to this stage, GSK Pakistan has had to endure a testing transformational journey over the past three years.*

In 2016, GSK Pakistan kickstarted a digital transformation journey with the launch of digital channels to engage and reach HCPs. The following year, the focus was to improve the digital capabilities of GSK's field force and to maximise the reach through newly established channels. In 2018, with the base set and internal team having been trained on the importance and utility of the platforms, the emphasis shifted towards improving the quality of engagement with HCPs.

In Q1 2018, the Customer Engagement Team launched a one-to-one email platform which enabled GSK's field force to send emails to HCPs directly on-the-go. This resulted in increased open rates for emails, since personalised information was now delivered to HCPs when they required it. This was also met with a positive response from internal stakeholders who saw improved conversions from this strategy.

By Q3 2018 the team was ready to launch a new version of the health portal. It offered an improved user experience to HCPs by making it easier to sign up using the PMDC code and enhanced mobile responsiveness. The team also upgraded its content to make sure it was current and offered value for HCPs.

Q4 2018 saw the first-ever virtual call conducted in GSK Pakistan. The virtual call project was launched keeping in consideration the changing digital capabilities and preferences of Pakistan's upcoming generation of HCPs. Virtual calls, an important part of GSK's communication strategy, allows for customised communication with HCPs in accordance with their preferences and schedules.

Moving forward, in 2019, the MCM Team will continue to focus on expanding and improving the digital capabilities of the Organisation and expanding efforts to streamline communication with our customers.



# Human Resources

## GSK Priorities & Performance System: Innovation, Performance & Trust

In 2018, HR continued to build on GSK's Priorities of Innovation, Performance and Trust as part of its commitment to deliver game-changing business results. The focus on ensuring that the strategy of 1+3, (1 company and 3 business units), was championed through strong leadership, employee development and continued focus on being a progressive employer.

GSK Expectations of Courage, Accountability, Development and Teamwork were re-iterated through the Company's global #Let'sTalk initiatives across GSK Pakistan, coupled with Company values of Patient Focus, Transparency, Respect and Integrity, that form the basis of 'Our DNA', guiding us to be one of the world's most innovative, best-performing and trusted healthcare companies.

Innovation coupled with renewed focus on 'Business First' and 'Making it Easier' for customers, enables HR to focus on optimising the business's organisational design. By leveraging the GSK performance system, HR is able to develop high-quality leaders and drive the development of critical business capabilities and skills needed to launch a pipeline of new products that meets the needs of patients.

Performance continues to be a focal point for HR, as it focuses on enhancing the quality and depth of talent, along with improving talent diversity. HR also focuses on young talent through which it aspires to build future leaders, aiming to continue to achieve industry-leading growth. The department invests in developing its people effectively and in turn deliver flawless business results.

Trust continues to be a key HR pillar, intertwined across all performance measures, supporting the





leadership team in inculcating a culture of clear communication, trust and openness. HR is committed to building trust through its approach of engagement and excellent customer service experience.

## Developing Our People

GSK's continued commitment to developing and sustaining its talent pipeline by attracting and retaining the most talented people is a key success factor to the Company's outstanding results. Building on this approach to leadership development, the focus is on developing managers to motivate team members to create a High-Performance Culture that leads to game-changing business results.

At GSK, career development is viewed as a bridge towards building experience and capability instead of focusing solely on promotion and advancement. GSK Pakistan's contribution to its global talent network grows stronger and more widespread across countries including UK, Turkey, Belgium, Australia, Saudi Arabia, and Singapore. Career paths should be flexible and adaptable to meet the future needs of the business and the aspirations of its employees.

## Diversity & Inclusion

The year 2018 marked the launch of Global Women Leadership Initiative (WLI) across GSK Pakistan on the International Women's Day. The CEO of Loreal Pakistan was invited as a guest speaker for the occasion. GSK Pakistan's Leadership Team fully supported the initiative and in collaboration with HR, selected the Leads and Co-leads for the WLI forum.

As a first step, the WLI Team conducted diversity and inclusion workshops in the least diverse areas of GSK Pakistan by engaging renowned external facilitators. These workshops were a great success and helped lay the groundwork towards what GSK is trying to achieve in the long run i.e. a gender balance workforce in line with GSK values. These sessions facilitated in removing the unconscious biases present in the mindsets of the people related to diversity and inclusion. The WLI Team also connects with employees regularly to build engagement and

teamwork, creating a positive work culture where both genders feel safe to co-exist.

The initiatives led by WLI were also recognised externally by the Overseas Investors Chamber of Commerce and Industry (OICCI), who awarded GSK Pakistan in the "Growing Women Leaders" category for 2018. GSK continues to look forward to creating a positive impact about diversity and inclusion, via WLI in 2019 and beyond.

## Employee Engagement

At GSK, employee engagement is seen as a means to strengthen ties at all levels of the Organisation and build on our culture. In 2018, the HR and the Leadership Team led the engagement agenda across all GSK Pakistan offices and sites. These included Eid Milan Breakfasts, Pakistan Independence Day Celebrations, Annual Milad, as well as various cultural celebrations that are part of GSK's heritage.

In April 2018, GSK Korangi manufacturing facility recognised the valuable contribution of its employees in the presence of the regional leadership team in a town hall event. The event featured an accolade distribution ceremony, where participants of key projects carried out in 2018, were presented with 'Global Employee Recognition' awards by the regional leadership team that included VP Mark Dawson, Conor Walsh, Ruby Lau and Anthea Meng.

In line with the GSK value of Transparency, the Global GSK Engagement Survey was rolled out company wide, giving employees a chance to put forward their views on a variety of areas including GSK values and priorities. The 2018 GSK Engagement Survey results reported Employee Engagement levels of 94% with the highest ever response rate to date. These results are evidence that GSK's strength lies in its ability to create a lasting bond with employees and that everyone has a role to play in contributing to its culture.

## Performance Management & Recognition

The performance system at GSK is designed to make business performance central to what it does, encourage effective leadership, and strategy deployment. The new Performance Management System is aligned with its 1+3 operating model, focused on business delivery, employee development and accountability. Furthermore, in 2018, HR extensively supported the business to achieve its best, ensuring fairness and rewarding the right people.

The department also stressed upon the importance of following our expectations of Courage, Accountability, Development and Teamwork in supporting the performance and development of the workforce and implementation of its people processes such as hiring, assessment and training. This means that everyone aligns their objectives with the business and focuses their energy on driving performance. Moreover, the team has embedded the individual performance recognition, which is based on business performance and connecting employees to the key indicators of business success. Top-performing individuals are rewarded by the IPT (Innovation, Performance & Trust) award, which is based on the most impactful performance against objectives and for displaying GSK values and expectations over a prolonged period. The implementation of the new Performance Management System means celebrating that the business wins together, promoting a 'One Team' concept globally across GSK, rather than limiting it to an individual.

## Future Leaders Programme

GSK Pakistan's Future Leaders Programme is a key driver of our talent pipeline that is designed to attract, develop and nurture talented individuals. HR helps develop these new recruits to become Future Leaders through a robust programme which provides

ambitious individuals with diverse cross-functional opportunities within the Organisation. When hiring Future Leaders, HR places immense focus on GSK's values of Patient focus, Integrity, Respect for People and Transparency.

In 2018, GSK Pakistan onboarded 15 FLPs out of approximately 4000 applications. The team aspires to select the best talent and facilitate them to hone their technical skills and business acumen. This enables them to drive and deliver successful business results and also prepares them to perform in international markets within GSK.

## Employee Health & Well-being

At GSK, the purpose to help people do more, feel better, live longer starts with its employees. In 2018, 'Global Challenge' initiative was launched which is a 100-day virtual journey around the world, where employees complete a series of fun-filled physical activity challenges. It's a collaborative, fun way to think about our lifestyle choices and develop healthy habits together. Around 1000 employees from across GSK Pakistan participated enthusiastically in the Global Challenge. It motivated and encouraged them to adopt a healthy lifestyle and therefore, developing energy and resilience across the Organisation.

Moreover, the earlier launch of the 'Employee Health & Well-being' initiative in 2017 was carried through in 2018, focusing on 3 key areas: understanding your own health; how to act to protect against illness; and choices you make to be healthier and to live well. The initiative includes health screening services, preventive exams and vaccination.

GSK is committed to providing workplaces, programmes and facilities that enable employees to understand and protect their health and make healthy choices – to feel healthier, happier and energised.

# GSK Technology

*GSK Pakistan's Information Technology Department introduced multiple innovative solutions in 2018 to empower employees and external stakeholders with state-of-the-art technology solutions.*

The IT Department undertook initiatives to upgrade infrastructure by increasing performance and stability. Major successes included the launch of Workplace by Facebook, a communication and collaboration tool and enhancements to the existing ERP system. Other initiatives included improvement in processes using data insights to build an analytics-driven organisation to provide end-to-end support, covering Strategy, Operations, Data Science, Implementation, and Change Management.

GSK Pakistan has now moved into a new phase of Customer Engagement by launching different integrated channels such as Hybrid Reps and Web Portal. With strong tech tools in place, the Department has the capability to perform digital analytics and conduct state-of-the-art webinars for Healthcare Professionals. This enables representatives to reach HCPs digitally, via virtual calls as well.

Information Security continues to be a critically important challenge for the IT Department. With scores of new viruses, spyware, malware being created these days, hackers are perpetually trying to gain access to computer systems. Cases about companies having had personal data stolen are now commonplace. To counter this, the IT Team has collaborated with the Business and Compliance to conduct training within the Organisation to educate employees regarding phishing and how best to protect against it. The IT Team also conducted an activity to identify high and medium risk third parties

and ensured that any communication and information sharing with third parties is properly secured. During the year, GSK IT Department also conducted a disaster recovery drill for critical systems to ensure continuity in case of major failures. This is to ensure continuity, sustainability and avoid any disruption to the business.

The IT Team also undertook initiatives to strengthen internal departments through technology initiatives such as the Legal Automation Tool, which is used to generate and track legal documents. A Channel Management Monitoring Toolkit was implemented to conduct surveys of distributors. iGSK, a one-window solution was also launched for the Pakistan Pharma Field Force, which unifies multiple applications on to one platform.

Looking forward to 2019, the IT Team stands committed to continue delivering effective and efficient solutions that add value to the Company and external stakeholders.



# Dermatology

GSK's Dermatology Business, currently growing at 18% with a 34% market share, leads the Derma Market in Pakistan. The Company enjoys a prominent position within dermatology on account of its expertise in Psoriasis, Eczema, Seborrheic Dermatitis, Acne, Fungal and superficial Skin Infections. Our trusted and innovative products continue to enable millions of patients to achieve their desired treatment goals and help improve their quality of life.

Approximately 1.8 tons of GSK Dermatology preparations are sold every day, which is a testament to the trust Health Care Providers and patients have in our products. To honour the trust placed in GSK, the team remains committed to providing a wide range of quality products to aid our customers in achieving healthy and radiant skin. The team partners with experts within dermatology to develop science-backed superior products to continuously help patients overcome their skin related woes. GSK Dermatology also has a responsibility to increase awareness of various types of skin conditions.

## Key Milestones/Achievements

### Enhancing Access to Medicines (Duac 5g)

At GSK, patients are at the heart of every initiative taken. Realising the social and psychological impact that a skin condition such as acne has on sufferers, GSK Pakistan's Dermatology Team embarked upon a journey to enhance the access to one of its key brands, Duac, an anti-acne product.

In 2017, Duac was launched in a smaller pack size of 5 g. This resulted in Duac becoming a more affordable product whilst maintaining quality – increasing access for those who need it.



### Sustained Leadership in Topical Corticosteroids

Topical Corticosteroids is the largest portfolio within the Derma Market. Over the years, GSK has been able to not only become the market leader within this category but has also successfully retained 48% of the market share. Through various face-to-face and digital engagements with both HCPs and patients, GSK has been able to successfully sustain its leadership by achieving a 19% growth in value within the Topical Corticosteroids category.

The team is pleased to report that Betnovate and Dermovate continue to be two of the most well-performing and trusted brands in managing Seborrheic Dermatitis and Psoriasis, and have shown exceptional continued growth over the last year.

### Zolanix (a trusted Anti-Fungal brand)

Zolanix is the most prominent brand in GSK Pakistan's Dermatology Anti-Fungal Portfolio. The brand continues to demonstrate GSK's commitment to providing patient-focused solutions by delivering high quality and easy access. The Dermatology Team is proud to report that Zolanix with its patient focused 1, 4, 7 dosing strategy, is growing at 10%.

In 2018, Zolanix messaging balanced a series of digital initiatives, such as iPad detailing and digital knowledge-based forums, with numerous face-to-face forums, engaging HCPs in scientific dialogue.

## Disease Awareness

In Pakistan, disease awareness, especially awareness related to skin diseases is low. Patients mostly resort to self-medication and home remedies that lead to a worsened condition. To cater to the awareness needs of not only HCPs, but also patients, GSK Dermatology continued its yearly effort to mark the global 'World Psoriasis Day' and 'Eczema Awareness Week'. Integrated face-to-face and digital campaigns were launched for both events. The aim was twofold: to educate HCPs on the significance of their role in the provision of medical advice to patients; and to educate patients and drive public awareness regarding the need to consult HCPs and seek medical support for skin conditions. The Dermatology Team deployed several communication channels for these national-level campaigns:

- Internal and external digital engagement campaigns
- Press briefings
- Face-to-face interactions with HCPs via the Sales force teams
- AGHAI campaigns for the chemists
- The utilisation of digital platforms such as GSKpro.com, Google Display Network, SMS and Emails
- Educational videos by celebrity brand ambassadors and dermatology experts for patients
- National level messaging via Facebook, Google and other websites
- Quick facts and other educational print material for HCPs and patients

Furthermore, one of GSK Pakistan Dermatology's aims is to also provide doctors with relevant and updated information regarding various skin diseases, and to update their knowledge regarding the

industry. For this reason, GSK Dermatology has organised multiple webinars and webcasts during 2018. 1,300 HCPs participated in these events, both in person and via web-to-web connections. GSK's global internal medical experts held these interactive discussions on Psoriasis and Eczema. In the coming year, the provision of knowledge to HCPs will remain one of our foremost goals to facilitate them in providing relevant and updated information to their patients.

## 37th PAD Conference of Dermatology 2018

The PAD Conference of Dermatology is a 3-day event that serves to disseminate educational content related to dermatology through multiple speaker sessions. This prestigious conference is attended primarily by dermatologists from across the Country. This year the conference was held in Karachi and GSK Dermatology was an active participant. By continuing to participate in such informative events, the Dermatology Team is optimistic about partnering with experts to improve the lives of all sufferers of skin-related conditions.



# Vaccines

GSK Pakistan has achieved several milestones in 2018, with a range of patient awareness and HCP engagement campaigns. Our vaccines continue to address some of the Country's most prevalent diseases, including Rotaviral Diarrhea, Cervical Cancer, and Pneumococcal Diseases.



## World Pneumonia Day

According to the WHO, one out of every five deaths under the age of 5 is due to pneumonia. This verifies that pneumonia is the foremost cause of child mortality. Synflorix was included in the Expanded Program on Immunization (EPI) in 2012 and is available for free. However, childhood pneumonia is still highly prevalent due to lack of awareness.

November 12th every year is marked as World Pneumonia Day, and GSK actively participates in it to spread mass public awareness focusing on the hazards of child pneumonia, the necessity for vaccination, and the availability of free vaccines at EPI centers. Several activities were conducted as part of World Pneumonia Day 2018. These included nationwide print ads, totaling to a readership of almost 7 million. Additionally, Press Releases and SMS Campaigns were conducted throughout the Country.



GSK Pakistan also collaborated with Pakistan Pediatric Association to have a scientific seminar on World Pneumonia Day where around 150 Pediatricians and GPs got to interact and hear key opinion leaders on updates on disease burden of Pneumonia, Global and Local situation, Preventive and Treatment options.

oral rotavirus vaccine  
**Rotarix**  
With only 2 oral doses

## RVGE Inclusion in the Pakistan EPI

According to medical professionals, diarrhea is the second leading cause of childhood mortality. Rotavirus Gastroenteritis is the foremost cause of severe diarrhea and dehydration in children, and approximately 15,000 deaths are reported due to Rotavirus in Pakistan annually.

## World Immunization Week

Each year, at the end of April, WHO organises a global public health campaign "World Immunization Week", grounded on the objective of "Closing the Immunization Gap." GSK Pakistan takes this opportunity to use this platform to increase awareness of the importance of vaccination and prevention of fatal diseases such as Rotavirus, Pneumonia and Cervical Cancer. Moreover, GSK also aims to increase the immunisation coverage amongst the general population in the Country.

GSK Pakistan engaged Pakistan Pediatric Association members and doctors in Press briefings which resulted in an approximate reach of 3 million. To reinforce the importance of immunisation, GSK Pakistan held a global webcast with Dr. Serdar Ozturk on 30th April along with mass E-mail and SMS Campaigns.




# boostrix

(Diphtheria, tetanus and pertussis (acellular, component))

Being Pakistan's leading pharmaceutical company and continuously striving to make a positive contribution towards improving the quality of life of patients, GSK Pakistan launched Boostrix (Diphtheria, Tetanus and Pertussis Acellular, component) vaccine for the first time.

Boostrix was successfully launched on 23rd November, 2018 at the Biennial Pakistan Pediatric Association Conference and is available nationwide.



# Primary Care

GSK's Primary Care portfolio boasts a wide variety of products, with a robust footprint in many therapy areas including Anti-Infectives, Gastrointestinal, and Wellness and Multi-Vitamins.

## Augmentin (Co-amoxiclav)

In 2018, GSK Pakistan's legacy brand, Augmentin, received a fantastic refresher. In a pioneering step, which involved an investment of Rs. 74 million, GSK Pakistan introduced Dessiflex blister packaging for its highly moisture-sensitive Augmentin tablets in contrast to glass-bottled packaging. Besides preserving the integrity of the medicine, the introduction of Augmentin Dessiflex has also allowed for easier dose tracking, more safety, and greater convenience to patients, helping them do more, feel better, and live longer.

GSK Pakistan's strong MCM capabilities and field activities, continue to connect at a massive scale with HCPs. The focus has been on delivering key messages of antimicrobial resistance, thereby promoting cautious use of antibiotics in an increasingly competitive market. The ownership and caliber of the team behind GSK's largest brand, Augmentin, has allowed it to maintain its proud standing as the leading antibiotic, and most trusted brand of Pakistan.



## CALPOL (Paracetamol)

Ever since its launch in 1974, Calpol has successfully established itself as a trusted brand for the relief of pain and fever amongst Health Care Providers. Its availability in a wide range of SKUs along with its legacy of being a reliable product has enabled Calpol to become a household name and a recognised brand across all age groups.

In line with GSK's commitment to provide medicines of highest quality with better patient convenience, 2018 witnessed the launch of Calpol 6 Plus Suspension 90 ml and Calpol Pediatric Suspension 100 ml in PET bottles. With the introduction of PET bottles, patients can now experience better ease of handling, while significantly reducing the incidence of breakage, ultimately improving patient convenience & compliance and helping them to "Do More, Feel Better and Live Longer."





# Velosef

(cephradine)

Another year, another milestone achieved! Velosef, the 2nd biggest antibiotic brand of GSK Pakistan achieved Rs. 2.5 billion milestone in 2018, becoming the No. 1 Prescribed Cephalosporin Brand in Pakistan.

In targeted indications such as Tonsillopharyngitis and SSTI, Velosef demonstrated exceptional growth rates throughout the year through increased penetration and acceptability amongst HCPs. With 11 million prescriptions to its credit, Velosef continues to enjoy the trust of Pakistani doctors.

During 2018, innovative HCP engagement activities were undertaken for Velosef that helped in cementing the image of the brand in targeted indications. Velosef's outstanding performance and achievements in 2018 are a clear indication that the brand is well on its journey of achieving Rs. 3 billion milestone in coming years.



# Zantac

Ranitidine HCl

Zantac continues to be the flagship brand of GSK Pakistan's Gastrointestinal Portfolio. This leading brand is highly trusted by HCPs for the treatment of Acid-related Gastrointestinal Disorders for over 3 decades. With growing competition and market dynamics, it was essential to increase Zantac's share of voice through different channels. To serve this purpose, multiple initiatives were taken to increase the share of voice, including conventional and digital mediums to engage over 5,000 HCPs. These activities included product presentations, webinars, 'Meet the Expert' sessions, spacebridges, SMS and mass newsletters.

To make a difference in a highly cluttered market, GSK aims to distinguish itself and stand out by putting patients at the heart of every decision we make.



# Specialty Business Unit

## NeUro Portfolio – Setting new benchmarks!

GSK's NeUro Portfolio continues to cater to the needs of patients in two diverse, yet important healthcare domains: mental health; and urology. Chronic diseases such as Anxiety, Depression, Epilepsy and Benign Prostatic Hyperplasia (BPH) have an adverse impact on patients' quality of life. GSK's research brands continue to enhance and bring sustainable improvement in the lives of affected patients.

In alignment with GSK's mission to Do More, Feel Better and Live Longer, the focus of the Specialty Portfolio in 2018 was to expand delivery of key messages to HCPs across the Country, especially those who were previously inaccessible. As a result, an array of digital activities was carried out throughout the year by leveraging the right tools and enhanced capabilities of the field force.

A global Urology webcast (ELITE) titled "Management of LUTS/BPH patients with moderate symptomatology" was widely appreciated by HCPs and garnered GSK Pakistan's recognition at a global level. GSK Pakistan also participated in two other global webcasts for Neurology, "Clinical Management Strategies for Women with Epilepsy" and "Antiepileptic Drug as Monotherapy v/s Polytherapy – a current perspective". Through using these digital mediums to gain maximum reach and coverage with minimum monetary expenditure, a total of 4,490 HCPs were reached by this team.

Belonging to a specialty portfolio, the opinion of key local experts is instrumental in how the management of diseases is handled by the medical fraternity. Allowing maximum HCPs to benefit from the knowledge of such experts, GSK Pakistan took part in e-reach project through which our local key

experts were given the opportunity to contribute by sharing their expertise on Epilepsy and represent Pakistan at a global level.

## Engagement with our Medical Team

In 2018, the medical team put up a strong front in disseminating key information regarding disease management while engaging 1,231 HCPs in total. Various face-to-face and digital activities were conducted for the urology segment under the title "CombATing BPH".



## Urology

2018 has also been an instrumental year for both Neurosciences and Urology. In terms of urology, from the total planned HCP reach of 1,340, our HCP engagement numbers went up to 3,458. This was achieved by multiple sessions pertaining to BPH and its appropriate management and establishing Duodart as the optimum 1st line treatment. The activity is headed under the title "CombATing BPH". The team has been successful in conducting these activities conventionally (F2F) and digitally.

## CNS

In CNS category, there were multiple standalone meetings throughout the year for depression and

mood disorders, titled, "Deal with depression" and "Mood disorders" respectively. Besides these two major sessions, the CNS team also focused on spreading awareness on Parkinson's Disease, by conducting activities throughout the Country, during Parkinson's Week. Lastly, focusing on GSK's value of being a patient-focused organisation, the team also took the opportunity and held standalone meetings for HCPs in Quetta, Karachi, Multan and Lahore for World Mental Health Day.

### Seretide - Continuing to address Asthma

With the commitment to help patients do more, feel better and live longer, GSK Pakistan Respiratory Business continues to keep asthma patients as the core focus, every step of the way.

In 2018, a big effort was put into the disease awareness agenda to support asthma patients and care givers in understanding, managing and using the right form of treatment to address this disease.

A pan Pakistan Disease Awareness Drive by the name of "Saans Hai Tou Aas Hai" was aired in October 2018. The drive was conducted in two broad phases; asthma awareness and its management. The first phase revolved around the symptoms of asthma whilst conveying the message that it is treatable. This message was communicated through high-level print media, which was placed in national newspapers and across major hospitals and pharmacies. The second phase revolved around the management of the disease with the right form of treatment, through radio messages which were aired nationwide.

Moreover, a programme called 'Asthma Educators' was launched in 2018 to augment the efforts being made by GSK in educating the public on asthma control & disease management. These programmes

were conducted in hospitals and clinics where patients who were diagnosed with asthma were supported with relevant disease information.

Similar internal disease awareness activities were also conducted in the GSK office premises to educate employees on asthma care. Employees engaged in a multitude of activities ranging from spirometry testing, outdoor games and survey testing. A leading Pulmonologist was also invited to host a talk on the preventive measures of respiratory diseases.

2018 has been a momentous year in terms of patient driven initiatives by the respiratory team, which now looks forward to continuing this success over the coming years.

Through the Medical Respiratory Team, OPERA activities were conducted which are related to spreading management awareness for respiratory ailments. Medico-marketing disease awareness activities such as World Asthma Day, were conducted for the public.



# Medical Department

*The Medical Department is devoted to further entrench the new Ways of Working model into our day-to-day activities, all the while keeping our patients at the heart of every decision.*

GSK takes pride in playing a part in the sharing of latest scientific information that can help HCPs in treating their patients. Many initiatives in each therapy area to engage HCPs, other healthcare staff, and the general public were successfully cascaded in close collaboration and liaison with leading Key Opinion Leaders (KOLs). The Medical Department conducted 414 activities, reaching over 31,063 HCPs in 2018. Also, there has been an increasing focus towards building the capability of our Internal Experts in medical and scientific communication. This year, the Medical Department rolled out over 374 virtual activities that include VTC activities in which we connect different cities with the major stations and various spacebridges – SBs (a virtual platform where an MSL connects with 3 or more doctors) to engage HCPs from remote areas. Meanwhile, the field-based MSLs consistently achieved the required customer-facing time by engaging in peer-to-peer, scientific dialogue with KOLs, connecting with over 1,166 HCPs. Building further on this foundation with greater zeal, GSK's Medical Department is now paving the path towards an even more successful 2019 by executing the first webinar using Adobe Connect in Pakistan.

Moreover, the Derma Medical Team engaged an overall 4,583 HCPs in 2018, bringing about an increase of 125% in HCP engagement over the previous year, contributing significantly to an 18% business growth overall. The team reached out to 44 different cities, focusing mainly on GPs in far flung remote areas via virtual and F2F channels to improve their management of disorders like Acne, Psoriasis, Fungal Infections and Eczema. GSK's Internal Expert was part of the MEET Series (Medical Education E-Series on Topical Corticosteroids), working in close collaboration with global experts to produce a series of talks on Steroid Responsive Dermatoses. An episode of Contact Dermatitis is currently under process to be launched on GSK Pro Pakistan.

With these encouraging achievements, the robust platform of the GSK Medical Department is now well-established with a clear understanding of future expectations and objectives.



# Warehousing and Distribution

*Warehousing and Distribution (W@D) is an integral part of GSK Pakistan's supply chain. The W@D Department has aligned all its activities and Ways of Working with the GSK values and expectations. It continues to optimise its logistics and warehousing operations to reach GSK's customers more efficiently and effectively.*

In 2018, the following steps were taken to further optimise the department's operations:

- All four warehouses were outsourced to 3rd Party Logistics service providers. The Warehouse Network Optimisation project was completed on time without any loss in sales. As a result a sufficient storage capacity now exists to serve the business in an enhanced manner
- All four of the warehouses are External Supply Audit Approved. This audit is conducted by the Global team on GSK standards
- End-to-end fleet and movement of stock is temperature-controlled
- Conducting a CIF (Continuous Improvement Framework) workshop to brainstorm ideas for CTS (Cost To Serve) savings for the year 2019



# Environment, Health and Safety

*With a commitment towards Environment, Health and Safety, GSK Pakistan ensures effective implementation of the framework for making EHS integral to the management of business.*

## Health

As a progressive healthcare company, GSK helps its employees stay safe, healthy and productive. EHS makes efforts to promote employees' well-being and is focused on giving people the support they need to sustain their energy levels and cope with stress. An energetic workplace is made up of healthy and motivated workers, and to ensure this, a series of programmes was rolled out as part of the core health offering plan in both Commercial and PSC.

Furthermore, to encourage the health and well-being of its employees, the Korangi site held an awareness session on Healthy Nutrition and Balanced Meals on World Anti-Obesity Day by Moomal Asif, a motivational health and wellness expert.

## Managing for Resilience F2F Workshop

A one-day Managing for Resilience (M4R) session was conducted for Pharma Supply Chain (PSC) Pakistan. This opportunity was effectively utilised and showed maximum participation by all three sites. People learnt how to manage their team's energy dimensions along with some basic tips for improvement.

## No Tobacco Day

Awareness sessions were conducted at all three sites on tobacco cessation and benefits covered by P4P Pakistan. Representatives from all departments attended this session. Some ex-smokers shared their smoking cessation experience and how P4P can help in quitting.

## World Health Day

In 2018, World Health Day was celebrated in a different way. Motivational speakers from different streams shared their stories on how they modified their lifestyle to adopt a healthy routine. This was followed by an awareness activity related to physical exercises and conduct. To engage other staff members, EHS arranged the same sessions by motivational speakers in different value streams.

## Safety

Safety is fundamental to corporate culture. Therefore, the department has a responsibility to ensure no physical harm comes to people while at work. To achieve this goal of no harm to employees, EHS works proactively and focuses on preventing accidents before they occur. This is accomplished by ensuring that training and awareness activities are carried out on key risks, such as operating machinery and driving. Key programmes that continue to work under the flagship 'Leading EHS Programme' are:

- Machinery Safety
- Process Safety
- Hazardous Utilities
- Electrical Safety
- Occupational Hygiene

Consequently, GSK Pakistan has continued to meet stringent targets without any lost time incident throughout 2018, clearly reflecting the deeply ingrained commitment towards safety.

With Karachi being the only city in GSK's global network having three PSC sites; commercial function; and Warehousing and Distribution, ensuring all operations are carried out safely can be a challenge. At GSK Pakistan, safety is at the heart of everything, from production to business processes.

GSK Pakistan is fully committed to improving the working conditions of its employees and aligning them with the Company's commitment to Environment, Health & Safety. The Company kicked off its initiative for Rider Safety Programme throughout the Country. This programme covered more than 4000 training man-hours and covered more than 600 employees country-wide. The programme focused on establishing defensive-riding techniques; road infrastructure constraints; and developing a safety conscious workforce. The initiative received an enthusiastic response from employees and recognition in the GSK family worldwide.

Moreover, 'Learning at Work Week' (LAWW) was held at three sites, with the aim to inspire, excite and engage employees. LAWW was officially inaugurated by Urbain Bruyere (VP EHS GMS) along with Alexander Akpieyi (MEA EHS Lead). It was followed by Leadership's message of commitment to a safe workplace ensured through the right mindset and safety-first approach.

Throughout the week, various activities were organised which focused on Quality, Safety, Culture and Leadership. It comprised of Blended Learning Techniques such as Simulations, Rapid-fire, Gamification, Roundtable Conversations and Lunch & Learn Programme. These tools helped in fortifying the knowledge of Safety, Quality and Business, while driving innovation and excellence and building trust to ensure everyone's engagement in their development.

# Pharma Supply Chain

*The Pharma Supply Chain previously known as GMS (Global Manufacturing & Supply) is responsible for producing and supplying GSK's pharmaceutical products around the globe.*

The Pharma Supply Chain (PSC) is an integrated network involving production operations from demand planning to manufacturing, testing, and supply of pharmaceutical products to the market. The Pharma Supply Chain is further segmented into Respiratory & HIV, Biopharm & Steriles, Primary & Antibiotics and Emerging Markets Supply Chain. There is a total of 33 sites in the network, spread across 19 countries, serving millions of people.

In Pakistan, the PSC team comprises of almost 1,000 professionals working in diverse functions across 3 sites, F-268, Korangi and West Wharf, producing over 400 million packs annually, driven through GSK's global priorities of Innovation, Performance & Trust. The department's goals include delivery of tender products on time and to ensuring a seamless and uninterrupted supply of quality products to patients and consumers. While maintaining the highest manufacturing standards, the team also constantly strives to improve efficiencies and reduce operating and material costs to ensure access to quality medicines across Pakistan at affordable prices.





# New Sterile Facility

Within the GSK network, there is a growing need for innovation, performance and trust. In order to make products more readily accessible to the public at affordable prices, team Korangi delivered this in 2018 with the start of Sterile Manufacturing that caters to patients' needs across Pakistan. The Sterile Facility, which is located in the new ampoule and eyedrop building, has a capacity of manufacturing up to 124 million packs per year. It is the future manufacturing hub for a wide range of injections (Zantac/Ventolin) and eyedrops (Betnesol), with anti-inflammatory, anti-histamine, antibiotic, antiemetic, anti-asthmatic and cardiac applications. All SKUs related to ampoules and eyedrops have been successfully transferred from West Wharf (WW) site and consolidated at Korangi.

In addition to SKUs transferred from WW, the Korangi site also successfully introduced 3 new SKUs of the Traxon Intra Muscular injection in 2018.

The Sterile Facility has also enhanced GSK Pakistan's product range with in-house manufacturing of Water For Injections (WFI). Complying to the highest cGMP quality standards, this in-house facility alleviates any potential quality and supply issues which may arise from third party vendors. The new Korangi Sterile Facility will help GSK gain the trust countless patients at the end of our supply chain, enabling them to do more, feel better, live longer.



# Quality Management Systems

*“Our values and expectations lie at the crux of all the activities we perform, to help people do more, feel better and live longer. To meet the expectations of our patients, consumers and regulators, it is important that we maintain ourselves at exceptionally high standards. Our quality culture, values and expectations together with our high-performance quality systems enable us to achieve these standards. In turn, our drive to deliver right the first time helps us to be efficient and reduce waste. Quality is our licence to operate and our competitive advantage.”*

QMS is an integrated system of managing responsibilities, quality culture expectations and documenting policies and procedures. It is integral to every aspect of the products GSK develops, makes, tests, supplies, and markets.

This system ensures that whilst complying with global and local regulations, QMS maintains control over the products and supports continuous improvement in these processes.

In line with the GSK values and strategic priorities, QMS also enables the Company to achieve compliance with transparency, build trust and drive continuous innovative improvements for the business and its shareholders.

The Annual Quality Plan and Management Review is an integral part of maintaining the standard of the product and drive continuous improvement by placing a framework to achieve milestones such as:

- Role modelling of values and expectations, leading to a shift in One Pharma culture
- Delivery of new product launches, through innovation with proactive quality input & support
- Working in cross-functional collaboration within the Organisation to build a trusted and aligned Supply Chain Organisation for Commercial Partners

- Providing support to commercial departments, meeting commercial targets and Sales plans
- Through effective and simplified quality processes and by ensuring that all distributors are quality compliant
- Enhancing Customer Engagement to deliver on Customer Service Improvement Plan by working with Customer Managers
- Delivery of new Quality Operating Model which develops key talent and ensures talent diversity in all key roles
- Delivery of quality elements of productivity & supply improvement, via Product Distribution and LOC Quality Core Processes

A key win for QMS in 2018 was the Korangi manufacturing facility successfully achieving ISO 9001, 14001 and 18001 Certifications. Based on this, the E&Y Group rated Korangi facility as a state-of-the-art facility in compliance with cGMP requirements.



# Corporate Social Responsibility

*As a socially responsible healthcare company, GSK Pakistan is committed to conducting business responsibly and investing in communities to play its part in helping people 'Do More, Feel Better and Live Longer'. Corporate Social Responsibility is, therefore, an integral part of GSK's Ways of Working. GSK Pakistan continually strives to maximise energy efficiency across the Organisation and to minimise the impact on the environment. GSK employees also engage in skills-based volunteering, making a valuable contribution to communities both in Pakistan and around the world. GSK Pakistan also looks to support outreach programmes at the grassroots level, focusing on health, education and general medical relief.*

In 2018, GSK's primary focus was to increase access to healthcare which was achieved through a partnership with AMAN Ambulance. GSK also continued improving efficiencies in manufacturing and providing ecofriendly technologies to better enable patient access to quality medicines at affordable prices while minimising environmental footprint.

## AMAN Ambulance

In 2018, in the spirit of keeping access to healthcare our primary priority, GSK sponsored AMAN Ambulance to provide affordable emergency healthcare which meets international guidelines. AMAN Ambulance has transformed pre-hospital emergency care in Karachi and saves lives on a daily basis. 80% of all patients using these services have life-threatening or serious medical illnesses. In the second half of 2018 alone, this AMAN Ambulance served 722 medical emergencies.



## GSK in the Community

GSK is committed to providing volunteering opportunities to positively impact communities and global health while simultaneously aiding individual development. PULSE, Orange Day 2018 and Blood Donation gave employees distinct opportunities to offer their time and talent to benefit the society.

## Pulse Volunteer Partnership

The PULSE Volunteer Partnership is GSK's flagship skill-based volunteering initiative. Through this programme, ambitious and driven employees are matched to a non-profit organisation, transferring and contributing their skills to help unravel healthcare challenges abroad and at home. Every GSK PULSE Volunteer offers similar expertise that they have been applying in their current GSK roles in order to facilitate our non-profit partners.

In 2018, Kashif Younis, a Regional Sales Manager from Lahore, spent six months with Leonard Cheshire Homes as a National Fundraising Coordinator based in Johannesburg, South Africa. There, he worked on many projects which included fundraising activities, training of staff, increasing awareness through social media campaigns and upgrading residential care facilities for disabled adults and children. He also won the 'Social Transformation Award' for Cheshire Homes in South Africa. Kashif's six month placement proved to be a mutually beneficial partnership as this not only created

sustainable change for GSK's non-profit partner, but also proved to be a valuable learning experience for Kashif himself.

## **Orange Day 2018**

GSK's Orange Day programme gives all employees one paid day-off each year to make a difference for their chosen local community project. This year, under the umbrella of Connectors' Club, GSK Pakistan employees planned visits to organisations including Dar-ul-Sukun Karachi, SOS Children Village Islamabad, Sundus Foundation Lahore, and others, where they could connect with under-privileged people of the society.

With the joint efforts of all 3 sites, approximately 70 employees including site leadership team volunteered at Indus Hospital and Dar-ul-Sukun. GSK employees spent quality time with the children in both organisations, reliving the GSK values of being patient focused and respect for people.

## **Blood Donation Drive**

GSK Korangi organised a Blood Donation Drive in association with Indus Hospital. The objective of the camp was to propagate the significance of charity, blood donation in saving lives and on the donor's health and most importantly to generate awareness about the need of blood in the society. The drive was carried out successfully with immense participation from employees at the site.

## **Corporate Responsibility**

GSK Pakistan acknowledges that environmental sustainability is integral to its success. Protecting the natural resources is essential to delivering high-quality products to patients and consumers. In alignment with this, GSK Pakistan prioritises investing in renewable

energy resources to power the manufacturing and commercial operations and sensibly manage water usage and disposal. The LOC is strongly aligned with GSK's global goal of becoming carbon-neutral across the value chain by 2050.

The sites have continually improved the performance in energy and water conservation aspects. Over the last two years, two of the manufacturing sites have reduced their carbon footprint by 2,000 metric tonnes and saved 4 million gallons of water - this was achieved despite a 20%+ increase in volumes delivered. This commitment to water conservation is reflected via our finalist position in Global GSK CET EHS&S Awards 2018 for one of our sites. This was also echoed by the water stewardship audit by GMS Audit Assurance Group with zero observations, ensuring that the highest standards are in place.

To further support reduction in carbon footprint, there are waste management systems in place at all GSK manufacturing sites. These systems drastically reduce the amount of pollutants entering the ecosystem, which helps preserve marine life threatened by extinction.

GSK Pakistan can proudly claim to have directly contributed to the broader goal by reducing CO<sub>2</sub> emissions by approximately 1000 tonnes/year, hazardous waste by approximately 25% and water usage by approximately 700,000 gallons/year. This amount of water saved is enough for the everyday use of 70,000 people!

GSK Pakistan hopes not only to achieve the mentioned goals but also be considered as a starting point for change in all societies and communities it exists in for a sustainable and greener future.





# TRUST

*We commit to ensuring the quality, safety and reliable supply of our medicines; and to building trust through our approach to engagement, pricing, global health and being a modern employer.*

# Directors' Profiles



**Andrew Aristidou**  
Chairman

Andrew first joined GlaxoSmithKline in 1999 holding several roles of increasing importance including North Andes Finance Director based in Venezuela, Corporate Development Director and Southern & Eastern Europe Finance Director. He is currently Vice President Finance for Emerging Market Central of GSK's Global Pharmaceuticals business. In 2007 he joined Gilead Sciences Inc as International Director of Financial Planning and Analysis before re-joining the GlaxoSmithKline Group in 2010 within the ViiV Healthcare unit as Head of Corporate Development, Europe and International Finance where he also served as Director of ViiV Japan. Andrew most recently completed an assignment in GlaxoSmithKline India as Vice President Finance South Asia where he served as an Executive Board member and Chief Financial Officer of the Indian listed entity, GlaxoSmithKline Pharmaceuticals Limited.

Andrew has a BSc (Hons) in Economics and Accountancy from Loughborough University in the United Kingdom. He is also a Fellowship Chartered Accountant of the ICAEW (Institute of Chartered Accountants in England and Wales) having qualified with Price Waterhouse in London.

**Mr. M. Azizul Huq**  
Chief Executive Director

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 his 9 years with the company, moved through different progressive roles in product and marketing management. He then joined the legacy company Glaxo Wellcome 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, and was appointed VP & GM of GSK Pakistan in November 2015.

Aziz holds a postgraduate degree in Pharmacy from the University of Dhaka, as well as an MBA degree from the Institute of Business Administration at the same university.



**Sohail Ahmed Matin**  
Non-Executive Director

Sohail Ahmed Matin is CEO & GM of GSK Consumer Healthcare Pakistan. He started his career in Supply Chain with Glaxo Pakistan Limited in 1986, and then moved to SK&F and Sterling Winthrop. He joined SmithKline Beecham in 1997, and since then, has worked as Director, Quality Assurance & Manufacturing Development in Pakistan, as well as Area Regulatory & Business Development Director, Middle East & Africa in Dubai, before moving back to Pakistan in 2007 and taking on his current role.

In GlaxoSmithKline, his biggest achievement was the turnaround of the Consumer Healthcare Pakistan business, delivering a compound annual growth of 25% for the last six years. The key to his success was putting together a high-performance team, significantly improving the company's Commercial Execution capability, and articulating and aligning everybody behind the company's high growth ambition (Vision 4X).

Sohail Matin holds a Master's degree in Mechanical Engineering and an MBA in Management, both from reputable US institutions.





### Mr. Mark Dawson Non-Executive Director

Mark Dawson is Vice President of Supply Chain for Emerging Markets within GSK's Pharmaceutical Business.

Mark joined GSK in 2005, working in various roles of increasing seniority within Global Manufacturing and Supply. He has served as Engineering Director as well as Site Director for the manufacturing site in Irvine (Scotland), and was most recently VP and Head of Global Supply Chain within ViiV Healthcare, GSK's HIV business. Mark has held various private and public Board positions, including ViiV Healthcare, the University of Sheffield and the Irvine Bay Regeneration Company.

Prior to GSK, Mark worked for several Multinational Companies including Eli Lilly & Company, Kvaerner, and Schneider Electric.

Mark is a graduate of the University of Sheffield in the UK and a Chartered Engineer.

### Mr Abdul Samad Chief Financial Officer

Abdul Samad joined the Company in 2002, and over the years he has worked in various roles in finance. These include Finance Business Partnering, Shared Services, Supply Chain and Internal Audit, with track record of strategy execution, driving organizational growth and delivering transformational commercial and finance projects. He has also been on international assignments for GSK, including Saudi Arabia and Morocco.

Samad is a Chartered Accountant and a fellow member of the Institute of Chartered Accountants of Pakistan, having qualified with Price Waterhouse Coopers (PwC), where he worked as an Audit Manager before joining GSK.



### Mr. Mehmood Mandviwalla Non-Executive Director

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, London, United Kingdom. He is the President of SAARCLAW (South Asia Association for Regional Co-operation in law).

Mr. Mandviwalla has extensive experience spanning over 38 years in all aspects of banking and corporate law including mergers and acquisitions in the field of banking, corporate and financial restructuring privatizations.

Mr. Mehmood Mandviwalla is a member of the Board of Directors of Deposit Protection Corporation – Subsidiary of State Bank of Pakistan.

### Ms. Maheen Rahman Independent Director

Ms. Rahman is the Chief Executive of Alfalah GHP Investment Management, and has eighteen years of experience in investment banking, research and asset management. Ms. Rahman started her career with Merrill Lynch in their Investment Banking Group before moving on to ABN Amro Bank in Singapore in the Corporate Finance.

She has also served as Head of Research for BMA Capital Management where she spearheaded the research effort. She joined IGI Funds in 2009 as Chief Executive and later took over Alfalah GHP as CEO in 2013 post merger of the two entities. She is also Senior Vice Chairman on MUFAP and has represented the industry on various forums. Ms Rahman has been recognised by Fortune in 2015 as part of their global '40 under 40' list 'Top Ten Women to Watch' and is widely quoted by local and international media on economic issues.

Ms. Rahman holds a Bachelors of Science (BSc. Hons) degree in Economics from the Lahore University of Management Sciences and a Masters of Science (M.Sc.) in Finance and Economics from Warwick Business School in the UK. She also holds a Series 7 qualification from the New York Stock Exchange along with an ICM Certification for Pakistan.



# Board and Management Committees

## The Board of Directors

The Board of Directors' key responsibility is to ensure the Company's prosperity by collectively monitoring and directing the Company's affairs, whilst protecting the appropriate interests of its shareholders and stakeholders. The Board of GSK Pakistan Limited is responsible for the Company's system of internal controls, policy frameworks, corporate governance, risk assessments and ultimately accountable for reviewing its effectiveness.

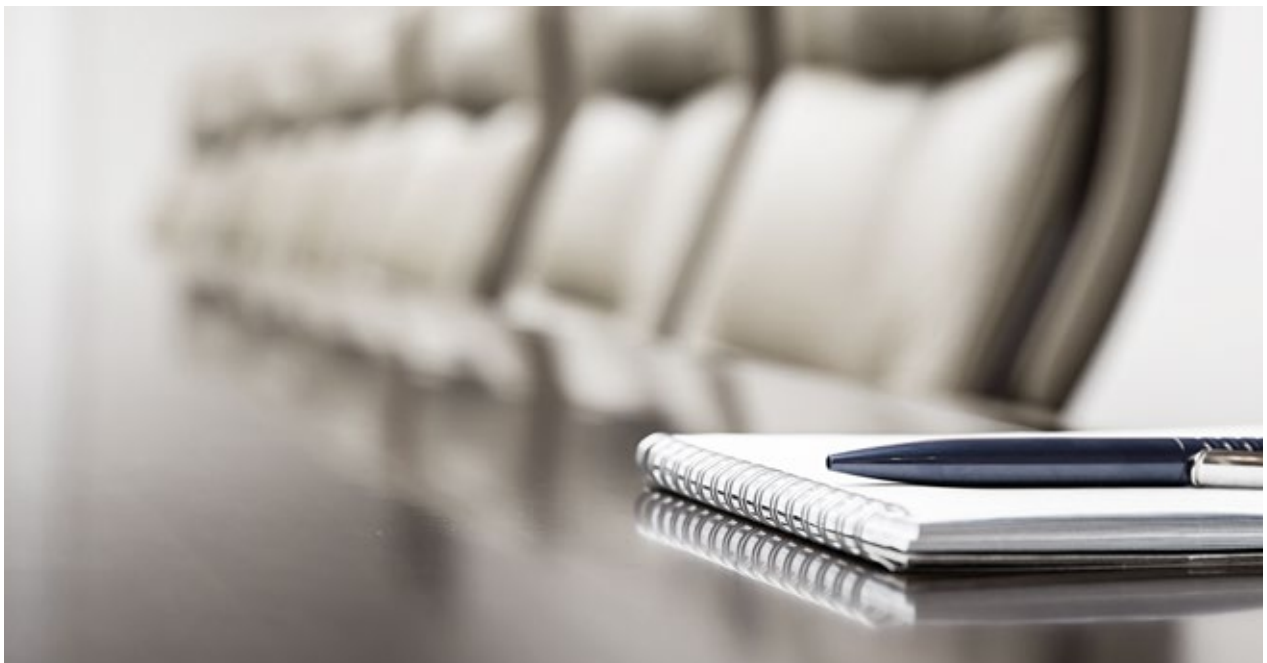
The Board is also accountable to the shareholders for ensuring that GSK is appropriately managed and achieves business objectives. The Board remains committed to the highest standards of corporate governance and integrity.

The Business is focused around an established framework which assists to deliver the main objectives of the Company i.e. increase growth,

deliver results and simplify performance, as well as to create a long-term value for our shareholders.

At GSK, we have a Board that follows a coherent corporate governance framework with clearly define responsibilities and accountabilities. The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated executive control of the Company in the hands of the Chief Executive. The Board meets 4-5 times a year to consider GSK's financial performance, operating budgets, forecasts, business strategy, development plans, capital expenditure plans, assets disposal, major investments, licensing decisions and evaluates and monitors GSK's performance. The Board also formulates corporate strategies and Company objectives.

The Company pays bench-marked remuneration to the Non-Executive Directors for attending the meetings of the Company, which includes the Board Meetings and the meetings of the Board Committees.



## Composition of the Board

There was no change in the composition of the Board subsequent to the last Election of Directors held on April 24, 2017. As at December 31, 2018 the Board comprises of 7 Directors out of which 1 is Independent (female Director), 2 are Executive and 4 are Non-Executive Directors, with the necessary skills, knowledge, experience and competence aligned with the requirements of Code of Corporate Governance 2017. The Board as a group includes competencies and diversity considered relevant in the context of Public Limited Company's operations.

The Board of Director's calendar is approved annually, in which the Board Meetings, HR and Remunerations Committee and Audit Committee Meetings are scheduled for the coming year. The Board Members are issued Meeting Notices within statutory timelines. The Board Folder is sent seven days prior to the Board Meeting which comprises of the Notice, Agenda and Financial Documents along with other business papers on which decisions or approvals are to be considered.

The Board comprises of the non-executive Chairman and the Chief Executive Officer, whose roles are segregated with clearly defined responsibilities. The Chairman of the Board chairs the Board and shareholders' meetings whereas the CEO is responsible for the daily operations of the Company.

## Role of the Chairman

The Chairman of the Board has the responsibility to lead and manage the business of the Board, to provide direction and focus, while ensuring its effective operation and continuous development. The Chairman has separate and distinct responsibilities from those of the CEO. He is however not involved with the day to day operations of the Company.

The Chairman's role is to:

- coordinate the activities of the Board and ensure that the Board is working competently

in matters relevant to the performance and functioning of the Company

- conduct and preside over the meetings of the Board of Directors
- fix the agenda of the Board Meetings

## Role of the Chief Executive Officer (CEO)

The CEO acts as a direct link between the Board and Management of the Company and is accountable to the Board on behalf of Management, in accordance with the Companies Act. The role of Chief Executive Officer of the Company involves accountability for all daily operations and managing of the business in accordance with the business objectives agreed with the GSK group.

His responsibilities include recommendation and implementation of strategies, policies and annual business plans approved by the Board, in accordance with all statutory obligations. He is also responsible for exercising overall control, administration and supervision of efficient management and conduct of the business of the Company. He is supported by the members of the Management Team.

## Board's Performance Review and Continuous Professional Development

All new Directors are provided with an orientation and general induction, upon joining the Board of Directors. The Company Secretary prepares an annual Evaluation Assessment Questionnaire which is circulated amongst the Board Members to provide clarifications and further insights and perspectives on the performance of the Board. All the Directors have requisite Directors' training programme certifications in compliance with Listing Regulations.

## Membership and Attendance

The names of the Members of the Board of Directors, attendance in the Board Meetings held during 2018 are detailed on Page 54 and their profiles are detailed on Page 46 to 47.

## Board Committees

The Board has formed the following Committees in line with best practices and requirements of the Code of Corporate Governance:

### Human Resource and Remuneration Committee

The Company has established this Committee in accordance with the requirements of the Code of Corporate Governance. This Committee assists the Board in fulfilling its responsibilities in the review, formulation, recommendation and implementation of Human Resource policies and the appointment and remuneration of the CEO, CFO, Company Secretary, Chief Internal Auditor.

It also considers and approves recommendations of the CEO on matters related to succession planning of key management positions and ensuring proper compensation to GSK employees.

This Committee comprises of 4 Directors; consisting mainly Non-Executive Directors, including one Independent Director. This Committee meets at least once in a year.

### Audit Committee

GSK Pakistan's Audit Committee comprises of four members, all of whom are Non-Executive Directors including the Chairman of the Committee, who is an Independent Director.

The Committee annually reviews the financial aspects and appropriateness of resources, 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. The Head of Internal Audit reports to the Audit Committee and acts as the Secretary of the Committee. The Internal Audit Function utilises the services of an independent audit firm to continuously examine Company records and

operations, ensuring fair financial reporting processes, compliance with applicable laws and adherence with internal control systems.

The Committee meets once every quarter of the financial year. These meetings are held prior to the approval of the interim results of the Company by its Board of Directors and after completion of external audit. The Committee held 4 Meetings in 2018 and met once with the Head of Internal Audit and other members of the Internal Audit function without the CFO and the external auditors being present. The Committee also met with the external auditors without the CFO and Head of Internal Audit being present.

### Terms of Reference of the Audit Committee

The Terms of Reference of the Committee includes the following:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - o Major judgmental areas;
  - o Significant adjustment resulting from the audit;
  - o Going concern assumption;
  - o Any changes in accounting policies and practices;
  - o Compliance with applicable accounting standards;
  - o Compliance with these regulations and other statutory and regulatory requirements; and
  - o All related party transactions.
- Review of preliminary announcements of results prior to external communication and publications;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of Management, where necessary);

- Review of Management letter issued by the external auditors and Management's response thereto;
- Ensure coordination between the internal and external auditors of the Company;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the Internal Audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations of activities characterised by fraud, corruption and abuse of power and Management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales. Receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittances of any matter to the external auditors or to any external body;
- Determining of compliance with relevant statutory requirements;
- Monitoring compliance with these regulations and identification of significant violations thereof;
- Review of arrangement for staff and Management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fee, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due

consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof; and

- Considering of any other issue or matter as may be assigned by the Board of Directors.

### **Risk Management and Compliance Board**

The Risk Management and Compliance Board (RMCB) comprises of GSK Pakistan's functional heads. 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 and Safety Committee**

The Environment, Health and Safety Committee is the governing body which monitors and reviews the EHS compliance and performance of Company operations. Through the committee, previous targets are reviewed and appraised; new targets are set, and actions are prioritised. It also ensures necessary planning and the availability of required resources for mitigation of the identified risks in Environment, Occupational Health & Safety. The EHS Committee held three (03) meetings during the year.

# Directors' Report to 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, 2018.

The Directors' Report has been prepared in accordance with Section 227 of the Companies Act, 2017 and Listed Companies Corporate Governance Regulations 2017. This report is to be submitted to members at the Seventy Second Annual General Meeting of the Company to be held on April 24, 2019.

## Operating results

	Rs. in million
Profit for the year before taxation	4,702
Taxation	(1,444)
Profit after taxation	3,258
Un-appropriated profit brought forward	5,150
Other comprehensive income	(26)
Profit available for appropriation	8,382

## Appropriations

Final dividend 2017	
Cash	(1,274)
Un-appropriated profit carried forward	7,108

The Board of Directors is pleased to announce a final cash dividend of Rs. 7.0 per share amounting to Rs. 2.2 billion, subject to the approval of the shareholders at the Annual General Meeting to be held on April 24, 2019.

Net sales for the year were Rs. 34.0 billion and our core pharmaceutical business delivered a turnover of Rs. 29.9 billion with an underlying growth of 4.0%. Net profitability of the Company was Rs. 3.2 billion from continuing operations, an increase of Rs. 205 million from last year.

## Holding Company

As on December 31, 2018, 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. The shareholding information as of December 31, 2018 and other related information is set out on pages 136 to 139.

During the year, the Directors, CEO, CFO, Company Secretary, Executives and/or their spouses and minor children did not carry out any trade in the shares of the Company.

## Chief Executive's Review

The Chief Executive's Review on pages 62 to 65 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
- Outlook and challenges

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

## Basic Earnings per Share

Basic Earnings per Share after taxation from continuing operations were Rs. 10.2 (2017: Rs. 9.5).

## Corporate Social Responsibility (CSR)

As a responsible member of the community, GSK Pakistan recognises the importance of the role that it can play in supporting worthy social causes. CSR is embedded in our ways of working, with our commercial practices keeping the patient first and focusing on ethical selling. This is also demonstrated in principle by our core values of Transparency, Respect for People, Integrity, and being Patient-focused.

We support outreach programmes at the grassroots level, focusing on health, education and general medical relief. Our employees also participate in

skill-based volunteering initiatives that enable them to meaningfully contribute to communities around the world. In 2018, we sponsored AMAN Ambulance to provide affordable emergency healthcare which meets international guidelines. AMAN Ambulance has transformed pre-hospital emergency care in Karachi and saves hundreds of lives on a daily basis. 80% of all patients using these services have life-threatening or serious medical illnesses.

## Our People

In 2018, we continued to build on our GSK Priorities of Innovation, Performance and Trust as part of our commitment to deliver game-changing business results. GSK's new performance system directs our energies on business performance, championed through strong leadership, employee development and our constant focus on being a modern employer.

## Be You, Feel Good, Keep Growing

GSK is focused on creating a culture where each one of us can be ourselves, feel good and keep growing every day in line with our vision to "Do More, Feel Better, Live Longer". GSK aims to create a working environment where all employees feel included, respected and valued for the unique qualities they bring and are empowered to contribute to their full potential.

Through our inclusive, engaging work culture, we aim to inspire our employees to contribute and help us achieve our strategic business objectives. The key to this is our investment in development, our approach to being a modern employer and our innovative safety, health and well-being programmes.

We know that one of the main motivators for our employees is that their contribution makes a positive impact on people's lives – giving a real sense of purpose. We offer all our employees a range of learning opportunities and tailored development programmes. For our employees to achieve sustainable high performance we encourage on-the-job learning through challenging project work, supported with more formal training programmes, mentoring and coaching, as well as employee volunteer opportunities. Moreover, thinking flexibly about the way we work enables us to attract, retain and motivate critical talent groups.

GSK values expertise, knowledge and experience when it comes to learning and development. Our career paths are flexible and adaptable to meet our business future needs, strengths and aspirations. Employees are encouraged to have regular conversations with their line managers to agree on development objectives and identify where they can achieve their full potential as well as gain feedback from their peers, which enhances our ways of working.

With our values and expectations firmly at the heart of our culture and guiding our daily actions, we make GSK one of the most innovative, high-performing and best healthcare companies to work for in the world.

## Environment, Health and Safety (EHS)

At GSK, we are committed to adhering to environmental, occupational health and safety standards, through an established framework of compliance. EHS is an integral part of GSK business and the company is fully committed to a safe, injury free and energy resilient workplace.

The rigorous and sustainable GSK procedures ensure that the customer and patient needs are served with best quality products while safeguarding employee safety and health. To achieve this goal, a continuous improvement approach is implemented through various programmes which have been kicked off while others are in the development stage. These programmes are helpful in fulfilling the EHS agenda of GSK in several ways:

- Better understanding and management of operational risks and developing a safer workplace for workers and the public
- Developing a 'Safety First' mindset in routine operations
- Maintaining EHS as an inextricable element of GSK business, both in operations and planning
- Promoting environment and sustainability by focusing on waste generation, water consumption and energy utilisation
- Establishing a resilient work environment for the workers and enabling them to "Do More, Feel Better, and Live Longer"

The Company re-affirms its commitment to upholding an EHS-focused culture by robust compliance and monitoring.

GSK Pakistan will continue to embrace EHS systems by monitoring the performance and setting new challenges and targets across the supply chain and will also strive to advocate excellence in EHS performance.

### Business Ethics and Anti-Corruption Measures

Operating with integrity is a key GSK value that lies at the core of everything that we do. Our anti-bribery and corruption programme includes risk assessments, standards and practical guidance designed to prevent non-compliance.

The Board of Directors of the Company has set down acceptable business practices and behaviours in a "Code of Conduct/Statement of Ethics and Business Practices", which guides our people on how to apply our values in everyday activities. This code, which is mandatory for all employees including Senior Management to sign, is also available on the Company's website. Salient features of the Code of Conduct are provided on page 12.

### Composition of the Board of Directors

The total number of Directors is 7 as per the following:

Male	06
Female	01

The composition of the Board is as follows:

Category	Name
Independent Director	▪ Maheen Rahman
Executive Directors	▪ M. Azizul Huq ▪ Abdul Samad
Non-Executive Directors	▪ Mehmood Mandviwalla ▪ Andrew Aristidou ▪ Mark Dawson ▪ Sohail Ahmed

\*Ms. Maheen Rahman was appointed as Independent Director of GSK Pakistan Limited with effect from December 05, 2018.

### Board Committees

The Board has formed committees comprising of members given below:

#### a) Audit Committee

Ms. Maheen Rahman	Chairman
Mr. Mark Dawson	

Mr. Mehmood Mandviwalla  
Mr. Andrew Aristidou

#### b) HR and Remuneration Committee

Mr. Mehmood Mandviwalla	Chairman
Mr. M. Azizul Huq	
Mr. Andrew Aristidou	
Ms. Maheen Rahman	

#### c) Risk Management Committee

RMCB – consisting of Management Team

### Board of Directors' Meetings and Attendance

The Board of Directors met four times in 2018. All meetings were held in Pakistan; each member's attendance at these meetings is listed below:

Name	Meetings Attended
Mr. Husain Lawai	01
Mr. Mehmood Mandviwalla	04
Mr. M Azizul Haq	03
Mr. Dylan Jackson	01
Mr. Abdul Samad	04
Mr. Mark Dawson	04
Mr. Sohail Ahmed	04
Mr. Andrew Aristidou	03

Leave of absence was granted to Directors who could not attend the Board Meetings.

Mr. Andrew Aristidou was appointed as a Non- Executive Director with effect from March 26, 2018 upon the retirement of Mr. Dylan Jackson on the said date.

Mr. Husain Lawai resigned as an Independent Director with effect from September 11, 2018 and was replaced by Ms. Maheen Rahman, who joined the Board as an Independent Director on December 05, 2018.

### 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 Compliance

At GSK, we face a number of legal, regulatory and operational risks. We manage these risks through an



Internal Control Framework (ICF) methodology which ensures appropriate risk mitigation plans, designated accountability, and mechanisms for upward communication of any significant issues and incidents that may arise. The Risk Management team, along with Corporate and Compliance teams uses its system of controls to protect the Company's assets, safeguard shareholder investment and ensure compliance with applicable legal and other statutory requirements.

Our Risk Management and Compliance Board (RMCB) supports to establish a framework for ensuring risk management is embedded throughout the organisation and is an integral part of the decision making. The RMCB is responsible for promoting a 'tone from the top' risk culture, as well as ensuring effective oversight of internal controls and risk management processes for identifying, assessing, treating, monitoring and reporting all known and significant emerging risks associated with the business.

The RMCB comprises of a structure whereby designated Risk Owners, who are members of Senior Management, are accountable for identifying and mitigating significant risks, while the Compliance Officer is responsible for facilitating a risk-based approach in establishing internal control systems within GSK. The RMCB held eight (08) meetings during the year.

At GSK, risks can be largely classified as follows:

**Strategic Risks** – are those which pose a significant threat to meeting the business objectives and are outside the entity's control. The principal strategic risk being faced by the Company remains the highly restrictive regulatory environment and lack of market-oriented pricing policies. While a new drug pricing policy which addresses a majority of long-standing issues was rolled out in 2018, there is still a potential to improve and align our regulatory environment with other regional countries to help Pakistan's Pharma industry to truly achieve its potential. In the meantime, the Company will continue to work on mitigating such risks through active discussion with the Government and other relevant stakeholders.

**Operational Risks** – are those which hinder the entity from running its operations smoothly. Our main operational risks are the supply issues, inflation and the potential for fraud and employee turnover. These risks are being managed through development of

alternate sourcing of materials, facility upgradations, robust forecasting process in commercial and manufacturing, simplification of operating model, spend management, adequate segregation of duties, refresher trainings of Code of Conduct, job rotations and employee empowerment.

**Commercial Risks** – are those which stem from the commercial nature of the industry and are a direct 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, which we counter through capacity enhancement/plant upgrading, new product launches, R&D and providing affordable healthcare solutions to maintain the Company's market share.

**Financial Risks** – are those that may cause financial loss to the entity and are described in more detail in note 40 of the Financial Statements.

The above risks are categorised 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. Deloitte Yousuf Adil & 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, 2019, at a mutually agreed fee.

### Subsequent Events

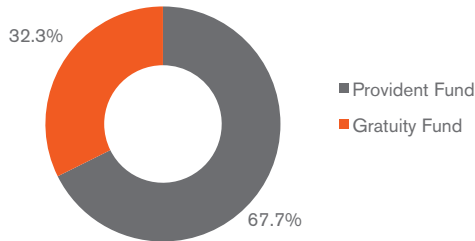
No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

### Value of Investments of Provident and Gratuity Funds

The Company maintains retirement benefit plans for its employees. Value of investments of provident and

gratuity funds based on un-audited accounts as of December 31, 2018 (audit in progress) are as follows:

	<b>2018</b>
	Rs. in millions
Provident Fund	3,084
Gratuity Fund	1,474



### Contribution to National Exchequer and Economy

The Company made a total contribution of Rs. 2.6 billion to the National Exchequer by way of Customs duties, income tax, sales tax and employees' tax during the year 2018.

### Director's Remuneration

The significant features and key elements of Directors' Remuneration are as follows:

- Non-executive Directors are only entitled to receive fixed fees in lieu of remuneration of the Board and Committee Meetings
- The Board is authorised to determine the remuneration of its Directors for attending meetings of the Board and Committee and determines it by Market benchmark of Pharma Industry

### Corporate and Financial Reporting Framework

- a. 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.

- b. Proper books of account of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. The Financial Statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- e. 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 formalised by the Board's Audit Committee and is updated as and when needed.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- h. The key operating and financial data for the last six years is set out on pages 74 to 76.

By order of the Board

**M. Azizul Huq**  
Chief Executive Officer

**Abdul Samad**  
Director

Karachi  
March 04, 2019

• بورڈ اور کمیٹی کی مینٹنگز میں شریک ہونے کے لیے بورڈ، اپنے ڈائریکٹرز کے معاوضے کا تعین کرنے کے لیے مجاز ہے اور اس کا تعین فارمانڈسٹری کی مارکیٹ کے معیار سے کرتا ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ کی ساخت

a. کمیٹی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، عمل کاری کے نتائج، کیش فلوز اور ایکٹیوٹی میں تبدیلیوں کو مناسب طریقے سے پیش کرتے ہیں۔

b. کمیٹی کے اکاؤنٹس کے ریکارڈ کو درست طور پر برقرار رکھا گیا ہے۔

c. مالی گوشواروں کی تیاری کے دوران مناسب اکاؤنٹنگ پالیسیوں کا متواتر طور پر اطلاق کیا گیا ہے، اور اکاؤنٹنگ کے تعین مناسب اور بہتر فیصلہ کرنے کی صلاحیت پر مشتمل ہیں۔

d. مالیاتی گوشوارے، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیار کے مطابق تیار کیے گئے ہیں۔

e. کمیٹی میں داخلی کنٹرول کا مناسب نظام قائم ہے جو کسی بھی حقیقی غلط بیانی یا نقصان کے خلاف مناسب تحفظ فراہم کرتا ہے۔ اس داخلی کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔ بورڈ کی آڈٹ کمیٹی کی جانب سے اس کا رگی جائزہ لیا جاتا ہے اور ضرورت کے مطابق اس کی تجدید کی جاتی ہے۔

f. کمیٹی کی آئندہ اپنے کاروباری معاملات کو احسن انداز میں چلانے کی استعداد میں کسی شک و شبہ کی گنجائش نہیں ہے۔

g. فہرستی ضوابط درج شدہ کاروباری عملداری کے بہترین طریقہ کار سے کسی قسم کا انحراف نہیں پایا گیا۔

h. گزشتہ چھ سال کے اہم عملی اور مالیاتی اعداد و شمار صفحہ 74 سے 76 پر موجود ہیں۔

حسب حکم بورڈ

عبدالصمد  
ڈائریکٹر

ایم۔ عزیز الحق  
چیف ایگزیکٹو آفیسر

کراچی

04 مارچ 2019

ہمارا رسک مینجمنٹ اینڈ کمپلائنس بورڈ (RMCB) پورے ادارے میں رسک مینجمنٹ کو یقینی بنانے کے لیے فریم ورک تیار کرنے میں تعاون سمیت فیصلہ سازی میں اہم کردار ادا کرتا ہے۔ آرایم سی بی اعلیٰ سطح پر رسک کلچر کو فروغ دینے کا ذمہ دار ہے اور ساتھ ہی انٹرنل کنٹرولز اور رسک مینجمنٹ کے طریقہ کار کی موثر نگرانی بھی کرتا ہے تاکہ جانچ پڑتال، نگرانی اور کاروبار سے منسلک تمام ظاہری اور اہم خطرات کی بروقت نشاندہی کی جاسکے۔

آرایم سی بی مجوزہ رسک اونرز پر مشتمل ہے جو کہ انتظامیہ کے سینئر اہلکار ہیں اور ان کی ذمہ داری میں اہم خطرات کی نشاندہی اور ان سے نمٹنے کی حکمت عملی تیار کرنا شامل ہیں جبکہ کمپلائنس آفیسر کی ذمہ داری جی ایس کے اندر انٹرنل کنٹرول سسٹمز کی تیاری میں معاونت کرنا ہے۔ آرایم سی بی کے سال کے دوران آٹھ (8) اجلاس منعقد ہوئے۔

درج ذیل پرکھنے والے خطرات کی درجہ بندی درج ذیل طریقوں سے کی جاتی ہے:

**اسٹریٹجک رسکس** - وہ خطرات ہوتے ہیں جن سے کاروباری مقاصد کو حاصل کرنے میں شدید مشکلات کا سامنا کرنا پڑتا ہے اور وہ ادارے کے دائرہ کار سے باہر ہوتے ہیں۔ کمپنی کو بنیادی طور پر جس اسٹریٹجک رسک کا سامنا ہے اس میں ضابطے کے تحت قوانین کا ماحول اور مارکیٹ کی مناسبت سے قیمتوں کی پالیسیوں کا فقدان اہم ہے۔ اس کے علاوہ 2018 میں دواؤں کی قیمتوں کی نئی پالیسی لاگو کی گئی ہے جس میں زیادہ تر مسائل حل کر لیے گئے ہیں، تاہم اب بھی بہت زیادہ بہتری کی ضرورت ہے اور پاکستان کو خطے کے دیگر ممالک کے مقابلے میں لانے کے لیے ریگولیٹری ماحول کو بہتر بنانے کی ضرورت ہے۔ اس وقت، کمپنی حکومت اور دیگر اسٹیک ہولڈرز کے ساتھ موثر مذاکرات کے ذریعے ایسے خطرات سے نمٹنے کے لیے اپنی کوششیں جاری رکھے گی۔

**حکمت عملی پر مبنی کمینڈ خطرات** - بیکاروباری مقاصد کے حصول میں رکاوٹ بننے والے نمایاں خطرات ہیں، اور ادارے کے ذاتی کنٹرول سے باہر ہیں۔ قیمتوں کی انضامی پالیسیاں جو حد سے زیادہ محدود ہوں اور مارکیٹ کے مطابق نہ ہوں، شدید نوعیت کے ایسے حکمت عملی پر مبنی خطرات ہیں جن سے کمپنی دوچار ہوتی ہے۔

**عملی خطرات** - زیادہ سے زیادہ موثر انداز میں چلنے والے آپریشنز میں رکاوٹ کا باعث بنتے ہیں۔ ہمارے اہم عملی خطرات میں، سپلائی کے مسائل، افراط زر، فراڈ کے امکانات، اور ملازمین کا ملازمت چھوڑنا شامل ہیں۔ ان خطرات سے نمٹنے کے لیے اشیاء کے حصول کے متبادل ذرائع کا قیام اور تجارتی و صنعتی شعبوں میں پیش گوئی کے مضبوط نظام، بھولیات کی مسلسل تجدید، ہمارے عملی نظام میں آسانی، اخراجات کا صحیح انتظام، ذمہ دار یوں کی صحیح تقسیم، ہمارے ضابطے، اخلاق پر میعاد بنیاد پر دی جانے والی تربیت، جب روٹیشنز (ملازمتی گردش) اور ملازمین کو خود مختار بناتے ہوئے مدد ملی جاسکتی ہے۔

**تجارتی خطرات** - یہ خطرات تجارتی طرز کی صنعت سے جنم لیتے ہیں اور ادارے کے منافع کی راہ میں بہت بڑا خطرہ ہیں۔ GSK کے معاملے میں بڑا خطرہ، کم قیمت اجناس کی مارکیٹ میں بڑھتی ہوئی فراہمی ہے۔ جس کا حل ہم اپنی استعداد بڑھانے کے پلانٹ آپ گریڈ کر کے، نئی مصنوعات کو متعارف کروانے، R&D، اور کمپنی کا مارکیٹ میں حصہ برقرار رکھنے کے لیے صحت عامہ کی قابل تحصیل بھولیات کی فراہمی سے نکال سکتے ہیں۔

**مالیاتی خطرات** - زیادہ سے زیادہ لیے مالیاتی خسارے کا باعث بن سکتے ہیں اور انہیں مالیاتی گوشواروں کے نوٹس میں زیادہ تفصیل سے بیان کیا گیا ہے۔

درج بالا خطرات کی درجہ بندی، درج ذیل گریڈ کی مدد سے کی گئی ہے:

درجہ	ممکنات	اثرات
5	تقریباً یقینی	تباہ کن
4	زیادہ امکانی	بہت زیادہ
3	یکساں	معتدل
2	کم امکانی	بہت کم امکانی
1	انتہائی کم امکانی	شاذ و نادر

### آڈیٹرز

موجودہ آڈیٹرز، میسرز ڈیلوائٹ یوسف عادل اینڈ کوچار ڈاؤنٹنس علیحدہ ہیں اور اہل ہونے کے لیے خود کو دوبارہ تفری کے لیے پیش کیا ہے۔

بورڈ آف ڈائریکٹرز، 31 دسمبر 2019 کو ختم ہونے والے مالیاتی سال کے لیے ان کی بطور کمپنی کے آڈیٹرز، آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے، باہمی رضامندی فیص پر۔

### بعد کے واقعات

کمپنی کے مالیاتی سال کے اختتام سے اس رپورٹ کے پیش ہونے تک، کمپنی کی مالیاتی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا معاہدے عمل میں نہیں آئے۔

### پراویڈنٹ، گریجویٹ اور ریٹائرمنٹ کے فنڈز کی سرمایہ کاری کی مالیت

کمپنی اپنے ملازمین کے لیے ریٹائرمنٹ بینیفٹ پلان برقرار رکھتی ہے۔ 31 دسمبر 2018 تک (آڈٹ پر کام ہو رہا ہے) پراویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کی غیر آڈٹ شدہ کاؤنٹس پراویڈنٹ کے فنڈز کی مالیت درج ذیل ہے:

2018	روپے (ملین میں)
3,084	پراویڈنٹ فنڈ
1,474	گریجویٹ فنڈ

### قومی خزانے اور معیشت میں حصہ

آپ کی کمپنی نے سال 2018 کے دوران، کسٹم ڈیولپمنٹ، ایگزیکیوٹس، ہیڈ کوارٹرز اور ملازم کے ٹیکس کی مدد میں 3.7 بلین روپے کی مجموعی رقم قومی خزانے میں جمع کروائی۔

### ڈائریکٹرز کا معاوضہ

ڈائریکٹرز کے معاوضے کی اہم خصوصیات اور کلیدی عناصر درج ذیل ہیں:

- نان ایگزیکٹو ڈائریکٹرز، بورڈ کے معاوضے اور کمیٹی میننگز کے عوض صرف مقررہ فیص وصول کرنے کے حق دار ہیں۔

## بورڈ آف ڈائریکٹرز کی ترتیب

درج ذیل کے مطابق گل ڈائریکٹرز کی تعداد 7 ہے:

مرد	06
عورت	01

بورڈ کی ترتیب درج ذیل ہے:

بورڈ آف ڈائریکٹرز کی میٹنگ اور حاضری  
2018 میں بورڈ آف ڈائریکٹرز کی چار دفعہ میٹنگ ہوئی اور یہ تمام پاکستان میں منعقد ہوئی  
تھیں: ان میٹنگوں میں ہر ممبر کی حاضری مندرجہ ذیل ہے:

نام	اجلاسوں میں شرکت کی تعداد
جناب حسین لوہانی	01
جناب محمود مانڈوی والا	04
جناب ایم۔ عزیز الحق	03
جناب ڈیلان جیکسن	01
جناب عبدالصمد	04
جناب مارک ڈاؤسن	04
جناب سہیل احمد	04
جناب اینڈریو ایریٹیڈو	03

جو ڈائریکٹرز چند بورڈ میٹنگز میں حاضر رہنے سے قاصر رہے، انہیں غیر حاضری کی اجازت  
دے دی گئی تھی۔

نوعیت	نام
آزاد ڈائریکٹر	محترمہ ماہین رحمن
ایگزیکٹو ڈائریکٹر	جناب ایم۔ عزیز الحق
	جناب عبدالصمد
نان ایگزیکٹو ڈائریکٹر	جناب محمود مانڈوی والا
	جناب اینڈریو ایریٹیڈو
	جناب مارک ڈاؤسن
	جناب سہیل احمد

\* محترمہ ماہین رحمن کا تقرر GSK پاکستان لمیٹڈ کے آزاد ڈائریکٹر کے طور پر 5  
دسمبر 2018 میں ہوا تھا۔

## بورڈ کی کمیٹیاں

بورڈ نے درج ذیل ممبران پر مشتمل کمیٹیاں قائم کی ہیں:

جناب ڈیلان جیکسن 26 مارچ 2018 کو ریٹائر ہوئے اور ان کی ریٹائرمنٹ کے  
بعد جناب اینڈریو ایریٹیڈو کا تقرر بطور نان ایگزیکٹو ڈائریکٹر اسی تاریخ کو ہوا۔

جناب حسین لوہانی نے بطور آزاد ڈائریکٹر 11 ستمبر 2018 کو استعفیٰ دیا تھا اور ان کی  
جگہ محترمہ ماہین رحمن نے پُر کی تھی اور انہوں نے بطور آزاد ڈائریکٹر 5 دسمبر 2018  
کو بورڈ میں شمولیت اختیار کی تھی۔

(ا) آڈٹ کمیٹی

محترمہ ماہین رحمن	چیئر مین
جناب مارک ڈاؤسن	
جناب محمود مانڈوی والا	
جناب اینڈریو ایریٹیڈو	

(ب) افرادی قوت اور معاوضہ کمیٹی

جناب محمود مانڈوی والا	چیئر مین
جناب ایم۔ عزیز الحق	
جناب اینڈریو ایریٹیڈو	
محترمہ ماہین رحمن	

(ج) خطرات سے بچاؤ کمیٹی

RMCB.i - مینجمنٹ ٹیم پر مشتمل

## مینجمنٹ کمیٹی

مینجمنٹ کمیٹی، 12 سینئر اراکین پر مشتمل ہے، جو اپنے فنکشنز کے اہم کاروباری منصوبہ جات،  
مسائل اور اپنے متعلقہ شعبوں میں ترقیاتی کاموں کا جائزہ لینے کے لیے تبادلہ خیال کرتے  
ہیں۔ اہم معاملات کو کاروباری عملداری کے اصول کے تحت بورڈ کے سامنے رکھا جاتا ہے اور  
اس کو مزید منظوری کے لیے زیر بحث لایا جاتا ہے۔

## رسک مینجمنٹ، گورننس اینڈ کمپلائنس

گلیکسو سٹیج کلائن میں، ہم متعدد قانونی، ریگولیٹری اور آپریشنل خطرات کا سامنا کرتے  
ہیں۔ ہم ان خطرات سے انٹرنل کنٹرول فریم ورک (ICF) کے عملی اقدامات سے نمٹتے  
ہیں جس میں خطرے سے نمٹنے کے لیے یقینی منصوبے، مجوزہ اتھارٹیشن، اور مستقبل میں  
روٹا ہونے والے کسی بھی اہم مسئلے اور واقعے پر قابو پانے کی حکمت عملی شامل ہے  
۔ رسک مینجمنٹ ٹیم کمیٹی کے اثاثہ جات کی حفاظت، حصص یافتگان کی سرمایہ کاری کے  
تحفظ اور لاگو قانونی اور دیگر ضابطے کی شرائط یقینی طور پر پوری کرنے کے لیے کارپوریٹ  
اینڈ کمپلائنس ٹیموں کے ساتھ مل کر اپنے کنٹرول سسٹم کو استعمال کرتی ہے۔

ہم، GSK میں پہلے سے قائم شدہ کام کے طریقہ کار کے ذریعے ماحولیاتی، پیشہ ورانہ صحت اور حفاظتی معیار پر عمل درآمد کرنے کے لیے پُر عزم ہیں۔ GSK، EHS کا اہم حصہ ہے اور کمپنی کام کی جگہ کو محفوظ، حادثوں سے پاک اور قوت کو محفوظ رکھنے کے لیے پُر عزم ہے۔

GSK کے سخت اور برقرار رہنے والے طریقہ کار اس بات کو یقینی بناتے ہیں کہ صارف اور مریض کی ضروریات کو بہترین مصنوعات کے ساتھ پورا ہونا چاہیے جب کہ ملازم کی حفاظت اور صحت کے حوالے سے تحفظ فراہم ہونا چاہیے۔ اس مقصد کے حصول کے لیے مسلسل بہتر سوچ کے ساتھ کئی پروگرام یا تو شروع کر دیے گئے ہیں یا شروع کیے جانے والے ہیں۔ یہ پروگرام کئی طریقوں سے EHS ایجنڈا کو پورا کرنے کے لیے مددگار ہیں:

- آپریشنل خطرات کو بہتر طور پر سمجھا جاسکے، ان کا مؤثر طور پر انتظام کیا جاسکے، اور ہمارے لوگ و زائر، ٹھیکے دار اور کمیونٹی کے لیے زیادہ محفوظ جائے کار ممکن ہو۔
- روزمرہ کے کام کے دوران ملازمین کی اپنی حفاظت کو اولین ترجیح دینے کی صلاحیت میں اضافہ کیا جاسکے۔
- ماحول، صحت اور حفاظت کو ہمارے کاروباری طریقہ کار، منصوبہ بندی اور فیصلوں کا کلیدی حصہ بنایا جاسکے۔
- پانی کے استعمال، توانائی کی کھپت اور فضلے کی مقدار کو کم سے کم رکھنا۔
- GSK کے مضبوط استحکامی پروگرامز کے ذریعے ملازمین کی مضبوطی پر توجہ مرکوز کرنا، تاکہ ہمارے ملازمین زیادہ کام کر سکیں، بہتر محسوس کریں اور لمبی زندگی جیئیں۔
- GSK Pakistan پوری سپلائی چین کی کارکردگی کی نگرانی کرتے ہوئے اور نئے چیلنجز اور اہداف متعین کر کے EHS نظام اپناتی رہے گی، اور EHS کی بہترین کارکردگی کے لیے کوشش کرتی رہے گی۔

### کاروباری اخلاقیات اور بدعنوانی سے بچاؤ کی تدابیر

ایمان داری سے کام کرنا GSK کا اہم اصول ہے جو ہمارے ہر کام کی بنیاد ہے۔ ہمارے بدعنوانی اور رشوت ستانی سے بچاؤ کے پروگرام میں عدم تعین کی روک تھام کے لیے خطرے کے تخمینے، معیارات اور عملی رہنمائی شامل ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز نے ”ضابطہ اخلاق / اخلاقیات اور کاروباری طریقہ کار کے بیان“ میں قابل قبول کاروباری طریقہ کار درج کیے ہیں، جو ہمارے لوگوں کی روزمرہ سرگرمیوں میں اقدار کا اطلاق کرنے کے سلسلے میں رہنمائی فراہم کرتے ہیں۔ اس ضابطہ کو تمام ملازمین، بشمول اعلیٰ انتظامیہ، کے دستخط کے لیے تقسیم کیا گیا ہے، اور یہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔ ضابطہ اخلاق کے اہم نکات صفحہ 12 پر مختصر آدرج ہیں۔

بہترین کاروباری نتائج کے لیے 2018 میں GSK نے اپنی ترجیحات کے حوالے سے جدت، کارکردگی اور اعتماد کی تعمیر و ترقی میں اضافے کو بطور عزم جاری رکھا۔ GSK کی نئی کارکردگی کا نظام کاروباری کارکردگی میں ہماری قوت کی رہنمائی، مضبوط قیادت کے ساتھ اپنے مقصد کا دفاع، ملازمین کی ترقی اور بحیثیت ایک جدید آجر ہماری مسلسل توجہ سے عبارت ہے۔

### اچھا سوچیں، آگے بڑھتے رہیں!

GSK، کام کا ایسا ماحول پیدا کرنے پر فخر محسوس کرتی ہے جہاں ملازمین کو اپنے قابل قدر، باعزت، بااختیار اور اثر انگیز ہونے کا احساس ہوتا ہے۔ جو ہمارے ”زیادہ کام کریں، بہتر محسوس کریں، لمبی زندگی جیئیں“ کے مقصد کا محرک ہے۔

ہمارے ہاں مجموعی طور پر کام میں مصروف رہنے والے ماحول کے ذریعے ہم اپنے ملازمین کی حوصلہ افزائی کرتے ہیں کہ وہ ہمارے کاروباری مقاصد پورے کرنے میں ہمارے ساتھ تعاون اور مدد کریں۔ اس حوصلہ افزائی کے لیے اہم ترین اقدامات میں ترقی کے لیے ہماری سرمایہ کاری، کام کے معاملے میں ہمارا لچکدار طرز عمل اور حفاظت، صحت اور بھلائی کے پروگرام شامل ہیں۔

ہم جانتے ہیں کہ ہمارے ملازمین کی حوصلہ افزائی کے لیے محرکات میں سے ایک یہ ہے کہ ان کی محنت کا لوگوں کی زندگیوں پر مثبت اثر اور اس طرح اصل مقصد حاصل ہوتا ہے۔ ہم اپنے ملازمین کو سیکھنے کے وسیع مواقع فراہم کرتے ہیں اور ان کی ترقی کے لیے پروگرام تشکیل دیتے ہیں۔ ہم اپنے ملازمین کی مستقل اعلیٰ کارکردگی کو برقرار رکھنے کے لیے انہیں ملازمت کے دوران مشکل کام کے ذریعے سیکھنے کی حوصلہ افزائی کرتے ہیں، جس میں روایتی ترقیاتی پروگراموں، رہنمائی اور سرپرستی کے علاوہ رضا کارانہ طور پر کام کے مواقع فراہم کرتے ہیں۔ علاوہ ازیں، کام کے طریقہ کار کے بارے میں ہماری لچکدار سوچ کی بدولت قابل، ذہین اور باصلاحیت ملازمین ہمارے ساتھ کام کرنے کو ترجیح دیتے ہیں۔

گلیکوسمیٹھ کلائین کے ہاں سیکھنے اور ترقی کے دوران مہارت، علم اور تجربے کو اہمیت دی جاتی ہے۔ ہمارے پاس ملازمت کے مراحل لچکدار اور مستقبل میں ہماری کاروباری ضروریات کے ہم آہنگ، اطمینان بخش اور خواہشات کی تکمیل کے لیے معاون ہیں۔ ملازمین کی اپنے لائن بیجز کے ساتھ مستقل بنیادوں پر بات چیت ہوتی ہے تاکہ ترقی کے مقاصد پر اتفاق کیا جاسکے اور اس بات کی نشاندہی کی جاسکے کہ وہ اپنی تمام توانائیاں کہاں پر لگا سکتے ہیں اس کے ساتھ ان کے ساتھی ملازمین سے بھی ان کے بارے میں تاثرات لیے جاتے ہیں، اس طرح ہمارے طرز عمل میں استحکام پیدا ہوتا ہے۔

ہماری اقدار اور توقعات کا عملی نمونہ ہماری ثقافت کے مرکز اور روزمرہ کے کاموں کے لیے رہنمائی میں پیوستہ ہے، جس کی بدولت ہم نے گلیکوسمیٹھ کلائین کو دنیا بھر کی انتہائی جدید، اعلیٰ کارکردگی کی حامل اور علاج معالجہ سمیت صحت کی بہترین کمپنیوں میں شامل کر دیا ہے

## ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

گلکسیو اسمتھ کلائن پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت آپ کو کمپنی کے 31 دسمبر 2018 کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالی گوشواروں کے ساتھ ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

### بیزنس آف شیئر ہولڈنگ

کمپنی کے حصص کی پاکستان اسٹاک ایکسچینج لمیٹڈ پر لیسن دین کی جاتی ہے۔  
31 دسمبر 2018 تک شیئر ہولڈنگ کی معلومات اور دیگر متعلقہ معلومات کو صفحات 136 تا 139 پر درج کیا گیا ہے۔

ڈائریکٹرز کی رپورٹ، کمپنیز ایکٹ 2017 کے سیکشن 227 اور سڈ کمپنیز کارپوریٹ گورننس ریگولیشنز 2017 کے مطابق تیار کی گئی ہے۔ رپورٹ 24 اپریل 2019 کو ہونے والے کمپنی کے 72 ویں سالانہ اجلاس عام کے موقع پر اراکین کو پیش کی جائے گی۔

### آپریٹنگ نتائج

سال کے دوران ڈائریکٹرز، CEO، کمپنی سیکرٹری، CFO اور ایگزیکٹوز، ان کے شرکاء حیات اور نابالغ بچوں نے کمپنی کے حصص کی تجارت نہیں کی۔

روپے بلین میں

4,702

سالانہ قبل از ٹیکس منافع

(1,444)

ٹیکس

3,258

بعد از ٹیکس منافع

5,150

پچھلے سال کے اختتام پر غیر مختص منافع

(26)

دیگر جامع آمدنی

8,382

مختص کرنے کے لیے دستیاب منافع

### چیف ایگزیکٹو کا جائزہ

چیف ایگزیکٹو کا جائزہ صفحات 62 تا 65 پر مندرجہ ذیل پر محیط ہے:

- ادویات کی صنعت کی تازہ ترین پیش رفت سمیت معاشی جائزہ اور کاروباری کارکردگی
- سال بھر میں کمپنی کی کارکردگی کا جائزہ اور وجوہات سمیت پچھلے سال سے اہم تبدیلیاں
- انفرادی کے انتظام کی موثر حکمت عملی
- مستقبل کی توقعات اور مشکلات

کمپنی کے ڈائریکٹرز اس کے مشمولات کی توثیق کرتے ہیں۔

### تخصیصات:

حتمی منافع منقسمہ 2017

(1,274)

نقد

7,108

پچھلے سال کے اختتام پر غیر مختص منافع

### فی شیئر بنیادی آمدنی

جاری آپریٹرز سے حاصل شدہ بعد از ٹیکس فی شیئر بنیادی آمدنی 10.2 روپے تھی (2017: 9.5 روپے)

بورڈ آف ڈائریکٹرز، 24 اپریل 2019 کو ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری کے بعد مجموعی طور پر 2.2 بلین روپے کے فی شیئر 7.0 روپے کے حتمی نقد منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کر رہا ہے۔

### کارپوریٹ سماجی ذمہ داری (CSR)

سماجی لحاظ سے ذمہ دار، ہیلتھ کمپنی کے طور پر GSK میں، ہم اس انداز سے کاروبار کرتے ہیں جو معاشرے کے لیے فائدہ مند ہو اور ہمارے طویل مدتی استحکام کو یقینی بنائے۔ لہذا کارپوریٹ سماجی ذمہ داری، GSK کے کام کرنے کے طریقے کا لازمی جزو ہے۔ ہم انتہائی بنیادی سطح پر کام کرنے والے صحت، تعلیم اور عام طبی امداد کے عوامی فلاحی منصوبوں کو مدد فراہم کرتے ہیں۔ ہمارے ملازمین بھی مہارت پر مبنی رضا کارانہ اقدامات میں شرکت کرتے ہیں جس سے انہیں دنیا بھر کی کمیونٹیز کی بہتری کے کام میں حصہ ڈالنے کا موقع ملتا ہے۔

سال کی خالص فروخت، 34.0 بلین روپے تھیں اور ہمارے بنیادی فارماسیوٹیکل کاروبار نے 4.0% اضافے کے ساتھ 29.9 بلین روپے ٹرن اوور کا مظاہرہ کیا ہے۔ جاری آپریٹرز اور گزشتہ سال کے مقابلے میں 277 بلین روپے کے اضافے کے ساتھ کمپنی کا خالص منافع 3.3 بلین روپے تھا۔

ہنگامی طور پر ہیلتھ کیئر کے حوالے سے سہولت فراہم کرنے کے لیے 2018 میں ہم نے امن ایسوسی ایشن، جو بین الاقوامی معیار پر پوری اترتی ہے، کی مالی معاونت کی۔ امن ایسوسی ایشن، پیری ہاسپٹل ایبرجنسی کیئر کے روپ میں کراچی کے اندرون وائٹ نیٹروں افراد کی جان بچاتی ہے۔ اس سہولت کو استعمال کرنے والے 80 فیصد مریض مہلک بیماریوں کا شکار ہیں۔

### ہولڈنگ کمپنی

31 دسمبر 2018 کو S.R. One International B.V. Netherlands کے پاس 10 روپے قیمت کے 263,029,794 حصص تھے۔ کمپنی کی بیرون کمپنی GlaxoSmithKline PLC, UK ہے۔

## Chief Executive's Review



*I am pleased to present the Company's business performance and results for the financial year ended December 31, 2018.*





## Overview of Economy & Business

The democratic transition in the Country was successfully completed with a new Government having been sworn-in earlier this year. The Country's economy however remained under pressure due to ongoing challenges requiring prompt macroeconomic adjustments such as rupee devaluation, raising interest rates and higher utilities costs. These stabilisation measures have increased the cost of the business and impacted growth as well. As a result, our main challenge in 2018 was to manage cost

effectiveness and in doing so ensure that the patients' access to quality medicines was not hindered in any way.

GSK continued to lead the pharmaceutical industry, both in terms of maintaining the largest volume and value base amongst 600+ companies. In order to ensure growth and maximise shareholder return, we continue to optimise our operations through improved manufacturing processes, rationalised portfolio mix and adapting the operating model for a more customer-oriented approach.

In addition to regular and ongoing updates to comply with cGMP, plans to expand our production capacity are also being put in place to align and sustain GSK's growth agenda.

With reference to pricing, the 2018 drug pricing policy has come into effect and a majority of contentious issues have now been resolved. This includes the review and finalisation of hardship that had been pending for a long time with our regulatory authority.

The GSK values of being patient-focused and transparency, which are embedded in our culture, ensure that we follow the highest ethical and professional standards when interacting externally. As part of our ethos, we have embarked on a journey to provide an exceptional customer experience by launching and utilising multiple digital channels for engaging with Health Care Professionals (HCPs). This approach is an innovative strategy for providing HCPs with the latest medical and technical information about diseases and our products through channels that are more accessible to them.

In Pakistan, GSK continues to drive performance and by doing so maintained a leadership position in the industry's key therapy areas of Anti-Infectives, Respiratory & Dermatology. We also continue to preserve the trust of HCPs and community by ensuring that access to quality medicines is kept high on the agenda through a harmonised and synchronised supply chain operating model – thereby cementing GSK's reputation as one of the world's most innovative, best performing and trusted healthcare companies.

## Business Review

Despite a challenging economic environment, GSK Pakistan delivered a healthy performance with sustained trade sales growth, cost discipline and better cash flow management. Net sales amounted to Rs. 34.0 billion which includes sales to GlaxoSmithKline Consumer Healthcare Pakistan Ltd. of Rs. 4.1 billion, on account of products manufactured by the Company, pending transfer of marketing authorisation. The Company achieved an overall business growth of 3.8% with our trade

business delivering an underlying growth of 8.6%. Key growth contributors for the trade business are Antibiotics, Dermatology and Analgesics portfolios.

In terms of manufacturing highlights, GSK Pakistan launched Augmentin tablets in Dessiflex Blister Packaging - a state-of-the-art packaging technology that was introduced for the first time not only in Pakistan but also across GSK globally.

The gross margin of the Company for the year 2018 dropped to 24.7%. As explained in the Q3 2018 quarterly report, the cost of production remained under pressure and the gross margin was reduced mainly due to rupee devaluation and increase in price of raw material. This was partly mitigated through annual CPI price increases and cost saving initiatives undertaken to drive operational efficiencies.

Selling, marketing and distribution expenses were recorded at Rs. 3.6 billion, an increase of Rs. 0.3 billion from last year. This was mainly driven by volume growth, a one-off severance cost and increase in fuel prices, which impacted freight and handling costs. These increased expenses were partially mitigated through cost control initiatives and simplification of the logistics network. Administrative expenses were recorded at Rs. 1.1 billion, an increase of 9.5% over the corresponding period last year, which was primarily due to inflationary impact.

Other operating income totaled Rs. 1.5 billion, which was mainly comprised of a promotional allowance of Rs. 1.1 billion, for sustainable investment in our brands.

Even in the face of all the challenges, through the initiatives detailed above, the Company posted an overall after-tax net profit of Rs. 3.3 billion, an increase of 9.3% over the corresponding period last year.

## Capital Expenditure Investment and Cash Flows

The Company continued to invest in plant upgradation in line with current good manufacturing practices (cGMP). The total capital expenditure incurred during this year was Rs. 855 million. Capital additions during the year included a major upgrade by way of

construction of new sterile facility at Korangi site, which started commercial production in quarter 4.

Due to economic volatility this year, there has been a strong focus on monitoring cash flow, working capital and foreign currency liabilities management. Surplus funds of the Company increased by Rs. 1.3 billion at year end which is being managed through a mix of sovereign investments and high credit rated bank deposits to maintain a risk-averse, optimum interest-yielding portfolio.

### Dividends

In its meeting held on March 04, 2019, the Board proposed a cash dividend of Rs. 7.0 (2017: Rs. 7.0) per share and continued to maintain a good dividend payout history.

### Outlook and Challenges

Being one of the key countries within the Emerging Markets cluster, GSK continues to have high expectations both in terms of growth and profitability from the Pakistan business.

Economic growth is however likely to slow down due to macroeconomic measures adopted to stabilise the economy and improve the balance of payments. A further challenge in 2019 will be the full year effect of the devaluation, compared to the half-year impact in 2018.

The Drug Regulatory Authority of Pakistan (DRAP) issued a SRO to partially compensate the devaluation impact by allowing a one-time across the board price increase. However, some confusion has been created through a stay order issued by the Peshawar High court. Based on the merits and legality of the SRO, the industry expects a positive outcome to this case as it will not be possible to sustain the devaluation and other costs pressures without a reasonable price increase.

As a responsible corporate citizen, the Company believes in and strongly advocates the importance of engaging with the Government and other relevant

stakeholders to work on pragmatic policies that would ensure the sustainability and growth of the Pharmaceutical sector in Pakistan. The successful formulation of the 2018 Drug Pricing Policy, a landmark achievement, depicts the merits of this integrated approach.

### Intellectual Property

While the use of scientific knowledge and creation of Intellectual Property Rights is central to GSK values, the effective legal protection of intellectual property is equally important to ensure a reasonable return on investment, which is mandatory to support the research, introduction and commercialisation 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 organisations have resulted in increased deterrence, a more robust implementation of these IPR Laws remains the need of the hour for the industry.

### Acknowledgment

We would like to acknowledge our talented pool of employees and their unwavering commitment and relentless efforts that have helped sustain the Company's success in these challenging times.

On behalf of the Board, I would like to thank all our employees, customers, and suppliers for their support and hard work in 2018, and I look forward to joining hands with them once again to attain success in 2019.

By order of the Board



### M. Azizul Huq

Chief Executive Officer  
Karachi  
March 04, 2019

# Chairman's Review

*It gives me great pleasure to present a Review Report under the requirement of section 192 of the Companies Act, 2017.*

Given the current economic challenges, I am pleased to report a strong performance by the Company with solid underlying Sales growth, cost discipline and continued cash return to shareholders. GSK Pakistan is committed to continue with an approach to focus on executing our strategic priorities - Innovation, Performance and Trust.

## Review of Overall Performance of the Board

GSK Pakistan's Board of Directors, which comprises of professionals with a profound understanding of the Pharmaceutical industry and sound business acumen, are committed to operate at the highest standards of corporate governance. The Board and its associated Committees during the year ensured compliance with all statutory and regulatory requirements applicable upon the Company.

As per requirement of the Companies Act and Code of Corporate Governance, the Directors have performed their duties diligently and effectively in the best interest of the Company. This includes oversight of the Company's strategic objectives by active participation in monitoring performance against the defined strategic goals and targets.

## Financial Reporting

With strong oversight on the reporting front, the Board has a responsibility to provide clear visibility of financial reports to stakeholders in accordance with the Financial Reporting framework applicable in Pakistan. During the year we incorporated the new IFRS requirements and also ensured compliance with the disclosure requirement of the new Companies Act.

## Culture

At GSK, our aspiration is to achieve high-performance culture while remaining true to our values. Accordingly, we introduced new employee



recognition initiatives to encourage and reward high performance. The Board is pleased with these initiatives, the result of which was reflected in the employee engagement score of the GSK survey.

## Board Member Appointment

During the year, Ms. Maheen Rahman was appointed as an Independent Director and Chairman of the Audit Committee on December 05, 2018. She replaced Mr. Hussain Lawai who resigned from his position. On behalf of the Board, I would like to thank and appreciate Mr. Lawai's valuable contribution while serving on the Board for 8 years.

## Acknowledgment

Finally, I would like to thank all our Board Members for their commitment and contribution. I would also like to thank our employees, customers and suppliers for their support and hard work in 2018 and I look forward to continue working with them to attain success in 2019.

A handwritten signature in black ink that reads "Andrew Aristidou".

**Andrew Aristidou**

Chairman  
March 04, 2019



# Financial Highlights

Continuing Operations

**Rs. 34,007 M**  
**Sales  
Revenue**  
(2017: Rs. 32,774 M)

**+3.8%**

**48.4**  
**Net assets  
per share**  
(2017: 41.8 times)

**+15.8%**

**10.2**  
**Earnings per  
Share**  
(2017: Rs. 9.5)

**+6.7%**

**21.0%**  
**Return on  
Equity**  
(2017: 22.7%)

**-7.9%**

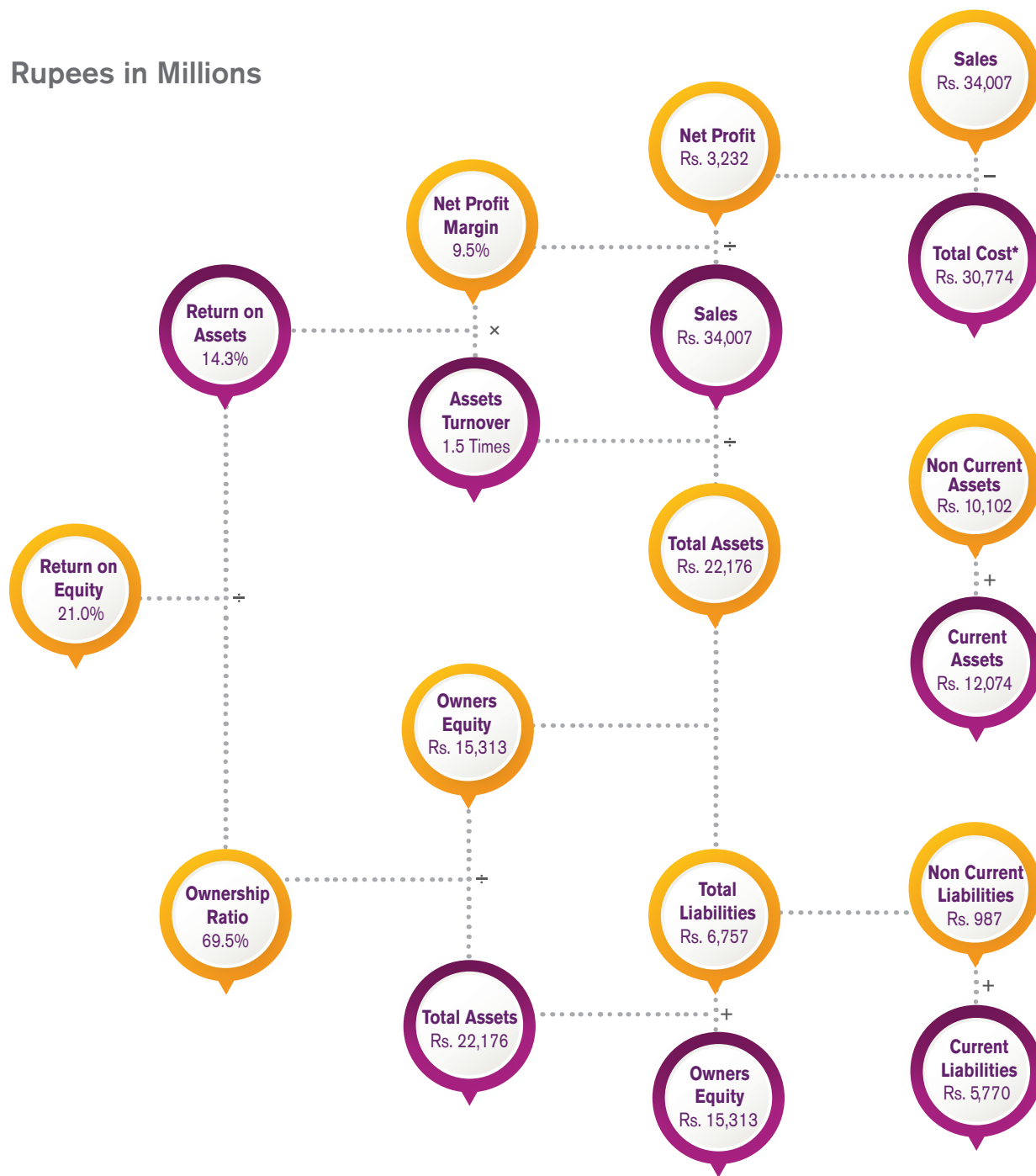
**14.7%**  
**Return on  
Capital  
Employed**  
(2017: 14.2%)

**+3.6%**

# DUPONT Analysis

For the year ended December 31, 2018

Rupees in Millions



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

# Financial Commentaries

## Comments on Profit and Loss Account

### Sales

Net sales for the year increased by 3.8% over previous year. Growth in the current period majorly contributed by Trade business vs last year. Further, this also includes Sales amounting to Rs. 4.1b (2017: Rs. 4.1 billion) to GSK CH being manufactured by the Company due to pending transfer of marketing authorisations by Drug Regulatory Authority of Pakistan ('DRAP').

### Selling and Distribution Expenses

Selling and distribution expenses during the year increased by 8.9% which is mainly attributable to Handling & Freight cost increase consequent to an average fuel price increase of around 30% vs Last year.

### Other Income

Increase in other income versus last year by 42% is mainly on account of promotional allowance received for sustainable investment in our brands and insurance recovery relating to promotional material lost due to fire incident in FY17.

### Taxation

Taxation expense declined by 23% mainly on account of reduction in corporate tax rate from 31% to 30% & super tax rate, further certain changes in tax treatment under Final tax regime (FTR).

## Comments on Balance Sheet

### Non-Current Assets

Property, plant and equipment have witnessed a marginal increase, as prior year includes major expenditure on Sterile facility, which was kept in Capital work-in-progress in FY17. During the year Sterile facility transferred to operating assets with a commercial production started in Q4 2018. Current expenditure in Capex represents investment in plant upgradation in line with current good manufacturing practices (cGMP). Additionally, Traxon IM rights amounting to Rs. 43 million got transferred to Intangibles.

### Current Assets

Increase in current assets mainly driven by increase in the balance of Cash & Cash equivalent due to better collection in the current period and prudent cash flow management. Further tax advances also marginally contributed towards the increase balance.

### Current Liabilities

Movement in current liabilities is driven due to declining trend in trade and other payables mainly due to decrease in Royalty and intercompany payable balances as a result of management swift action to manage exchange risk (EGOL) due to currency devaluation. Furthermore, provisions also showed a decline due to major severance amounting to Rs. 244m, booked in FY17, being paid in the first quarter of 2018.



## Equity

Equity increased from prior year primarily due to profits during the year which was off set by dividends and actuarial losses during the year.

## Comments on Cashflows

### Cashflows from Operating Activities

Increase in cash generation from operations majorly reflect favorable working capital changes which is materially associated with better Debtors collection vs. last year, however being offset by trade & severance payments.

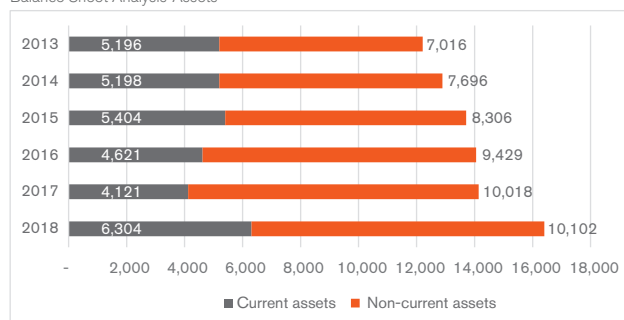
### Cashflows from Investing Activities

Net cash outflows from investing activities have decreased from prior year primarily due to major expenditure of FY17 representing amount spent on Sterile facility, which got capitalized in the current period.

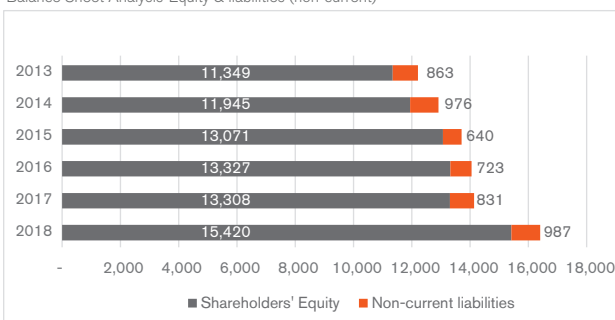
### Cashflows from Financing Activities

Cash outflow from financing activities decreased during the current year primarily on account of not having interim dividend in FY18 vs. last year.

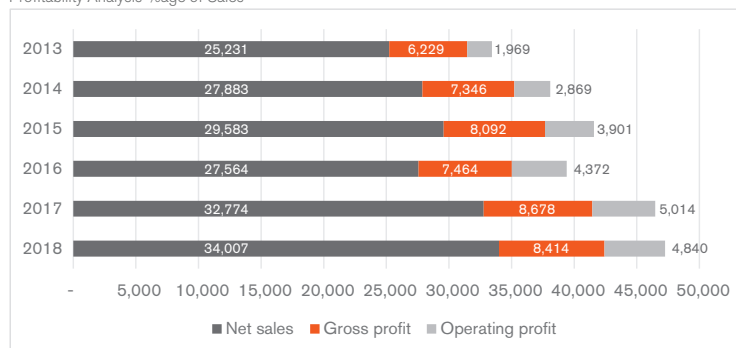
Balance Sheet Analysis-Assets



Balance Sheet Analysis-Equity & liabilities (non-current)



Profitability Analysis %age of Sales



# Financial Performance At a Glance

Rupees in millions	2018	2017
Net Sales	34,007	32,774
Gross Profit	8,414	8,678
Operating Profit	4,840	5,014
Profit Before Tax	4,692	4,925
Taxation	(1,460)	(1,898)
Profit after taxation	3,232	3,027
Dividend - cash*	2,229	2,229
- per share - Rs.	7.0	7.0
Paid-up Capital	3,185	3,185

\* Includes final cash dividend of Rs. 7.0 per share, proposed by the Board of Directors subsequent to the year end.

**Note:** FY 2018 & 2017 representing continuing operations for meaningful comparison.

# Key Performance Indicators

	Unit	2018	2017
Sales Revenue	Rs. In million	34,007	32,774
Return on Equity	%	21.0%	22.7%
Earnings per share	Rs.	10.2	9.5
Shareholders' Equity	Rs. In million	15,420	13,308
Total Assets Turnover Ratio*	Times	1.5	1.5
Current Ratio	Times	2.1	1.5
Market Capitalization	Rs. In million	35,832	53,424

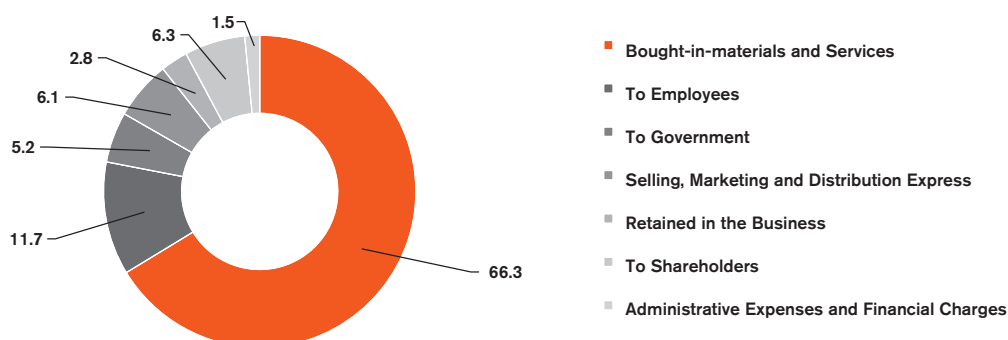
# Statement of Value Added

	2018		2017	
	Rs. 000	%	Rs. 000	%
<b>Revenue Generated</b>				
Total revenue	35,478,474	100.0	33,810,114	100.0
<b>Revenue distributed</b>				
Bought-in -materials and Services	23,522,079	66.3	21,756,436	64.3
Selling, Marketing and Distribution Expenses	2,158,188	6.1	1,974,181	5.8
Administrative Expenses and Financial Charges	544,723	1.5	434,547	1.3
<b>To Government</b>				
Income tax	1,460,195	4.1	1,898,180	5.6
Worker's funds and Central research fund	397,582	1.1	439,456	1.3
Sales tax	3793	0.0	4,913	0.0
	1,861,570	5.2	2,342,549	6.9
<b>To Employees</b>				
Salaries,Wages and other benefits	4,162,802	11.7	4,280,080	12.7
	4,162,802	11.7	4,280,080	12.7
<b>To Society</b>				
Donations	983	0.0	-	-
	983	0.0	-	-
<b>To Shareholders</b>				
Cash dividend*	2,229,271	6.3	2,229,271	6.6
	2,229,271	6.3	2,229,271	6.6
<b>Retained in the Business</b>				
	998,858	2.8	793,050	2.3
	35,478,474	100.0	33,810,114	100.0

\* Includes final cash dividend of Rs. 7.0 per share, proposed by the Board of Directors subsequent to the year end.

**Note:** FY 2018, 2017 & 2016 representing continuing operations for meaningful comparison.

Value of Investments 2018



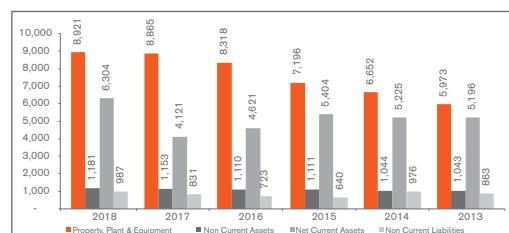
# Key Operating and Financial Data

Rupees in Million	2018	2017	2016	2015	2014	2013
<b>Balance Sheet</b>						
<b>Assets employed</b>						
Fixed Assets - tangible						
- Property, plant and equipment	8,921	8,865	8,318	7,196	6,652	5,973
Assets - intangible						
- Goodwill and MARs	1082	1,039	1,039	1,039	956	956
Long-term loans and deposits	99	114	71	72	88	87
Net current assets	6,304	4,121	4,621	5,404	5,198	5,196
Non Current Asset Held For Sale	-	-	-	-	27	-
	16,406	14,139	14,049	13,711	12,921	12,212
<b>Less: Non-Current Liabilities</b>						
Staff retirement benefits - Staff gratuity	371	294	78	16	382	251
Deferred taxation	615	537	645	624	594	612
	986	831	723	640	976	863
<b>Net assets employed</b>	15,420	13,308	13,326	13,071	11,945	11,349
<b>Financed by</b>						
Issued, subscribed and paid-up capital	3,185	3,185	3,185	3,185	3,185	2,895
Reserves	12,235	10,123	10,141	9,886	8,760	8,454
Shareholders' Equity	15,420	13,308	13,326	13,071	11,945	11,349
<b>Turnover and profit</b>	2018	2017	2016	2015	2014	2013
Net sales	34,007	32,774	27,564	29,583	27,883	25,231
Gross profit	8,414	8,678	7,464	8,092	7,346	6,229
Operating profit	4,840	5,014	4,372	3,901	2,869	1,969
Profit before taxation	4,692	4,925	4,353	3,846	2,849	1,810
Taxation	(1,460)	(1,898)	(1,708)	(1,203)	(1,162)	(748)
Profit after taxation	3,232	3,027	2,645	2,643	1,687	1,062
EBTIDA	5,396	5,739	4,929	4,349	3,293	2,323
Cash Dividend including bonus shares	2,229	2,229	1,911	1,274	1,592	1,303
Sales per employees	17,201	15,467	11,865	12,472	11,091	9,933

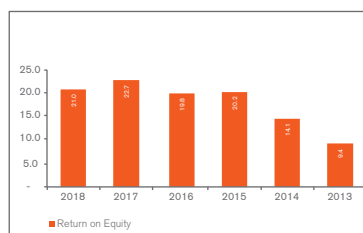
\* Includes final cash dividend of Rs. 7 per share, proposed by the Board of Directors subsequent to the year end.

**Note:** FY 2018, 2017 & 2016 representing continuing operations for meaningful comparison.

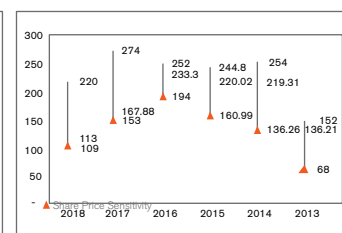
Assets and Liabilities (Rs. In Million)



Return on Equity



Share Price Sensitivity



		2018	2017	2016	2015	2014	2013
<b>Cashflows</b>							
Operating Activities	Rs. in million	3,001	2,135	4,256	3,044	2,432	1,057
Investing Activities	Rs. in million	(479)	(1,348)	(1,623)	(249)	(920)	(285)
Financing Activities	Rs. in million	(1,257)	(2,929)	(1,197)	(1,805)	(957)	(990)
Changes in Cash equivalents	Rs. in million	1,265	(2,142)	1,436	990	555	(218)
Cash and equivalents - Year end	Rs. in million	3,433	2,168	4,310*	3,642	2,652	2,097
<b>Financial Highlights</b>							
Cash dividend per share	Rupees	7.0	7.0	6.0	4.0	5.0	3.5
Bonus shares	%	-	-	-	-	-	10%
Market value per share - at year end	Rupees	112.7	167.9	233.3	220.0	219.3	136.2
Market value per share - high	Rupees	219.8	274	252	244.8	254.0	152.1
Market value per share - low	Rupees	109.4	153	194	161.0	136.3	68.0
Market price to break-up value with surplus	Times	2.3	4.0	5.6	5.4	5.8	3.5
Market capitalization	Rs. in million	35,832	53,424	74,189	70,069	69,843	39,435
Stock Dividend per share	Rupees	-	-	-	-	-	10.00
<b>Profitability Ratios</b>							
Profit before tax ratio	%	13.8	15.0	15.8	13.0	10.2	7.2
Gross Yield on Earning Assets	%	3.8	8.2	4.0	4.9	7.1	7.6
Gross Spread ratio	Times	0.4	0.3	0.4	0.3	0.2	0.2
Cost / Income ratio	Times	0.5	0.5	0.5	0.6	0.6	0.7
Return on Equity	%	21.0	22.7	19.8	20.2	14.1	9.4
Return on Capital employed	%	14.7	14.2	12.9	13.5	9.1	6.2
Gross Profit ratio	%	24.7	26.5	28.0	27.4	26.3	24.7
Net Profit to Sales	%	9.5	9.2	9.6	8.9	6.1	4.2
EBITDA Margin to Sales	%	15.9	17.5	17.9	14.7	11.8	9.2
Operating leverage ratio	Times	(1.3)	0.7	(1.9)	5.7	5.5	(2.5)
<b>Investment/Market Ratios</b>							
Earnings per share (EPS)	Rupees	10.2	9.5	8.3	8.3	5.3	3.3
Price Earnings ratio	Times	11.1	17.7	28.1	26.5	41.4	40.8
Price to Book ratio	%	0.5	0.8	1.2	1.2	1.2	0.8
Dividend Yield ratio	%	6.2	4.2	2.6	1.8	2.3	2.6
Dividend Payout ratio	Times	0.7	0.7	0.7	0.5	0.9	1.0
Dividend Cover ratio	Times	1.5	1.4	1.4	2.1	1.1	1.0
Break-up Value per share without Surplus on Revaluation of Fixed Assets	Rupees	48.4	41.8	41.8	41.0	37.5	39.2
Break-up Value per share including the effect of Surplus on Revaluation of Fixed Assets	Rupees	48.4	41.8	41.8	41.0	37.5	39.2

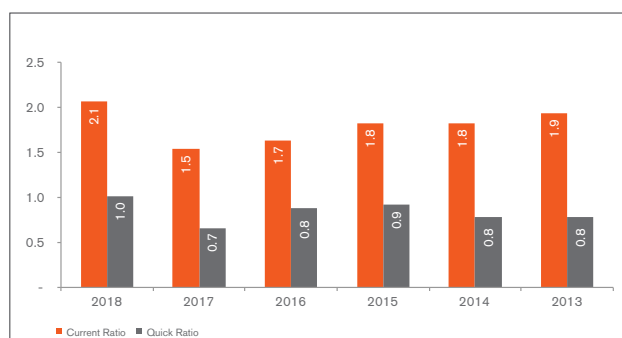
\* This includes impact of cash transferred to GSK CH.

**Note:** FY 2018, 2017 & 2016 representing continuing operations for meaningful comparison.

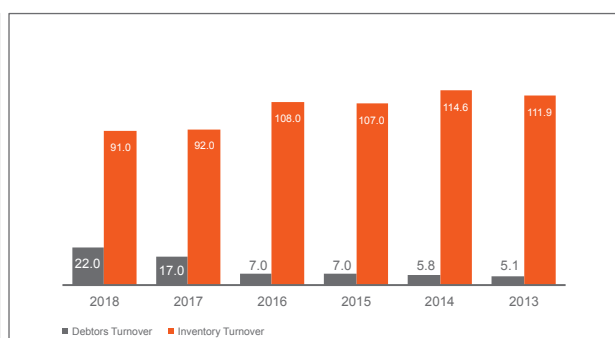
		2018	2017	2016	2015	2014	2013
<b>Capital Structure Ratios</b>							
Earning assets to total assets ratio	%	15.5	10.0	20.6	18.1	13.9	11.7
Net assets per share	Times	48.4	41.8	41.8	41.0	37.5	39.2
Debt to Equity ratio	Times	0.1	0.1	0.1	0.0	0.1	0.1
Financial leverage ratio	Times	0.4	0.6	0.6	0.5	0.6	0.6
Interest Cover ratio	Times	31.8	55.8	228.7	70.8	139.9	11.4
<b>Liquidity Ratios</b>							
Advances to Deposits ratio	Times	1.9	3.4	1.3	3.1	2.9	2.1
Current ratio	Times	2.1	1.5	1.7	1.8	1.8	1.9
Quick / Acid test ratio	Times	1.0	0.7	0.8	0.9	0.8	0.8
Cash to Current Liabilities	Times	0.6	0.3	0.6	0.6	0.4	0.4
Cash flow from Operations to Sales	%	8.8	6.5	15.4	10.3	8.7	4.2
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	4.0	4.0	3.4	3.4	3.2	3.3
No. of days in inventory	Days	91	92	108	107	115	112
Debtor turnover ratio	Times	17.2	22.7	52.5	56.1	63.0	72.1
No. of days in receivables	Days	22	17	7	7	6	5
Creditor turnover ratio	Times	13.0	12.0	8.6	10.6	10.6	10.5
No. of days in creditors	Days	29	31	43	35	34	35
Total Assets turnover ratio	Times	1.5	1.5	1.32	1.47	1.5	1.4
Fixed Assets turnover ratio	Times	3.8	3.7	3.3	4.1	4.2	4.2
Operating Cycle	Days	84	77	73	79	86	82

**Note:** FY 2018, 2017 & 2016 representing continuing operations for meaningful comparison.

Current Ratio Quick Ratio



Debtors Turnover Inventory Turnover



# Cash Flow Statement

For The Year Ended December 31, 2018

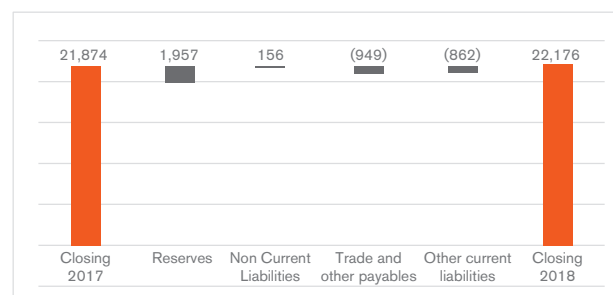
Rupees '000	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	34,705,152	30,843,591
Cash paid to suppliers / service providers	(24,044,970)	(22,244,401)
Cash paid to employees	(4,446,284)	(3,929,336)
Payment of indirect taxes and other statutory duties	(374,729)	(380,201)
Payment of royalty and technical services fee	(649,728)	(212,275)
Payment to Retirement Funds	(107,389)	(24,046)
Financial charges paid	(147,392)	(88,282)
Income tax paid	(1,948,213)	(1,787,626)
Long term deposits	14,581	(42,302)
Net cash from operating activities	3,001,028	2,135,122
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(854,547)	(1,641,919)
Proceeds from sale of operating assets	243,901	107,987
Return on investments	131,613	185,623
Net cash used in investing activities	(479,033)	(1,348,309)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(1,256,854)	(2,928,614)
Net cash used in financing activities	(1,256,854)	(2,928,614)
Net increase/(decrease) in cashflow	1,265,141	(2,141,801)
Cash transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited	-	-
Cash and cash equivalents at beginning of the year	2,167,710	4,309,511
Cash and cash equivalents at end of the year	3,432,851	2,167,710

# Horizontal Analysis

%	2018	2017	2016	2015	2014	2013
		Change from preceding year				
<b>Balance Sheet Analysis</b>						
Share Capital and Reserves	15.9	(0.1)	2.0	9.4	5.2	(0.4)
Non Current Liabilities	18.7	14.9	13.0	(34.4)	13.0	22.2
Current Liabilities	(23.9)	11.0	6.7	3.6	7.9	38.0
Total Equity and Liabilities	2.1	4.0	3.8	5.3	6.5	10.4
Non Current Assets	0.8	6.2	13.5	7.9	9.7	2.1
Current Assets	3.2	2.2	(3.0)	3.8	4.2	16.4
Total Assets	2.1	4.0	3.8	5.3	6.5	10.4
<b>Profit and Loss Analysis</b>						
Net sales	3.8	18.9	15.7	6.1	10.5	9.0
Cost of sales	6.2	19.9	15.5	4.6	8.1	11.1
Gross profit	(3.1)	16.3	16.2	10.2	17.9	3.0
Selling, marketing and distribution expenses	8.9	16.4	1.0	8.2	1.9	19.7
Administrative expenses	9.5	4.1	(2.8)	4.7	9.0	19.3
Other operating expenses	(9.5)	17.9	45.8	12.0	65.4	(20.4)
Other operating income	42.0	(0.4)	(10.2)	135.9	8.0	37.8
Operating profit	3.5)	14.7	22.5	36.0	45.7	(16.9)
Financial charges	67.0	363.9	(65.0)	167.0	(87.2)	235.1
Profit before taxation	(4.7)	13.2	23.9	35.0	57.4	(22.0)
Taxation	(23.1)	11.1	70.2	3.6	55.4	(24.9)
Profit after taxation	6.8	14.5	5.3	56.7	58.8	(19.9)

**Note:** FY 2018, 2017 & 2016 representing continuing operations for meaningful comparison.

Change in Shareholding and Liability from preceeding period



Change in Assets from preceeding year



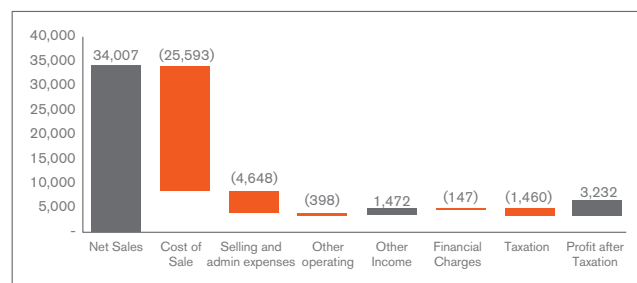


# Vertical Analysis

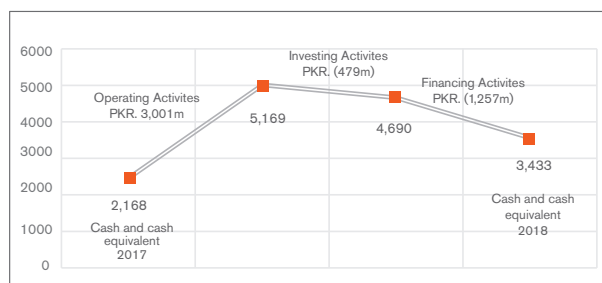
%	2018	2017	2016	2015	2014	2013
<b>Balance Sheet Analysis%</b>						
Share Capital and Reserves	69.5	61.3	63.8	65.0	62.5	63.3
Non Current Liabilities	4.4	3.8	3.5	3.2	5.1	4.8
Current Liabilities	26.0	34.9	32.7	31.8	32.4	31.9
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non Current Assets	45.6	46.1	45.2	41.3	40.3	39.1
Current Assets	54.4	53.9	54.8	58.7	59.6	60.9
Total Assets	100.0	100.0	100.0	100.0	99.9	100.0
<b>Profit and Loss Analysis (%)</b>						
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	75.3	73.5	72.9	72.6	73.7	75.3
Gross profit	24.7	26.5	27.1	27.4	26.3	24.7
Selling, marketing and distribution expenses	10.5	10.0	10.2	13.5	13.3	14.4
Administrative expenses	3.2	3.0	3.4	3.6	3.7	3.7
Other operating expenses	1.2	1.3	1.4	1.0	0.9	0.6
Other operating income	4.3	3.2	3.8	3.9	1.8	1.8
Operating profit	14.2	15.3	15.9	13.2	10.3	7.8
Financial charges	0.4	0.3	0.1	0.2	0.1	0.6
Profit before taxation	13.8	15.0	15.8	13.0	10.2	7.2
Taxation	4.3	5.8	6.2	4.1	4.2	3.0
Profit after taxation	9.5	9.2	9.6	8.9	6.1	4.2

**Note:** FY 2018, 2017 & 2016 representing continuing operations for meaningful comparison.

Profit and Loss Statement for the year



Cash Flow Statement



# Statement of Compliance

## with Listed Companies (Code of Corporate Governance) Regulations, 2017

### Year ending December 31, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 7 as per the following:
  - a) Male: 6
  - b) Female: 1
2. The composition of the Board is as follows:

Category	Name
Independent Director	▪ Maheen Rahman
Executive Directors	▪ M. Azizul Huq ▪ Abdul Samad
Non-Executive Directors	▪ Mehmood Mandviwalla ▪ Andrew Aristidou ▪ Mark Dawson ▪ Sohail Ahmed

\* Ms. Maheen Rahman was appointed as Independent Director of GSK Pakistan Limited with effect from December 05, 2018.

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the Meetings of the Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. On an overall basis, our Directors taken as a whole are compliant with the requirements of the Directors' Training Programme contained in the regulations.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements of the company before approval of the Board.
12. The Board has formed committees comprising of members given below:
  - a) Audit Committee
    - i. Ms. Maheen Rahman\* - Chairman
    - ii. Mr. Mark Dawson
    - iii. Mr Andrew Aristidou
    - iv. Mr. Mehmood Mandviwalla
  - b) HR and Remuneration Committee
    - i. Mr. Mehmood Mandviwalla - Chairman
    - ii. Mr. Mr Andrew Aristidou
    - iii. Ms. Maheen Rahman\*
    - iv. Mr. M Azizul Huq
  - c) Risk Management Committee
    - i. RMCB – consisting of Management Team

\*Ms. Maheen Rahman appointed as Independent Director on December 05, 2018 and Chairman of the Audit Committee, and the HR and Remuneration Committee with effect from March 04, 2019. Prior to her appointment as Chairman of both the committees, an Independent Director served as Chairman Audit Committee till August 2018 and a Non-executive Director as the Chairman HR and Remunerations Committee due to unexpected resignation of the said Independent Director. The Company has appointed another Independent Director within statutory timelines.

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of the meetings (quarterly/half yearly/yearly) of the committees were as per following:

- |  |             |
|--|-------------|
| a) Audit Committee                           | Quarterly   |
| b) HR and Remuneration Committee             | 1st Quarter |
| c) Risk Management Committee (if applicable) | Quarterly   |

15. The Board has outsourced the internal audit function to Ernst & Young Ford Rhodes, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. 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, and registered with Audit Oversight Board of Pakistan, 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



**Andrew Aristidou**

Chairman  
March 04, 2019

# Review Report

## on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of GlaxoSmithKline Pakistan Limited for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph referred below where these are stated in the annexed Statement of Compliance:

Paragraph Reference	Description
12	Ms. Maheen Rahman appointed as Independent Director on December 05, 2018 and Chairman of the Audit Committee, and the HR and Remuneration Committee with effect from March 04, 2019. Prior to her appointment as Chairman of both the committees, an Independent Director served as Chairman Audit Committee till August 2018 and a Non-executive Director as the Chairman HR and Remunerations Committee due to unexpected resignation of the said Independent Director. The Company has appointed another Independent Director within statutory timelines.

*Deloitte Yousuf Adil*

**Deloitte Yousuf Adil & Co.**

Chartered Accountants

Karachi

Dated: March 29, 2019

# Auditors' Report to the Members

## Opinion

We have audited the annexed financial statements of GlaxoSmithKline Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No	Key audit matters	How the matter was addressed in our audit
1	<p><b>Carrying value of intangible asset - goodwill</b></p> <p>Refer to note 5 to the financial statements.</p> <p>The Company has an intangible asset of goodwill having carrying value of Rs. 955 million (2017: Rs.955 million) at year end.</p> <p>This arose on acquisition of Bristol-Myers Squibb (BMS) by the Company through local arrangements. BMS had ceased its operations in Pakistan and all of the products received from BMS on acquisition were continued by the Company with the label of GSK in Pakistan.</p>	<p>In response to this matter, we performed the following procedures:</p> <ul style="list-style-type: none"><li>- Obtained understanding and evaluated management's key controls over the impairment assessment process.</li><li>- Obtained management's future cash flow forecasts and tested arithmetical accuracy of underlying value-in-use calculations.</li></ul>

S. No	Key audit matters	How the matter was addressed in our audit
	<p>The Company is required to perform impairment assessment of its goodwill at least annually, as it has an indefinite useful life.</p> <p>For the purpose of performing impairment assessments, management has allocated goodwill to appropriate cash generating units ("CGUs"). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows. Management concluded that goodwill was not impaired as of December 31, 2018.</p> <p>We focused on this area as the assessments made by management involved significant estimates and judgments, including sales growth rates, gross profit margin, net profit margin and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.</p>	<ul style="list-style-type: none"> <li>- Assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, gross profit margin, net profit margin, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to economic growth forecasts from available external sources. We also engaged our internal experts to assist us in assessing the reasonableness of the key assumptions used by management.</li> <li>- Performed sensitivity analysis around discount rate, to ascertain that selected adverse changes to discount rate would not cause the carrying amount of goodwill to exceed the recoverable amount.</li> </ul>
2	<p><b>Valuation of stock in trade</b></p> <p>Refer to note 8 to the financial statements.</p> <p>As at December 31, 2018, the Company's gross carrying amount of stock in trade amounts to Rs. 6,321.651 million against which adjustment for provision for obsolete slowing/obsolete stock of Rs. 377.601 million has been recorded.</p> <p>We identified valuation of stock-in-trade as a key audit matter as it involves significant management judgement with respect to standard costs of production, variances from standard costs and costs to complete and sell products in determining net realizable value and resultant carrying value of stock in trade.</p>	<p>In this respect, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of procedures followed by the Company with respect to valuation of stock in trade;</li> <li>- Assessed appropriateness of the Company's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards;</li> <li>- Tested purchases of raw materials and other inputs comprising production costs, through examination of third party invoices, goods receipt notes and other underlying records;</li> <li>- Obtained standard cost estimates, recomputed variances (to standard costs) and compared them to recorded variances, to arrive at actual manufacturing costs;</li> <li>- Recomputed costs of variances relating to ending stock in order to arrive at actual costs of stock in trade at year end;</li> <li>- Obtained an understanding and assessed reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and</li> <li>- Compared the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to value stock in trade in accordance with the accounting policy.</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
3	<p><b>Tax related litigations and contingencies</b></p> <p>Refer to note 23.1 (b) and (c) to the financial statements.</p> <p>The Company has litigation cases in respect of income tax and sales tax matters, which are pending at various forums including Honorable High Court of Sindh, Commissioner Inland Revenue (Appeals) (CIR(A)) and Appellate Tribunal Inland Revenue (ATIR).</p> <p>Matters under litigation require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such litigation matters. Further, management also has a practice of consulting their legal and tax experts on the matters before deciding on the significant tax matters.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to tax contingencies as a key audit matter.</p>	<p>In this respect, we performed following audit procedures:</p> <ul style="list-style-type: none"> <li>- Obtained and reviewed details of the pending litigations and discussed the same with the Company's management.</li> <li>- Reviewed correspondence relating to a sample of pending tax assessments of the Company with the relevant authorities including judgments or orders passed by the competent authorities / courts of law in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>- Obtained confirmations from the Company's external legal and tax counsels for their views on open tax assessments and legal cases;</li> <li>- Involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluated the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and</li> <li>- Reviewed disclosures made in respect of these litigations in the financial statements.</li> </ul>

### Information Other than the financial statements and the Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report of the Company for the year ended December 31, 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered



material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

### **Other matter**

The financial statements of the Company for the year ended December 31, 2017 were audited by another firm of chartered accountants who issued an unmodified opinion dated March 22, 2018 thereon.

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

*Nadeem Yousuf Adil*

**Deloitte Yousuf Adil & Co.**

Chartered Accountants

Karachi

Dated: March 29, 2019



# Financial Report



# Statement of Financial Position


As at December 31, 2018

Rupees '000	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	8,921,205	8,865,334
Intangibles	5	1,082,072	1,039,072
Long-term loans to employees	6	80,785	91,422
Long-term deposits		18,260	22,204
		10,102,322	10,018,032
<b>Current assets</b>			
Stores and spares	7	270,451	219,613
Stock-in-trade	8	5,944,050	6,082,218
Trade debts	9	1,594,900	2,362,703
Loans and advances	10	247,788	453,116
Trade deposits and prepayments	11	132,887	131,920
Interest accrued		1,321	3,182
Taxation - payments less provision		50,972	-
Refunds due from Government	12	44,271	30,113
Other receivables	13	354,534	251,325
Investments - at amortised cost	14	247,840	348,810
Cash and bank balances	15	3,185,011	1,818,900
		12,074,025	11,701,900
<b>Assets of disposal groups classified as held for sale / disposal</b>	16	-	154,000
<b>Total assets</b>		22,176,347	21,873,932
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	3,184,672	3,184,672
Reserves	18	12,234,778	10,277,185
		15,419,450	13,461,857
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits	19	370,799	294,031
Deferred taxation	20	615,887	536,886
		986,686	830,917
<b>Current liabilities</b>			
Trade and other payables	21	5,607,688	6,556,260
Taxation - provision less payments		-	542,221
Provisions	22	74,602	411,771
Unclaimed dividend		87,921	70,906
		5,770,211	7,581,158
<b>Liabilities directly associated with disposal groups classified as held for sale / disposal</b>	16	-	-
<b>Total liabilities</b>		6,756,897	8,412,075
<b>Total equity and liabilities</b>		22,176,347	21,873,932
<b>Contingencies and commitments</b>			
	23		

The annexed notes 1 to 48 form an integral part of these financial statements.



**M. Azizul Haq**  
Chief Executive



**Abdul Samad**  
Chief Financial Officer



**Sohail Matin**  
Director

# Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2018

Rupees '000	Note	2018	2017
<b>Continuing operations:</b>			
Net sales	24	34,006,840	32,773,770
Cost of sales	25	(25,593,240)	(24,095,384)
Gross profit		8,413,600	8,678,386
Selling, marketing and distribution expenses	26	(3,571,512)	(3,278,792)
Administrative expenses	27	(1,076,631)	(982,786)
Other operating expenses	28	(397,582)	(439,456)
Other income	29	1,471,634	1,036,344
Operating profit		4,839,509	5,013,696
Financial charges	30	(147,392)	(88,282)
Profit before taxation		4,692,117	4,925,414
Taxation	31	(1,460,195)	(1,898,180)
Profit after taxation from continuing operations		3,231,922	3,027,234
<b>Discontinued operations:</b>			
Profit / (loss) after taxation from discontinued operations	16	26,029	(46,211)
Profit for the year		3,257,951	2,981,023
<b>Other comprehensive loss</b>			
Items that will not be reclassified to statement of profit or loss account			
Remeasurement of staff retirement benefits		(36,634)	(267,816)
Impact of taxation		10,145	72,071
		(26,489)	(195,745)
<b>Total comprehensive income</b>		<b>3,231,462</b>	<b>2,785,278</b>
Earnings / (loss) per share	32		
- continuing operations		Rs. 10.15	Rs. 9.51
- discontinued operations		Re. 0.08	Re. (0.15)
		<b>Rs. 10.23</b>	<b>Rs. 9.36</b>

The annexed notes 1 to 48 form an integral part of these financial statements.



**M. Azizul Haq**  
Chief Executive



**Abdul Samad**  
Chief Financial Officer



**Sohail Matin**  
Director


# Statement of Changes in Equity

For the year ended December 31, 2018

Rupees '000	Share capital	Capital reserve Reserve arising on Schemes of Arrangements	Revenue reserves		Total
			General reserve	Unappropriated profit	
Balance as at January 1, 2017	3,184,672	1,126,923	3,999,970	5,231,220	13,542,785
Final dividend for the year ended December 31, 2016 @ Rs. 6 per share	-	-	-	(1,910,804)	(1,910,804)
Interim dividend for the year ended December 31, 2017 @ Rs. 3 per share	-	-	-	(955,402)	(955,402)
Profit after taxation for the year ended December 31, 2017	-	-	-	2,981,023	2,981,023
Remeasurement of staff retirement benefits - net of tax	-	-	-	(195,745)	(195,745)
Total comprehensive income for the year ended December 31, 2017	-	-	-	2,785,278	2,785,278
Balance as at December 31, 2017	3,184,672	1,126,923	3,999,970	5,150,292	13,461,857
Final dividend for the year ended December 31, 2017 @ Rs. 4 per share	-	-	-	(1,273,869)	(1,273,869)
Profit after taxation for the year ended December 31, 2018	-	-	-	3,257,951	3,257,951
Remeasurement of staff retirement benefits - net of tax	-	-	-	(26,489)	(26,489)
Total comprehensive income for the year ended December 31, 2018	-	-	-	3,231,462	3,231,462
Balance as at December 31, 2018	3,184,672	1,126,923	3,999,970	7,107,885	15,419,450

The annexed notes 1 to 48 form an integral part of these financial statements.

  
**M. Azizul Haq**  
 Chief Executive

  
**Abdul Samad**  
 Chief Financial Officer

  
**Sohail Matin**  
 Director

# Statement of Cash Flows

For the year ended December 31, 2018

Rupees '000	Note	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations including discontinued operations	33	5,042,058	3,989,096
Staff retirement benefits paid		(107,398)	(24,046)
Income taxes paid		(1,948,213)	(1,787,626)
Decrease / (increase) in long-term loans to employees and long-term deposits		14,581	(42,302)
Net cash generated from operating activities		3,001,028	2,135,122
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(854,547)	(1,641,919)
Proceeds from sale of operating assets		243,901	107,987
Return received		131,613	185,623
Net cash used in investing activities		(479,033)	(1,348,309)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,256,854)	(2,928,614)
Net increase / (decrease) in cash and cash equivalents		1,265,141	(2,141,801)
Cash and cash equivalents at beginning of the year		2,167,710	4,309,511
Cash and cash equivalents at end of the year	34	3,432,851	2,167,710

The annexed notes 1 to 48 form an integral part of these financial statements.



**M. Azizul Haq**  
Chief Executive



**Abdul Samad**  
Chief Financial Officer



**Sohail Matin**  
Director

# Notes to the Financial Statements

For the year ended December 31, 2018

## 1. THE COMPANY AND ITS OPERATIONS

GlaxoSmithKline Pakistan Limited (the Company) is incorporated in Pakistan as a limited liability company and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 35 - Dockyard Road, West Wharf, Karachi, Sindh. It is engaged in manufacturing and marketing of research based ethical specialties and pharmaceutical products.

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

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

## 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

The Company's financial position and performance was particularly not affected by any significant transactions and events occurred during the year.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Basis of preparation

#### 3.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IFRSs, the provisions of and directives issued under the Act have been followed.

The Act was enacted on May 30, 2017, and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan (the SECP) notified through Circular no. 23 of 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, the Company has considered the requirements of the Act in the preparation of these financial statements.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company, management assessment of sufficiency of tax provision in the financial statements, change in threshold for identification of executives, additional disclosure requirements for related parties etc.



### 3.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan 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 (note 3.4 and 19)
- ii) Depreciation and impairment of non-current assets (note 3.10 and 3.11)
- iii) Provision for obsolete and slow moving stock (note 3.14 and 8)
- iv) Allowance for impairment of trade debts (note 3.15 and 9)
- v) Taxation (note 3.6 and 31)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

### 3.2 Amendments to published approved accounting standards that are effective for the year ended December 31, 2018

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

#### 3.2.1 Changes in accounting policies due to early adoption of certain standards

The Company early adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from January 01, 2018. Consequently, the following changes in accounting policies have taken place effective from January 01, 2018:

##### (a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. There is no material impact of adoption of IFRS 9 on opening equity of the Company.

The impact of the adoption of IFRS 9 has been in the following areas:

##### (i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the year ended December 31, 2018 other than that loans and receivables and held to maturity investments are classified under the category of amortised cost. Under IFRS 9, the classification of financial assets is based on the objective of the entity's business model that is the Company's objective is to hold assets only to collect cash flows, or to collect cash flows and to sell ("the Business Model test") and the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding ("the SPPI test").

## **(ii) Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended December 31, 2018.

## **(iii) Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs.

### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

### **Presentation of impairment**

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### **Impact of the new impairment model**

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at January 01, 2018 does not have a material impact on provision for doubtful debts measured under IAS 39.

## **(b) IFRS 15 - Revenue from contracts with customers**

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 provides a single, principle-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has early adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the year ended December 31, 2018.

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

Certain amendments and interpretations became effective that are mandatory for accounting periods beginning on or after January 01, 2018. However, these are not relevant for the Company's financial statements except for the following amendments which have not materially impacted on the financial reporting of the Company:

- Amendments to IFRS 2 'Share-based Payment': Clarification of the classification and measurement of share-based payment transactions.

Certain annual improvements have also been made to a number of IFRSs, which did not have significant impact on the financial reporting of the Company, and therefore, have not been detailed here.

The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of financial statements which have been disclosed in note 3.1.1 of these financial statements.

### 3.2.3 New accounting standards and IFRS interpretations that are not yet effective but relevant

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

	<b>Effective from accounting period beginning on or after</b>
- IFRS 16 'Leases'	January 01, 2019
- Amendments to IFRS 9 'Financial Instruments' Prepayment features with negative compensation	January 01, 2019
- Amendments to IAS 19 'Employee Benefits' Plan amendment, curtailment or settlement	January 01, 2019
- IFRIC 23 'Uncertainty over Income Tax Treatments'. Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'	January 01, 2019
- Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies the definition of 'Material' and aligns the definition used in the Conceptual Framework and the Standards	January 01, 2020

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

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

### 3.3 Overall valuation policy

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

### 3.4 Staff retirement benefits

#### 3.4.1 The Company operates an approved funded gratuity plan (the Plan) for its permanent employees.

Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

Actuarial gain or loss (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

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

**3.4.2** The Company also operates approved contributory provident funds for all its permanent employees. Equal monthly contributions are made both by the Company and the employee at the rate of 10% per annum of the basic salary.

### **3.5 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.

### **3.6 Taxation**

#### **3.6.1 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.

#### **3.6.2 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 statement of profit or loss except for deferred tax arising on remeasurements of retirement benefits obligations which is recognised in other comprehensive income.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates enacted or substantively enacted at the reporting date.

### **3.7 Trade and other payables**

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

### **3.8 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. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

### **3.9 Share Capital**

Ordinary shares are classified as equity and are recorded at their face value.

### **3.10 Property, plant and equipment**

#### **(i) Operating assets**

Operating assets 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 fixed assets 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the year in which they are incurred.

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

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the assets are reviewed and adjusted, if appropriate annually.

## **(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.

### **3.11 Impairment of non-financial assets**

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 statement of profit or loss and other comprehensive income.

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.

### **3.12 Intangibles**

#### **3.12.1 Goodwill**

In a business combination, goodwill is recognised at the acquisition date and measured at the fair value of consideration paid less the fair value of net assets acquired. After initial recognition, it is carried at cost less accumulated impairment, if any. Goodwill is assessed annually for impairment.

#### **3.12.2 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.

### **3.13 Stores and spares**

These are valued at lower of cost, determined using weighted average method, and net realisable value, less provision for obsolete items (if any). Items in transit are valued at cost comprising invoice value plus other charges incurred thereon upto the reporting date. Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

### **3.14 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 necessary to be incurred to make the sale.

### **3.15 Trade debts, loans and other receivables**

Trade debts, loans and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade debts, loans and other receivables in foreign currency are added to their respective carrying amounts.

### **3.16 Investments at amortised cost**

These are investments which meet the following criteria:

- these are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These are initially recognised at fair value which is equal to amount of consideration paid at the time of acquisition and subsequently carried at amortised cost.

### **3.17 Assets held for sale / disposal**

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 sale of such assets and their sale is highly probable.

The Company measures its 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.

### **3.18 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position 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.

### **3.19 Foreign currency transactions and translation**

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

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

### 3.20 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods, scrap sales or service fee is recognised when or as control of goods or services have been transferred to a customer either over time or at a point in time, when the performance obligations are met.
- Returns on saving accounts, deposit accounts and investments at amortised cost are recognised using effective interest rate method.
- Insurance commission is recognised when performance obligations are met.
- Promotional allowance is recognised when the right to receive the allowance is established.

### 3.21 Financial assets and liabilities

#### a) Initial Recognition

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

#### b) i). Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

#### ii). Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

### **c) Subsequent measurement**

#### **i). Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

#### **ii). Financial assets and liabilities at amortised cost**

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

#### **iii). Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

### **d) Impairment of financial assets at amortised cost**

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 3.2.1.

### **e) Derecognition**

#### **i). Financial assets**

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

#### **ii). Financial liabilities**

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## **3.22 Off-setting of financial assets and liabilities**

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



### 3.23 Dividend and appropriation to/from reserves

Dividend distribution to the Company's shareholders and appropriations to/from reserves is recognised in the period in which these are approved.

### 3.24 Share based payments

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

### 3.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM) who is responsible for allocating resources and assessing performance of the operating segments. The management has determined that the Company has a single reportable segment as the CODM views the Company's operations as one reportable segment.

### 3.26 Earnings per Share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Rupees '000	Note	2018	2017
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	4.1	8,308,401	6,270,004
Major spare parts and stand-by equipments	4.3	111,407	107,860
Capital work-in-progress	4.4	501,397	2,487,470
		<u>8,921,205</u>	<u>8,865,334</u>

## 4.1 Operating assets

	Leaserhold land	Building on leasehold land	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
Rupees '000							
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2018</b>							
Opening net book value (NBV)	280,662	1,433,553	3,625,611	135,859	403,218	391,101	6,270,004
Additions (at cost)	-	754,780	1,742,960	40,856	176,638	126,621	2,841,855
Disposals							
- Cost	(-)	(604)	(63,784)	(2,648)	(120,535)	(71,251)	(258,822)
- Accumulated depreciation	-	497	30,799	2,599	69,783	30,134	133,812
- Accumulated impairment	-	60	31,350	8	-	972	32,390
Disposals (at NBV)	-	(47)	(1,635)	(41)	(50,752)	(40,145)	(92,620)
Depreciation charge	(5,149)	(63,862)	(373,511)	(25,191)	(121,024)	(81,085)	(669,822)
Impairment charge	-	(4,983)	(32,948)	(535)	-	(2,550)	(41,016)
<b>Closing net book value</b>	<b>275,513</b>	<b>2,119,441</b>	<b>4,960,477</b>	<b>150,948</b>	<b>408,080</b>	<b>393,942</b>	<b>8,308,401</b>
<b>Gross carrying value basis</b>							
<b>At December 31, 2018</b>							
Cost	331,167	2,713,871	8,286,415	357,229	739,701	1,024,123	13,452,506
Accumulated depreciation	(55,654)	(583,806)	(3,059,575)	(205,334)	(331,621)	(628,465)	(4,864,455)
Accumulated impairment	-	(10,624)	(266,363)	(947)	-	(1,716)	(279,650)
<b>Net book value</b>	<b>275,513</b>	<b>2,119,441</b>	<b>4,960,477</b>	<b>150,948</b>	<b>408,080</b>	<b>393,942</b>	<b>8,308,401</b>
Depreciation rate % per annum	1 to 2.5	2.5	5 to 6.67	10	25	10 to 33.33	
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2017</b>							
Opening net book value (NBV)	319,315	1,400,264	3,084,209	140,464	353,850	296,756	5,594,858
Additions (at cost)	-	150,495	995,118	49,710	215,902	139,241	1,550,466
Disposals							
- Cost	(-)	(286)	(74,010)	(3,030)	(172,982)	(23,694)	(274,002)
- Accumulated depreciation	-	63	56,104	1,507	123,312	9,871	190,857
- Accumulated impairment	-	-	13,082	-	-	15	13,097
Disposals (at NBV)	-	(223)	(4,824)	(1,523)	(49,670)	(13,808)	(70,048)
Transfers	(33,418)	(63,142)	82,576	(29,557)	(2,861)	46,402	-
Depreciation charge	(5,235)	(47,500)	(315,015)	(22,619)	(114,003)	(76,843)	(581,215)
Impairment charge	-	(6,231)	(214,796)	(265)	-	(225)	(221,517)
Write offs	-	(110)	(1,657)	(351)	-	(422)	(2,540)
<b>Closing net book value</b>	<b>280,662</b>	<b>1,433,553</b>	<b>3,625,611</b>	<b>135,859</b>	<b>403,218</b>	<b>391,101</b>	<b>6,270,004</b>
<b>Gross carrying value basis</b>							
<b>At December 31, 2017</b>							
Cost	331,167	1,959,695	6,607,239	319,021	683,598	968,753	10,869,473
Accumulated depreciation	(50,505)	(520,441)	(2,716,863)	(182,742)	(280,380)	(577,514)	(4,328,445)
Accumulated impairment	-	(5,701)	(264,765)	(420)	-	(138)	(271,024)
<b>Net book value</b>	<b>280,662</b>	<b>1,433,553</b>	<b>3,625,611</b>	<b>135,859</b>	<b>403,218</b>	<b>391,101</b>	<b>6,270,004</b>
Depreciation rate % per annum	1 to 2.5	2.5	5 to 6.67	10	25	10 to 33.33	

#### 4.2 Details of assets sold, having net book value in excess of Rs. 500,000 are as follows:

Description	Cost	Accumulated depreciation and impairment	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchaser
Rupees '000							
Plant & machinery	1,016	356	660	252	(408)	Tender	M/s Shakoor Brothers - Plot No. SA-6, Street No. 4, Sector-27, Korangi Industrial Area, Karachi
Motor vehicles	5,329	1,855	3,474	5,159	1,685	"	M/s Honda Quaideen - 233-A/2, PECHS, Karachi
"	3,542	1,101	2,441	3,759	1,318	"	Mr. Syed Riaz Ahmed - House No. A - 216, Block No. 3, Gulshan-e-Iqbal, Karachi
"	1,365	746	619	1,130	511	"	Mr. Munawar Hayat Khan - C-187, Street No. 14, Block - C, Sher Shah Colony, Karachi
"	1,788	726	1,062	1,829	767	"	Mr. Farooq Patel - Flat No. A-5, Al Suleman Arcade, Jacob Line, Karachi
"	2,647	910	1,737	2,650	913	Company policy	Mr. Ahmad Ali Zia - Ex - Director Human Resources
"	5,257	1,725	3,532	5,650	2,118	"	Mr. Ahmad Ali Zia - Ex - Director Human Resources
"	2,564	1,683	881	1,502	621	"	Ms. Farheen Ali - Executive
"	1,739	978	761	860	99	"	Mr. Abbas Haider Rizvi - Ex - Executive
"	974	446	528	570	42	"	Mr. Muhammad Mohsin - Ex - Executive
"	2,577	1,289	1,288	1,620	332	"	Mr. Khurram Amjad - Director Commercial Excellence and CTC
"	1,315	616	699	665	(34)	"	Mr. Shakir Ali Khan - Ex - Executive
"	1,858	1,132	726	914	188	"	Mr. Sajid Hussain - Ex - Executive
"	2,531	949	1,582	2,200	618	"	Mr. Siraj Amanullah Lawai - Ex - Executive
"	5,749	4,311	1,438	3,449	2,011	"	Mr. Syed Azeem Abbas Naqvi - Director Legal
"	1,783	1,142	641	1,052	411	"	Mr. Yasir Adnan - Executive
"	4,856	2,276	2,580	3,570	990	"	Mr. Muhammad Arif Tahir - Ex - Director CTC
"	1,863	669	1,194	1,758	564	"	Mr. Irshad Us Sami - Executive
"	1,727	809	918	1,485	567	"	Ms. Mashal Mohammad - Executive
"	2,088	1,566	522	522	-	"	Mr. Abdul Haseeb Pirzada - Director Corporate Affairs and Administration
"	1,783	1,142	641	1,070	429	"	Mr. Khurram Rafiq Ahmed - Executive
"	1,788	698	1,090	1,110	20	"	Mr. Afzal Siddiqui - Ex - Executive
"	1,789	559	1,230	1,758	528	"	Mr. Hamadullah Kalhoro - Executive
"	1,768	663	1,105	1,061	(44)	"	Mr. Akbar Ali - Ex - Executive
"	7,877	5,908	1,969	1,969	-	"	Mr. Rizwan Ahmed Khokhar - Ex - Executive
"	2,454	1,841	613	613	-	"	Mr. Imtiaz Hussain - Executive
"	1,735	488	1,247	1,596	349	"	Mr. Usman Bin Rizwan - Executive
"	2,399	1,799	600	600	-	"	Mr. Faisal Sultan - Executive
"	1,788	782	1,006	894	(112)	"	Mr. Shujat Ali - Ex - Executive
"	1,789	531	1,258	1,140	(118)	"	Mr. Abdul Wahid - Ex - Executive
"	1,788	670	1,118	1,073	(45)	"	Mr. Salim Khambaty - Ex - Executive
"	1,735	569	1,166	975	(191)	"	Mr. Najam Ur Rehman - Ex - Executive
"	1,788	447	1,341	1,050	(291)	"	Mr. Shaikh Ahmed - Ex - Executive
"	1,735	379	1,356	1,035	(321)	"	Mr. Abdul Rauf - Ex - Executive
"	1,859	145	1,714	1,107	(607)	"	Mr. M Shahzad Akhtar - Ex - Executive
Total	<u>86,643</u>	<u>41,906</u>	<u>44,737</u>	<u>57,647</u>	<u>12,910</u>		

Rupees '000	2018	2017
<b>4.3 Major spare parts and stand-by equipments</b>		
Balance at beginning of the year	107,860	89,383
Additions during the year	26,036	55,641
Transfers made during the year	(22,489)	(37,164)
Balance at end of the year	111,407	107,860
<b>4.4 Capital work-in-progress</b>		
Civil work	35,609	612,377
Plant and machinery	293,906	1,716,205
Furniture and fixtures	5,677	8,014
Office equipments	87,044	13,637
Advances to suppliers - note 4.4.2	79,161	137,237
	501,397	2,487,470

**4.4.1** Capital work-in-progress is net off of accumulated impairment of Rs. 12.15 million (2017: Rs. 63.33 million).

**4.4.2** The advances to suppliers do not carry any interest or mark up.

**4.5 Particulars of immovable property in the name of the Company are as follows:**

Location	Usage	Total Area (In sq. metres)
- F-268, S.I.T.E., Near Labour Square, Karachi	Manufacturing	43,083
- Plot No. 5, Sector 21, Korangi Industrial Area, Karachi	Manufacturing	31,587
- B-63, Estate Avenue, S.I.T.E., Karachi	Sales office	4,168
- B-65, Estate Avenue, S.I.T.E., Karachi	Sales office	4,128
- Plot No. 77/80, Block-B, Akhuwat Naghar, Airport Road, Sukkur	Not in use	2,499
- Islam-ud-din House, Mehmood Kot, Bosan Road, Multan	Sales office	1,796
- Cordeiro House, Plot No. 27 - Kot Lakhpat Industrial Estate, Kot Lakhpat, Lahore	Sales office	195
- Aleem House, Plot No. 409, Sector I-9, Industrial Area, Islamabad	Sales office	4,645
- Nasir Pur, Near Abd Floor Mill, G. T. Road, Peshawar	Not in use	6,576

Rupees '000	2018	2017
<b>5. INTANGIBLES</b>		
Market authorisation rights - note 5.1	126,330	83,330
Goodwill	955,742	955,742
	<u>1,082,072</u>	<u>1,039,072</u>

**5.1** This includes Rs. 40.3 million (2017: 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 and Rs. 86 million (2017: Rs. 43 million) paid as consideration for acquiring market authorisation rights of Traxon from Akhai Pharmaceuticals (Private) Limited.

**5.2** 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:

<b>Valuation basis</b>	Value in use
<b>Key assumptions</b>	Sales growth rates
	Discount rate
<b>Determination of assumptions</b>	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.
<b>Terminal growth rate</b>	4%
<b>Period of specific projected cash flows</b>	5 years
<b>Discount rate</b>	20%

The valuation indicates sufficient headroom such that a 1% change in the terminal growth and discount rate has not resulted in an impairment of the related intangibles.

Rupees '000	2018	2017
<b>6. LONG - TERM LOANS TO EMPLOYEES</b>		
Secured - Considered good - note 6.1	135,341	142,753
Less: Recoverable within one year - note 10	(54,556)	(51,331)
	<u>80,785</u>	<u>91,422</u>

- 6.1** 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 (2017: 5% to 8% per annum). All loans are secured against the retirement fund balances.

Rupees '000	2018	2017
<b>7. STORES AND SPARES</b>		
Stores and spares	287,598	247,123
Less: Provision for slow moving and obsolete stores and spares	(17,147)	(27,510)
	<u>270,451</u>	<u>219,613</u>
<b>8. STOCK-IN-TRADE</b>		
Raw and packing materials including in transit Rs. 476.6 million (2017: Rs. 1.06 billion)	2,908,577	3,528,994
Work-in-process	535,881	566,707
Finished goods including in transit Rs. 487.37 million (2017: Rs. 353.09 million)	2,877,193	2,304,420
	<u>6,321,651</u>	<u>6,400,121</u>
Less: Provision for slow moving, obsolete and damaged items - note 8.3	(377,601)	(317,903)
	<u>5,944,050</u>	<u>6,082,218</u>
<b>8.1 Details of stock-in-trade held with the third parties is as follows:</b>		
<b>For use in third party manufacturing</b>		
- Akhai Pharmaceuticals (Private) Limited	30,642	80,597
- Pharmatec Pakistan (Private) Limited	295,602	189,608
<b>Stock held with distributors and at third party warehouses</b>		
- Emirates Supply Chain Services (Private) Limited	638,547	269,276
- Connect Logistics (Private) Limited	1,493,725	-
- DHL Global Forwarding (Private) Limited	-	237,777

- 8.2** Stock-in-trade includes items costing Rs. 2.2 billion (2017: Rs. 1.87 billion) valued at net realisable value of Rs. 1.88 billion (2017: Rs. 1.61 billion).

- 8.3** During the year, stock-in-trade of Rs. 124.02 million (2017: Rs. 90.03 million) have been written off against provision.

Rupees '000	2018	2017
<b>9. TRADE DEBTS</b>		
- Export receivables - note 9.1	3,779	-
- Associated company - GSK CH - note 9.3	-	308,907
- Others	1,794,786	2,239,024
	1,798,565	2,547,931
Less: Allowance for impairment of trade debts	(203,665)	(185,228)
	1,594,900	2,362,703

**9.1** This represents export sales made to GlaxoSmithKline Trading Services Limited, an associated company, in jurisdiction of Sri Lanka against purchase orders. As at December 31, the balance is not past due nor impaired.

Rupees '000	2018	2017
<b>9.2</b> The ageing analysis of trade debts past due but not impaired is as follows:		
Upto 3 months	429,033	262,190
3 to 6 months	177,507	656,471
6 to 12 months	120,501	-
Over 1 year	316,584	-
	1,043,625	918,661

**9.3** The maximum aggregate amount due from GSK CH at the end of any month during the year was Rs. 668.52 million (2017: Rs. 308.91 million).

Rupees '000	2018	2017
<b>10. LOANS AND ADVANCES</b>		
<b>Considered good</b>		
Current portion of long-term loans to employees - note 6	54,556	51,331
Advances:		
- to employees - note 10.1	38,296	29,234
- to suppliers	70,580	286,447
- against letter of credit	84,356	86,104
	247,788	453,116
<b>Considered doubtful</b>		
Advances to suppliers	6,387	6,387
	254,175	459,503
Provision for doubtful advances	(6,387)	(6,387)
	247,788	453,116

**10.1** Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.

Rupees '000	2018	2017
<b>11. TRADE DEPOSITS AND PREPAYMENTS</b>		
Trade deposits		
- considered good	118,182	114,923
- considered doubtful	50,122	49,775
	168,304	164,698
Provision for doubtful deposits	(50,122)	(49,775)
	118,182	114,923
Prepayments	14,705	16,997
	132,887	131,920
<b>12. REFUNDS DUE FROM GOVERNMENT</b>		
Custom duty and sales tax		
- considered good	44,271	30,113
- considered doubtful	65,556	65,556
	109,827	95,669
Provision for doubtful refundables	(65,556)	(65,556)
	44,271	30,113
<b>13. OTHER RECEIVABLES</b>		
<b>Considered good</b>		
Due from related parties		
- Associated companies - note 13.1,13.2 and 13.3	321,285	156,860
Workers' Profits Participation Fund - note 21.2	-	14,881
Others		
- Considered good	33,249	79,584
- Considered doubtful	20,775	20,775
	375,309	272,100
Provision for doubtful receivables	(20,775)	(20,775)
	354,534	251,325
<b>13.1 Due from associated companies</b>		
GlaxoSmithKline Services Unlimited, UK	3,548	6,903
GlaxoSmithKline Trading Services Limited	43,608	-
GlaxoSmithKline Biologicals, S.A.	88,902	4,044
Stiefel Laboratories (Pte) Limited, Singapore - note 13.1.1	172,455	123,247
SB Corporate Centre, USA	-	3,720
GSK Asia Pacific Singapore	1,352	1,252
Glaxo Operations UK Limited	1,991	7,827
GlaxoSmithKline OTC (Private) Limited	-	7,092
P.T. SmithKline Beecham Pharmaceuticals	3,435	-
GlaxoSmithKline South Africa (Pty) Limited	3,539	-
GlaxoSmithKline Saudi Arabia Limited	2,455	-
GlaxoSmithKline Research and Development, UK	-	2,775
	321,285	156,860



Rupees '000	2018	2017
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**13.1.1** The Company also has Rs. 172.46 million (2017: Rs. 123.25 million) payable to the same entity that has been classified in trade and other payables.

**13.2** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 321.29 million (2017: Rs. 162.57 million).

**13.3** As at December 31, 2018, the age analysis of these related party receivables is as follows:

Rupees '000	2018	2017
Not yet due	-	-
Upto 3 months	148,830	33,613
Over 3 months	172,455	123,247
	<u>321,285</u>	<u>156,860</u>

#### 14. INVESTMENTS - AT AMORTISED COST

These represent two treasury bills (2017: three treasury bills) which are held with Company's banker for safe custody yielding 8.79% to 10.27% per annum (2017: 5.99% per annum) with maturity by February 2019 (2017: by February 2018).

Rupees '000	2018	2017
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#### 15. CASH AND BANK BALANCES

With banks		
on deposit accounts - note 15.1	2,400,000	1,250,000
on PLS savings accounts - notes 15.1 and 15.2	583,054	463,306
on current accounts [including foreign currency account Rs. 36.52 million (2017: Rs. 25.26 million)]	201,754	105,384
Cash and cheques in hand [including foreign currency in hand of Rs. Nil (2017: Rs. 4,890)]	203	210
	<u>3,185,011</u>	<u>1,818,900</u>

**15.1** At December 31, 2018, the rates of mark-up on PLS savings accounts and on term deposit accounts were 4% to 8.6% (2017: 3.75% to 4.32%) per annum and 9.5% (2017: 5.35% to 5.50%) per annum respectively.

**15.2** These include Rs. 1.45 million (2017: Rs. 1.45 million) under lien with bank against bank guarantee issued on behalf of the Company.

## 16. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

**16.1** Profit / (Loss) after taxation from discontinued operations:

Rupees '000	2018	2017
Net sales	-	157,070
Cost of sales	-	(193,144)
Gross loss	-	(36,074)
Selling, marketing and distribution expenses	-	(6,411)
Other income - note 16.1.1	10,000	-
Profit / (loss) before taxation	10,000	(42,485)
Taxation	16,029	(3,726)
Profit / (loss) after taxation	26,029	(46,211)

**16.1.1** This represents gain on the sale of land along with building and other assets located at Sundar Industrial Estate, Lahore, at a total negotiated sale proceed of Rs. 164 million.

**16.2** Assets of disposal groups classified as discontinued operation / held for sale:

Rupees '000	2018	2017
<b>ASSETS</b>		
Fixed assets	-	154,000
<b>Net assets</b>	-	154,000
<b>16.3</b> Net cash flows relating to discontinued operations for the year:		
Net cash generated from operating activities	-	15,925
Net cash generated from investing activities	164,000	-

## 17. SHARE CAPITAL

Rupees '000	2018	2017
<b>Authorised share capital</b>		
	<b>2018</b>	<b>2017</b>
	<b>No. of shares</b>	
	<u>500,000,000</u>	<u>500,000,000</u>
	Ordinary shares of Rs.10 each	
	<u>5,000,000</u>	<u>5,000,000</u>

Rupees '000			2018	2017
<b>Issued, subscribed and paid up capital</b>				
	2018	2017		
	5,386,825	5,386,825	53,868	53,868
	64,339,835	64,339,835	643,398	643,398
	248,740,618	248,740,618	2,487,406	2,487,406
	<u>318,467,278</u>	<u>318,467,278</u>	<u>3,184,672</u>	<u>3,184,672</u>

**17.1** As at December 31, 2018 S.R. One International B.V., Netherlands and its nominees held 263,029,794 shares (2017: 263,029,794 shares).

**17.2** The Company has one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.

Rupees '000			2018	2017
<b>18. RESERVES</b>				
	Capital reserve - note 18.1		1,126,923	1,126,923
<b>Revenue reserves</b>				
	General reserve		3,999,970	3,999,970
	Unappropriated profit		7,107,885	5,150,292
			11,107,855	9,150,262
			<u>12,234,778</u>	<u>10,277,185</u>

**18.1** This represents reserve created on various schemes of arrangements involving the Company.

Rupees '000			2018	2017
<b>19. STAFF RETIREMENT BENEFITS</b>				
<b>19.1</b> Staff retirement benefit plans				
	GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund - note 19.1.3		370,799	294,031

**19.1.1** The Company operates approved funded gratuity schemes for its permanent employees (the Plan). Actuarial valuation of this Plan is carried out every year and the latest actuarial valuation was carried out as of December 31, 2018.

**19.1.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the Plan. The Company appoints the trustees and all trustees are employees of the Company.

**19.1.3** The latest actuarial valuation of the Plan as at December 31, 2018 was carried out using the Projected Unit Credit Method. Details of the Plan as per the actuarial valuation are as follows:

Rupees '000	Gratuity plans		Pension plan	
	2018	2017	2018	2017
<b>19.1.4 Statement of financial position - Reconciliation</b>				
Present value of defined benefit obligation at December 31 - note 19.1.5	1,844,848	1,880,479	-	23,407
Fair value of plan assets at December 31 - note 19.1.6	(1,474,049)	(1,586,448)	-	(23,407)
Deficit	370,799	294,031	-	-
<b>19.1.5 Movement in the present value of defined benefit obligation</b>				
Balance at January 1	1,880,479	1,618,862	23,407	123,308
Benefits paid by the Plans	(282,020)	(141,900)	-	-
Transfer to / from GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund due to transfer of employees	(7,801)	(4,540)	-	-
Current service cost	120,886	102,072	2,175	-
Liability settled in respect of harmonisation	-	-	(26,561)	(99,901)
Interest cost	153,285	128,692	979	-
Remeasurement (gain) / loss on obligation	(19,981)	177,293	-	-
Balance at December 31	1,844,848	1,880,479	-	23,407
<b>19.1.6 Movement in the fair value of plan assets</b>				
Balance at January 1	1,586,448	1,677,349	23,407	123,308
Contributions made to the Plans	105,223	24,046	2,175	-
Benefits paid by the Plans	(282,020)	(141,900)	-	-
Compensation paid in respect of harmonisation	-	-	(26,561)	(99,901)
Transfer to / from GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund due to transfer of employees	(7,801)	(4,540)	-	-
Interest income	128,814	122,016	979	-
Remeasurement loss on plan assets	(56,615)	(90,523)	-	-
Balance at December 31	1,474,049	1,586,448	-	23,407
<b>19.1.7 Expense recognised in profit or loss account</b>				
Current service cost	120,886	102,072	2,175	-
Net interest cost	24,471	6,676	-	-
Expense recognised in profit or loss account	145,357	108,748	2,175	-

Rupees '000	Gratuity plans		Pension plan	
	2018	2017	2018	2017
<b>19.1.8 Remeasurements recognised in Other Comprehensive Income</b>				
(Gain) / loss from changes in actuarial assumptions	(102,725)	38,960	-	-
Experience loss	82,744	138,333	-	-
Remeasurement of fair value of plan assets	56,615	90,523	-	-
	36,634	267,816	-	-
<b>19.1.9 Net recognised liability / (asset)</b>				
Net liability / (asset) at the beginning of year	294,031	(58,487)	-	-
Expense recognised in profit or loss account	145,357	108,748	2,175	-
Contribution made to the Plan during the year	(105,223)	(24,046)	(2,175)	-
Remeasurements recognised in other comprehensive income	36,634	267,816	-	-
Recognised liability as at December 31	370,799	294,031	-	-

Percentage	Gratuity plans		Pension plan	
	2018	2017	2018	2017
<b>19.1.10 Plan assets comprise of the following:</b>				
- Equity and mutual funds	17.78	18.97	-	-
- Bonds	79.10	72.23	-	-
- Others	3.12	8.80	-	100.00
	100.00	100.00	-	100.00
<b>19.1.11 Actuarial Assumptions</b>				
Discount rate at December 31	13.25	8.25	N/A	N/A
Future salary increases	13.25	8.25	N/A	N/A

**19.1.12** Pre-retirement and post-retirement mortality was assumed to be SLIC (2001-05) rated down one year.

**19.1.13** 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 2018 consists of government bonds and listed securities. The Company believes that government bond offers the best returns over the long term with an acceptable level of risk.

The Company's gratuity expense for the year ending December 31, 2019 is expected to be Rs. 174.52 million.

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

## 19.2 Sensitivity analysis for actuarial assumptions

The Gratuity scheme exposes the entity to the following risks:

- Mortality risks:  
The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.
- Investment risks:  
The risk of the investment underperforming and not being sufficient to meet the liabilities.
- Final salary risks:  
The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.
- Withdrawal risks:  
The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

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

Rupees '000	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at December 31	1%	(119,709)	135,241
Future salary increases	1%	70,488	(64,260)

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 liability recognised within the statement of financial position.

Rupees '000	2018	2017	2016	2015	2014
<b>19.3 Historical information</b>					
<b>Gratuity plans</b>					
Present value of defined benefit obligation	(1,844,848)	(1,880,479)	(1,618,862)	(1,525,156)	(1,585,653)
Fair value of plan assets	1,474,049	1,586,448	1,677,349	1,626,654	1,203,400
(Deficit) / surplus in the plan	<u>(370,799)</u>	<u>(294,031)</u>	<u>58,487</u>	<u>101,498</u>	<u>(382,253)</u>
Experience adjustments					
Gain/(loss) on obligation (as percentage of plan obligation)	1.08%	(9.43)%	(3.79)%	5.93%	(10.06)%
(Loss) / gain on plan assets (as percentage of plan assets)	(3.84)%	(5.71)%	6.67%	1.79%	5.66%
<b>Pension plan</b>					
Present value of defined benefit obligation	-	(23,407)	(123,308)	(168,569)	(141,270)
Fair value of plan assets	-	23,407	123,308	156,805	147,312
(Deficit) / surplus in the plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,764)</u>	<u>6,042</u>
<b>Experience adjustments</b>					
Gain / (loss) on obligation (as percentage of plan obligation)	N/A	N/A	7.04%	7.91%	(17.38)%
Loss on plan assets (as percentage of plan assets)	N/A	N/A	(0.34)%	(0.23)%	(0.08)%

**19.4** The weighted average duration of approved funded gratuity schemes for its permanent employees is 6.49 years.

## 19.5 Expected maturity analysis of undiscounted retirement benefit plans.

Rupees '000	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 10 years	Total
At December 31, 2018	186,777	200,267	761,021	2,262,537	4,897,264	8,307,866
At December 31, 2017	166,715	211,490	633,159	1,532,215	2,664,541	5,208,120

19.6 Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2018.

Rupees '000	2018	2017
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## 20. DEFERRED TAXATION

	Opening liability/ (assets)	Charged/ (reversal) to profit or loss	Charged/ (reversal) to other comprehensive income	Closing liability/ (assets)	Opening liability/ (assets)	Charged/ (reversal) to profit or loss	Charged/ (reversal) to other comprehensive income	Closing liability/ (assets)
Credit balance arising in respect of:								
- Accelerated tax depreciation allowances	786,812	122,362	-	909,174	722,588	64,224	-	786,812
Debit balances arising in respect of:								
- Allowance for impairment of trade debts, provision for doubtful other receivables and refunds due from government	(65,488)	(9,081)	-	(74,569)	(28,239)	(37,249)	-	(65,488)
- Provision for trade deposits and doubtful advances	(15,114)	582	-	(14,532)	(12,911)	(2,203)	-	(15,114)
- Provision for slow moving and obsolete stocks and stores and spares	(90,199)	(11,306)	-	(101,505)	(53,426)	(36,773)	-	(90,199)
- Staff retirement benefits	(79,125)	(13,411)	(10,145)	(102,681)	17,159	(24,213)	(72,071)	(79,125)
	<u>536,886</u>	<u>89,146</u>	<u>(10,145)</u>	<u>615,887</u>	<u>645,171</u>	<u>(36,214)</u>	<u>(72,071)</u>	<u>536,886</u>

## 21. TRADE AND OTHER PAYABLES

Creditors		
- Associated companies	1,134,192	830,825
- Others	827,909	664,671
Bills payable	217,788	273,194
Royalty and technical assistance fee payable - note 21.1.2		
- Associated companies	194,956	457,785
- Others	134,600	199,394
Accrued liabilities - note 21.1.1	2,434,966	3,451,541
Advances from customers	106,890	176,381
Contractors' retention money	26,855	27,502
Taxes deducted at source and payable to statutory authorities	47,148	60,832
Workers' Welfare Fund	340,417	302,893
Workers' Profits Participation Fund - note 21.2	11,313	-
Central Research Fund	50,770	53,648
Payable to Provident fund - note 21.3	92	-
Others	79,792	57,594
	<u>5,607,688</u>	<u>6,556,260</u>

21.1.1 This includes liability for share based compensation amounting to Rs. 138.68 million (2017: Rs. 93.33 million).

21.1.2 The Royalty pertains to GlaxoSmithKline Consumer Trading Services Limited and GlaxoSmithKline Intellectual Property Limited which are situated in England. The registered address of the Company is 980 Great West Road, Brentford, Middlesex, TW8 9GS. These Companies are associated companies of the Company.



Rupees '000	2018	2017
<b>21.2 Workers' Profits Participation Fund</b>		
Opening balance	(14,881)	(11,608)
Allocation for the year	251,313	266,119
Amount paid to the Fund net of refund received amounting to Rs. 14.8 million (2017: Rs. 11.61 million)	(225,119)	(269,392)
Closing balance (Liability)/(asset)	11,313	(14,881)

**21.3** The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

Rupees '000	2018	2017
<b>22. PROVISIONS</b>		
Balance as at January 1	411,771	192,739
Charge for the year	260,217	352,556
Payments during the year	(597,386)	(133,524)
Balance as at December 31	74,602	411,771

**22.1** Provisions include restructuring costs and government levies of Rs. Nil and Rs. 74.6 million (2017: Rs. 244.01 million and Rs. 167.76 million) respectively.

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

- (a) Claims against the Company not acknowledged as debt for reinstatement of employment and other labour cases amount to Rs. 103.92 million (2017: Rs. 151.42 million) as at December 31, 2018.
- (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 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 while the additions made in assessment years 2001-2002 and 2002-2003 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 Appellate Tribunal Inland Revenue (ATIR). In 2008, all the above assessments were set aside by ATIR for fresh consideration by the AO. In 2011, AO passed assessment orders for the above years with the same amount of additions. The Company filed appeals against the orders of AO with CIRA. In 2014, Company's appeals to CIRA in respect of its income tax assessments for tax years 2000-01 to 2002-03 were decided whereby certain additions were deleted, resulting in deletion of tax demand to the extent of Rs. 26.8 million. The Company has filed appeal before the ATIR against the additions to income confirmed by the CIRA whereas the department has filed appeal before the ATIR against the additions to income deleted by CIRA. In 2015, the CIRA passed the order for assessment year 1999-2000, whereby the additions made have been deleted resulting in deletion of tax demand amounting to Rs. 13.01 million. In 2016, the ATIR maintained the order of CIRA in respect of assessment years from 2000-2001 to 2002-2003. Appeal against the said order has been filed before the Honourable High Court of Sindh (HCS).
  - (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 AO had made addition to income raising tax demands of Rs. 4.03 million on the contention that the Company had allegedly paid excessive amount for importing certain raw materials. Upon the Company's appeal, the CIRA had maintained the addition to income against which the Company filed an appeal with the ATIR.

In 2008, the above assessment was set aside by ATIR for fresh consideration by the AO. In 2011, AO passed assessment order with addition of same amount. The Company filed an appeal against the said order with CIRA who maintained the aforesaid addition. The Company has filed an appeal against the decision of the CIRA before the ATIR on 21 June 2012.

- (iii) While amending the assessments of the Company for the tax years 2005, 2006, 2007 and 2008, the AO interalia had made additions to income raising tax demands totaling Rs. 153.59 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 on 25 June 2009, 29 November 2010, 29 November 2010 and 26 June 2010 respectively. In respect of tax years 2005 and 2008, CIRA has granted relief on certain additions made by AO. The Company has filed appeal before ATIR on 19 November 2014 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 AO made additions to income raising tax demands of Rs. 10.04 million. The Company filed an appeal with CIRA in respect of the said matter. In 2015, 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 AO made additions to income raising tax demands of Rs. 314.10 million. CIRA also maintained the additions. On GSKPPL's appeals, the additions made by the AO were deleted by ATIR. Later, the department filed appeals against the decision of ATIR in the HCS.

In 2007, the HCS 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. The Company filed an appeal in the Supreme Court of Pakistan (SCP) against the above decision. During the year, the SCP decided the case in favour of the Company by deleting the tax demand. The tax department filed review application which has also been dismissed by the SCP.

However, the decisions in respect of the department's appeals for the assessment years 1991-1992 through 2002-2003 are still pending in the HCS for which the net aggregate tax liability, if such cases are decided against the Company, will be Rs. 302.11 million.

- (vi) While finalising the assessments of the Company for tax year 2009 (accounting year December 31, 2008), the Deputy Commissioner Inland Revenue (DCIR) interalia made addition resulting in tax demand amounting to Rs. 68.23 million on the contention that the Company had allegedly paid excessive amount on account of royalty and certain imported raw materials. The Company has filed an appeal before ATIR on 19 December 2018 which is pending for hearing.

In case of Stiefel Laboratories Pakistan (Pvt.) Limited (Now GlaxoSmithKline Pakistan Limited) the AO raised demand of Rs.17.70 million under section 161/205 of the Income Tax Ordinance, 2001 by applying arbitrary withholding tax rates on the expenses reported in audited accounts and tax paid reported in monthly withholding statements. The CIRA remanded back the order. Against the order of CIRA, Company has filed appeal before ATIR on 04 February 2019 which is pending for hearing. Further remand back proceedings are yet to be initiated by tax authorities.

- (vii) While finalising the assessments of the Company for tax year 2011 (accounting year ended December 31, 2010) the DCIR interalia made additions to income raising tax demands of Rs. 90.10 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 maintained the additions against which the Company filed appeal before the ATIR on 19 November 2014, which is pending for hearing.
- (viii) While finalising the assessments of the Company for tax year 2012 (accounting year ended December 31, 2011) the Additional Commissioner (AC) interalia made additions to income raising tax demands of Rs. 82.5 million on the contention that the Company had allegedly paid excessive amounts on account of royalty and certain imported raw materials. The Company has filed an appeal with the CIRA in respect of the said matter. The CIRA has deleted the order passed under section 122(5A) of the Ordinance. The tax department has filed an appeal against the said order which is pending for hearing.

- (ix) As a result of monitoring of withholding tax for the tax year 2012 (accounting year ended December 31, 2011) 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. On Company's appeal against the said order, the CIRA ordered for re-consideration of matter by setting aside DCIR order. In 2016, the proceedings were concluded by DCIR restricting the tax demand to Rs. 15.5 million. Against the remand back order, the CIRA annulled the assessment against which the Department has filed appeal.
- (x) While finalising the assessments of the Company for tax year 2014 (accounting year December 31, 2013), the DCIR issued an order raising tax demand amounting to Rs. 124.9 million on the contention that the Company had allegedly paid excessive amount on account of royalty and certain imported raw materials. The Company had filed an appeal with the CIRA in respect of the said matter. CIRA decided the case on royalty in favour of the Company and on raw material in favour of tax department. The CIRA maintained the additions of raw materials against which the Company filed appeal before the ATIR on 05 May 2017, which is pending for hearing.

The DCIR through an amended order has made further tax demand amounting to Rs. 21.42 million. The CIRA maintained the additions. The Company has filed appeal on 19 November 2018 against further amended order before ATIR which is pending for hearing.

- (xi) During the year, while finalising the assessments of the Company for the tax years 2013, 2015 and 2016, the DCIR interalia made additions raising tax demands aggregating to Rs. 230.50 million. The orders have been issued on the contention that the Company had allegedly paid excessive amount on account of certain imported raw materials. The CIRA maintained the additions against which the Company filed appeal before the ATIR on 19 November 2018, which is pending for hearing.
- (xii) As a result of audit of former GlaxoSmithKline Pharmaceutical (Private) Limited for the tax year 2010 (accounting year ended December 31, 2009), the DCIR issued a show cause notice under Section 122(9)/177 of Income Tax Ordinance, 2001 and showed intention to disallow various allowable deductions related to depreciation, proration of expenses and payment of excessive amounts for importing certain raw material. Against the show cause notice, the Company filed a civil suit on the basis that the notice is time barred. Supreme Court in its order dated June 27, 2018 imposed a restriction that the injunction of stay in tax matters may only be granted when minimum 50% of the tax calculated by tax authorities has been paid. The Company, thus, has withdrawn the suit against the notice.
- (xiii) During the year, the DCIR raised the demand of Rs. 31.39 million in tax years 2014, 2015 and 2016 on the issue of non-withholding of tax on sale by auction / tender. Against the orders of DCIR, the Company has filed an appeal before CIRA. The CIRA confirmed the order of DCIR against which the Company filed appeal before the ATIR on 06 November 2018, which is pending for hearing.

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.

#### (c) Sales tax

- (i) Effective July 01, 2013, Sindh Revenue Board (SRB) has levied Sindh Sales Tax at the rate of 16 percent 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 '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 HCS 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 HCS 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 HCS. 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 of the Company, hence, no provision is made in the financial statements for sales tax on toll manufacturing charges which estimates to an amount of Rs. 540.02 million (2017: Rs. 425.03 million).

- (ii) During the year ended December 31, 2014, Commissioner had raised a demand of Rs. 36.4 million for accounting year 2011, in respect of few products of the 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. The Company's appeal is pending with ATIR.
- (iii) During the year ended December 31, 2016, Commissioner had raised a demand of Rs. 48.3 million for accounting year 2013, in respect of few products of the 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). The Company's appeal is pending with ATIR. The Company has obtained stay against payment from HCS.
- (iv) During the year ended December 31, 2016, the Company had received a show cause notice from Punjab Revenue Authority for the payment of Rs. 121.80 million on account of Punjab Sales Tax on Royalty accrued from 2012 to 2015. Currently, the Company is depositing the said amount with SRB. The Company has filed an appeal in Lahore High Court and a stay order has been granted against the show cause notice.

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.

## 23.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2018 amount to Rs. 205.18 million (2017: Rs. 506.19 million).

Rupees '000	2018	2017
<b>24. NET SALES</b>		
Gross sales		
Local - note 24.1	34,895,667	33,455,050
Export	45,136	105,172
	<u>34,940,803</u>	<u>33,560,222</u>
Less: Commissions, returns and discounts	930,170	781,539
Less: Sales tax	3,793	4,913
	<u>34,006,840</u>	<u>32,773,770</u>

- 24.1** This includes sales of OTC products amounting to Rs. 4.14 billion (2017: Rs. 4.05 billion) to GSK CH being manufactured by the Company due to pending transfer of marketing authorisations by Drug Regulatory Authority of Pakistan ('DRAP').
- 24.2** Sales of major product categories i.e. antibiotics, dermatologicals and respiratory during the year amounted to Rs. 13.76 billion, Rs. 4.05 billion and Rs. 1.44 billion (2017: Rs. 13.93 billion, Rs. 3.34 billion and Rs. 1.40 billion) respectively.
- 24.3** 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 (2017: two distributors) exceed 10 percent of the net sales during the year, amounting to Rs. 3.56 billion and Rs. 4.61 billion (2017: Rs. 3.46 billion and Rs. 4.0 billion).
- 24.4** With regards to the previously reported hardship cases, as per orders passed by the Supreme Court of Pakistan, the Company was advised to re-submit their hardship applications under new Drug Pricing Policy 2018 (DPP 2018) to Drug Regulatory Authority of Pakistan (DRAP).

These hardship cases concluded favorably in the light of DPP 2018 and formal notification of revised prices has also been issued by DRAP dated December 31, 2018.

Rupees '000	2018	2017
<b>25. COST OF SALES</b>		
Raw and packing materials consumed	18,399,570	14,931,984
Manufacturing charges to third parties	920,838	929,709
Stores and spares consumed	79,375	75,276
Salaries, wages and other benefits - note 25.1	1,912,527	2,095,189
Fuel and power	575,987	537,295
Rent, rates and taxes	2,886	4,502
Royalty and technical assistance fee - note 21.2	322,105	294,176
Insurance	118,502	110,691
Publication and subscriptions	386	765
Repairs and maintenance	355,236	354,453
Training expenses	94	1,900
Travelling and entertainment	20,030	19,064
Vehicle running	24,693	29,275
Depreciation	512,209	426,129
Provision for impairment on fixed assets	41,016	232,611
Provision of slow moving, obsolete and damaged stock-in-trade	183,716	149,765
Provision of slow moving and obsolete stores and spares	4,423	6,774
Provision for doubtful advances	-	2,295
Provision for doubtful sales tax refundables	-	18,883
Canteen expenses	112,422	97,125
Laboratory expenses	50,753	75,798
Communication and stationery	11,520	8,147
Security expenses	17,485	15,140
Stock written off	8,634	15,681
Stores and spares written off	-	2,358
Restructuring cost - note 25.2	158,634	243,759
Other expenses	72,142	74,295
	<u>23,905,183</u>	<u>20,753,039</u>
Opening stock of work-in-process	566,707	495,716
Closing stock of work-in-process	(535,881)	(566,707)
	<u>23,936,009</u>	<u>20,682,048</u>
Opening stock of finished goods	2,304,420	3,064,030
Purchases of finished goods	2,230,004	2,653,726
	<u>28,470,433</u>	<u>26,399,804</u>
Closing stock of finished goods	(2,877,193)	(2,304,420)
	<u>25,593,240</u>	<u>24,095,384</u>

**25.1** Salaries, wages and other benefits include Rs. 62.25 million and Rs. 55.57 million (2017: Rs. 50.70 million and Rs. 52.45 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

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

Rupees '000	2018	2017
<b>26. SELLING, MARKETING AND DISTRIBUTION EXPENSES</b>		
Salaries, wages and other benefits - note 26.1	1,301,053	1,252,470
Sales promotion and symposiums	725,348	776,187
Advertising	55,469	28,904
Restructuring cost - note 25.2	112,271	52,141
Handling, freight and transportation	766,908	493,663
Travelling and entertainment	288,409	271,827
Depreciation	87,887	82,041
Vehicle running	81,522	74,723
Publication and subscriptions	40,342	37,155
Fuel and power	28,712	32,909
Communication	7,371	9,482
Allowance for impairment of trade debts	18,437	100,442
Trade debts written off	-	7,690
Provision for doubtful deposits	347	5,766
Repairs and maintenance	24,062	37,041
Insurance	18,850	20,837
Printing and stationery	13,158	15,035
Security expenses	16,475	20,793
Rent, rates and taxes	4,474	847
Canteen expenses	4,303	3,941
Training expenses	15,885	382
Other expenses	44,381	32,691
	3,655,664	3,356,967
Less: Recovery of expenses - note 26.2	84,152	78,175
	3,571,512	3,278,792

**26.1** Salaries, wages and other benefits include Rs. 54.56 million and Rs. 47.26 million (2017: Rs. 40.67 million and Rs. 43.64 million) in respect of defined benefit plans and contributory provident fund respectively.

**26.2** These represent cost reimbursements from GSK CH against various functions / services provided under cost sharing agreements.

Rupees '000	2018	2017
<b>27. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and other benefits - note 27.1	674,358	636,521
Depreciation	62,418	73,045
Communication	8,430	5,054
Training expenses	5,931	4,391
Legal and professional charges	65,119	50,342
Travelling and entertainment	56,002	31,482
Repairs and maintenance	49,284	42,767
Printing and stationery	9,796	10,100
Auditors' remuneration - note 27.2	11,432	10,360
Provision for doubtful receivables	-	20,775
Vehicle running	16,527	16,377
Security expenses	39,291	39,448
Publication and subscriptions	13,700	10,205
Rent, rates and taxes	9,094	6,683
Insurance	11,308	11,019
Canteen expenses	24,294	15,882
Restructuring cost - note 25.2	3,959	-
Donations	983	-
Other expenses	57,343	40,973
	1,119,269	1,025,424
Less: Recovery of expenses - note 26.2	42,638	42,638
	1,076,631	982,786

**27.1** Salaries, wages and other benefits include Rs. 19.82 million and Rs. 16.30 million (2017: Rs. 17.38 million and Rs. 15.55 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

Rupees '000	2018	2017
<b>27.2 Auditors' remuneration</b>		
Audit fee	5,736	5,411
Fee for review of half yearly financial statements, special certifications and others	4,753	4,023
Out-of-pocket expenses	943	926
	<u>11,432</u>	<u>10,360</u>
<b>28. OTHER OPERATING EXPENSES</b>		
Workers' Profits Participation Fund - note 21.2	251,313	266,119
Workers' Welfare Fund	95,499	119,688
Central Research Fund	50,770	53,649
	<u>397,582</u>	<u>439,456</u>
<b>29. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Return on Treasury bills	13,671	31,095
Income on savings and deposit accounts	116,081	145,636
	<u>129,752</u>	<u>176,731</u>
<b>Income from non-financial assets</b>		
Gain on disposal of operating assets	25,655	37,939
<b>Others</b>		
Scrap sales	45,056	48,636
Insurance commission	16,151	20,968
Liabilities no longer required written back	9,721	202,946
Promotional allowance - note 29.1	1,101,199	537,124
Insurance claim recovery - note 29.2	127,042	-
Service fee - note 1.1	12,000	12,000
Others	5,058	-
	<u>1,471,634</u>	<u>1,036,344</u>

**29.1** This represents allowance from GSK Group against various promotional activities for brand building and sustainable investments.

**29.2** This includes insurance claim recovery of Rs.101.51 million received in the current period against the promotional material destroyed in 2017 at one of the third party warehousing facilities.

Rupees '000	2018	2017
<b>30. FINANCIAL CHARGES</b>		
Exchange loss - net	137,744	71,835
Bank charges	9,648	16,447
	<u>147,392</u>	<u>88,282</u>

Rupees '000	2018	2017
<b>31. TAXATION</b>		
Current - note 31.1		
- for the year	1,222,058	1,765,394
- for prior year	148,991	169,000
Deferred	89,146	(36,214)
	<u>1,460,195</u>	<u>1,898,180</u>

**31.1** This includes current period charge of super tax amounting to Rs. 82 million (December 31, 2017: Nil) and prior year charge of super tax amounting to Rs. 149 million (December 31, 2017: Rs. 159 million) imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2015 and amended by Finance Act 2016, Finance Act 2017 and Finance Act 2018).

**31.2** In view of Management, sufficient tax provision has been made in the Company's financial statements. Comparison of tax provision as per the financial statements viz-a-viz tax assessment for the last three years is as follows:

Rupees '000	2017	2016	2015
Tax assessed as per most recent tax assessment	1,526,283	1,579,128	1,155,283
Provision in accounts for income tax	1,918,111	1,732,758	1,195,836

Rupees '000	2018	2017
<b>31.3 Relationship between tax expense and accounting profit</b>		
Profit before taxation including profit from discontinued operations	4,702,117	4,882,929
Applicable tax rate	29%	30%
Tax calculated at applicable tax rate	1,363,614	1,464,879
Impact of taxability at different rate and Final Tax Regime	180,447	341,359
Effect of prior year charge	148,991	169,000
Effect of tax credits	(184,545)	(110,377)
Effect of change in tax rate	(23,058)	-
Tax effect of other than temporary differences	(41,283)	37,045
	<u>1,444,166</u>	<u>1,901,906</u>

## 32. EARNINGS / (LOSS) PER SHARE

Profit after taxation from continuing operations	3,231,922	3,027,234
Profit / (loss) after taxation from discontinued operations	26,029	(46,211)
Weighted average number of outstanding shares (in thousands)	318,467	318,467
Earnings per share - continuing operations	Rs. 10.15	Rs. 9.51
Earnings / (loss) per share - discontinued operations	Re. 0.08	Re. (0.15)
Earnings per share - basic	<u>Rs. 10.23</u>	<u>Rs. 9.36</u>



**32.1** A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2017 and 2018 which would have any effect on the earnings per share if the option to convert is exercised.

Rupees '000	2018	2017
<b>33. CASH GENERATED FROM OPERATIONS INCLUDING DISCONTINUED OPERATIONS</b>		
Profit before taxation	4,702,117	4,882,929
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation and impairment	703,530	860,318
Gain on disposal of assets	(35,655)	(37,939)
Interest income	(129,752)	(176,731)
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	192,350	165,446
Provision for slow moving and obsolete stores and spares	4,423	9,132
Allowance for impairment of trade debts	18,437	100,442
Provision for doubtful advances	-	2,295
Provision for doubtful receivables	-	20,775
Provision for staff retirement benefits	147,532	108,748
	<u>900,865</u>	<u>1,052,486</u>
Profit before working capital changes	5,602,982	5,935,415
<b>Effect on cash flow due to working capital changes</b>		
Decrease / (increase) in current assets		
Stores and spares	(55,261)	(27,708)
Stock-in-trade	(54,182)	(616,025)
Trade debts	749,366	(1,932,732)
Loans and advances	162,328	(277,758)
Trade deposits and prepayments	(967)	2,415
Refunds due from Government	(14,158)	24,065
Other receivables	(103,209)	76,344
	<u>683,917</u>	<u>(2,751,399)</u>
Increase in current liabilities		
Trade and other payables	(907,672)	586,048
Provisions	(337,169)	219,032
	<u>(560,924)</u>	<u>(1,946,319)</u>
	<u>5,042,058</u>	<u>3,989,096</u>
<b>34. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances - note 15	3,185,011	1,818,900
Investments - at amortised cost - note 14	247,840	348,810
	<u>3,432,851</u>	<u>2,167,710</u>

### 35. SEGMENT INFORMATION

**35.1** For management purposes, the activities of the Company are organised into one operating segment i.e. pharmaceutical segment. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. In 2016, pursuant to the Scheme of arrangement, the Consumer Healthcare Business was transferred to GSK CH. Accordingly, the figures reported in these financial statements are related to the Company's only reportable segment.

### 36. 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		Director		Executives**	
	2018	2017	2018	2017	2018	2017
Management remuneration	16,650	14,877	7,444	6,680	331,680	331,133
Bonus - note 36.1	18,874	19,938	5,697	4,949	163,501	104,689
Retirement benefits *	3,588	2,870	1,604	1,289	67,618	60,836
House rent	7,492	6,694	3,350	3,006	141,198	141,920
Utilities	1,665	1,488	744	668	31,377	31,538
Medical expenses	106	60	66	16	17,556	10,867
Others	1,927	1,103	1,671	1,465	80,015	73,293
	<u>50,302</u>	<u>47,030</u>	<u>20,576</u>	<u>18,073</u>	<u>832,945</u>	<u>754,276</u>
Number of person(s)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>158</u>	<u>147</u>

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

\*\* Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

**36.1** Bonus includes share based payments as Share Appreciation Rights (SARs) given to the Chief Executive, Executive Directors and certain executives amounting to Rs. 89.49 million (2017: Rs. 71.11 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 value of ultimate parent company, GlaxoSmithKline plc, UK.

In addition to the above, fee to two (2017: two) non-executive Directors during the year amounted to Rs. 700 thousands (2017: Rs. 900 thousands).

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

### 37. TRANSACTIONS WITH RELATED PARTIES

The related parties include associated companies, directors and key management personnel of the Company. The transactions with related parties are carried out in the normal course of business at contracted rates. The receivables and payables are mainly unsecured in nature. Details of transactions with related parties and balances with them at period end, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Rupees '000		2018	2017
<b>Relationship</b>	<b>Nature of transactions</b>		
Holding Company:			
	a. Dividend paid	1,052,119	2,438,665
Associated companies / undertakings:			
	a. Purchase of goods	4,789,141	5,340,504
	b. Sale of goods	4,185,851	4,157,492
	c. Royalty expense charged	308,195	279,366
	d. Recovery of expenses	356,492	120,813
	e. Service fee	12,000	12,000
	f. Sales as an agent of GSK CH	6,211,662	6,221,359
	g. Promotional allowance	1,101,199	537,124
Staff retirement funds:			
	a. Expense charged for retirement benefit plans	255,763	220,391
	b. Payments to retirement benefit plans	233,718	140,837
Key management personnel:			
	a. Salaries and other employee benefits	218,511	188,188
	b. Post employment benefits	17,889	13,873
	c. Sale of assets - sales proceeds	20,044	6,617

**37.1** Following are the related parties including associated companies with whom the Company had entered into transactions or had arrangements / agreements in place during the year :

S.No	Company Name	Country of incorporation	Registered address	Basis of association	Aggregate % of shareholding	Name of CEO / Principal officer
1	S.R. One International B.V., Netherlands	Netherlands	Huis ter Heideweg 62, 3705 LZ, Zeist	Holding Company	82.59%	Daan Gijbels
2	GlaxoSmithKline Trading Services Limited	Ireland	Currabinny, Carrigaline, County cork, Ireland	Associated company	N/A	Jonathan Wilson Box
3	GlaxoSmithKline Biologicals SA	Belgium	Rue de l'Institut 89, B-1330 Rixensart, Belgium	Associated company	N/A	Roger Connor
4	GlaxoSmithKline Intellectual Property (No.2) Limited	England	980 Great West Road, Brentford, Middlesex, TW8 9GS	Associated company	N/A	Adam Walker
5	GlaxoSmithKline Consumer Trading Services Limited	England	980 Great West Road, Brentford, Middlesex, TW8 9GS	Associated company	N/A	Melanie Foster Hawes
6	Glaxo Operations UK Limited	England	980 Great West Road, Brentford, Middlesex, TW8 9GS	Associated company	N/A	Freek Jongen
7	GlaxoSmithKline Pte Ltd	Singapore	23 Rochester Park, 139234, Singapore	Associated company	N/A	Goh Lai Kuen
8	GlaxoSmithKline Export Limited	England	980 Great West Road, Brentford, Middlesex, TW8 9GS	Associated company	N/A	Adam Walker

S.No	Company Name	Country of incorporation	Registered address	Basis of association	Aggregate % of shareholding	Name of CEO / Principal officer
9	P.T. SmithKline Beecham Pharmaceuticals	Indonesia	Jl. Pulobuaran Raya, Kav. III DD/2,3,4, Kawasan Industri Pulogadung, Jakarta	Associated company	N/A	Ray Muhammad
10	GlaxoSmithKline Services Unlimited	England	980 Great West Road, Brentford, Middlesex, TW8 9GS	Associated company	N/A	Adam Walker
11	GlaxoSmithKline Inc	Canada	7333 Mississauga Road North, Mississauga, L5N6L4, Canada	Associated company	N/A	Yoo-Seok Hong
12	Glaxo Wellcome Production S.A.S	France	23 rue François Jacob, 92500, Rueil-Malmaison, France	Associated company	N/A	Josephine Comiskey
13	GlaxoSmithKline Research & Development Limited	England	980 Great West Road, Brentford, Middlesex, TW8 9GS	Associated company	N/A	Jerome Andries
14	Glaxo Saudi Arabia Limited	Saudi Arabia	PO Box 22617, Area No 73 to 156 Warehouse City, First Stage Al Khomrah, Jeddah	Associated company	N/A	Luciano Andrade
15	GlaxoSmithKline South Africa (Pty) Limited	South Africa	Flushing Meadows BuildingThe campus, 57 Sloane Street Bryanston 2021, Private Bag X173	Associated company	N/A	Emma Knox
16	GlaxoSmithKline Consumer Healthcare Pakistan Limited *	Pakistan	35-Dockyard road, West Wharf, Karachi	Associated company	N/A	Sohail Matin

All above entities are operational and further, the independent auditor of the above entities has issued an unqualified opinion on the latest available financial statements except for Glaxo Wellcome Production S.A.S.

\* By way of scheme of amalgamation, prepared under the provisions of section 279 to 283 of the Companies Act, 2017, GlaxoSmithKline OTC (Private) Limited (GSK OTC) has merged with and into the GSK CH.

### 38. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS

The facility for running finance available from banks amounted to Rs. 850 million (2017: Rs. 100 million). Rate of mark-up ranges from one month KIBOR plus 1% to three month KIBOR plus 1.25% (2017: 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, 2018 amounted to Rs. 2.3 billion (2017: Rs. 2.1 billion) of which unutilised balances at the year end amounted to Rs. 1.3 billion (2017: Rs. 1.14 billion).

Rupees '000	2018	2017
<b>39. FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>39.1 Financial assets as per statement of financial position</b>		
<b>Financial assets measured at amortised cost</b>		
- Investments - at amortised cost	247,840	348,810
- Loans to employees	135,341	142,754
- Advances and deposits	259,094	252,465
- Trade debts	1,594,900	2,362,703
- Interest accrued	1,321	3,182
- Other receivables	354,534	236,444
- Cash and bank balances	3,185,011	1,818,900
	<b>5,778,041</b>	<b>5,165,258</b>
<b>39.2 Financial liabilities as per statement of financial position</b>		
<b>Financial liabilities measured at amortised cost</b>		
- Trade and other payables	5,051,150	5,962,506
- Unclaimed dividend	87,921	70,906
	<b>5,139,071</b>	<b>6,033,412</b>

### 39.3 Fair values of financial assets and liabilities

- (a) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

- (b) Fair value estimation

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2018, the Company does not have any financial instruments carried at fair value.

## 40. Financial Risk Management

### 40.1 Financial risk factors

#### Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk

This note represents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

#### Financial risk factors and risk management framework

The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company by the Board of Directors. These controls and limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Company's finance and treasury department oversees the management of the financial risk reflecting changes in the market conditions and also the Company's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

#### (a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The liability is mainly denominated in US Dollars. Net payables exposed to foreign currency risk as at December 31, 2018 amount to Rs. 1.2 billion (2017: 1.41 billion)

At December 31, 2018, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, profit before tax for the year would have been lower/higher by Rs. 60.09 million (2017: Rs. 70.06 million), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables and trade debts.

### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises primarily from balances held in savings account with banks. These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

Rupees '000	2018	2017
<b>Variable rate instruments - Carrying amount</b>		
Financial assets		
- profit and loss sharing accounts	583,054	463,306

### Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 5.83 million (2017: Rs. 4.63 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2017.

### (iii) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at December 31, 2018, there are no equity investments of the Company measured at fair value, hence no equity price risk exists.

## (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating.

Rupees '000	2018	2017
Trade debts	1,594,900	2,362,703
Loans to employees, interest accrued and other receivables	491,196	382,380
Advances and deposits	259,094	252,465
Investments - at amortised cost	247,840	348,810
Bank balances	3,184,808	1,818,690
	<u>5,777,838</u>	<u>5,165,048</u>

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. 1.25 billion (2017: Rs. 1.1 billion) are past due of which Rs. 203.67 million (2017: Rs. 185.23 million) have been impaired. Past due but not impaired balances include Rs. 614.6 million (2017: Rs. 656.47 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.

#### Settlement risk

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

#### (c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the, monitoring of liquidity ratios and maintaining debt financing plans. As at year end, all the financial liabilities are due within one year.

	2018	2017
<b>41. Number of Employees</b>		
Number of employees including contractual employees at the end of year	1,977	2,119
Average number of employees including contractual employees during the year	1,997	2,071
Employees working in the Company's factory at the year end	931	1,035
Average employees working in the Company's factory during the year	950	981

Rupees '000	2018	2017
<b>42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>		
Balance as at January 01	70,906	133,314
Non cash changes - dividend declared	1,273,869	2,866,206
Financing cash outflows	(1,256,854)	(2,928,614)
Balance as on December 31	87,921	70,906

#### 43. 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.

#### 44. CAPACITY AND PRODUCTION

The capacity and production of the Company's plants are indeterminable as these are multi-product and involve varying processes of manufacture.

#### 45. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

Business units	Addresses
Factories	<ul style="list-style-type: none"> <li>- 35, Dockyard Road, West Wharf, Karachi</li> <li>- F-268, S.I.T.E., Near Labour Square, Karachi</li> <li>- Plot No. 5, Sector 21, Korangi Industrial Area, Karachi</li> </ul>
Distribution / Sales offices	<ul style="list-style-type: none"> <li>- B-63, 65, Estate Avenue, S.I.T.E., Karachi</li> <li>- Islam-ud-din House, Mehmood Kot, Bosan Road, Multan</li> <li>- Cordeiro House, Plot No. 27 - Kot Lakhpat Industrial Estate, Kot Lakhpat, Lahore</li> <li>- Aleem House, Plot No. 409, Sector I – 9, Industrial Area, Islamabad</li> <li>- Peshawar sales office, opposite Grand Hotel, Behind ECS Tehkal Payan, University Road, Peshawar.</li> </ul>
Warehouses and storage facilities	<ul style="list-style-type: none"> <li>- Emirates Supply chain services, Head office, 46 Km Multan Road, Lahore</li> <li>- Connect Logistics Karachi, Plot No. 73, Block K-28, Hawksbay Road, Karachi</li> <li>- Connect Logistics Warehouse, Main Multan Bahawalpur Road, 2 Km from Motorway Interchange, Multan</li> </ul>



#### 46. CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended December 31, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

Rupees '000			2017
Description	Reclassified from	Reclassified to	
Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	70,906

#### 47. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on March 04, 2019 proposed a final cash dividend of Rs. 7 per share (2017: Rs. 4 per share) amounting to Rs. 2.23 billion (2017: Rs. 1.27 billion) subject to the approval of the members in the forthcoming annual general meeting of the Company.

#### 48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on March 04, 2019.



**M. Azizul Haq**  
Chief Executive



**Abdul Samad**  
Chief Financial Officer



**Sohail Matin**  
Director

# Pattern of Shareholding

## Form-34

NUMBER OF SHAREHOLDERS	SHARES HOLDING		TOTAL SHARES HELD	Percentage (%)
	From	To		
2257	1	100	79,786	0.03
1908	101	500	589,883	0.19
1372	501	1000	1,058,038	0.33
1585	1001	5000	3,876,653	1.22
411	5001	10000	3,045,927	0.96
149	10001	15000	1,865,812	0.59
74	15001	20000	1,310,015	0.41
56	20001	25000	1,270,943	0.40
35	25001	30000	976,957	0.31
23	30001	35000	749,768	0.24
23	35001	40000	875,756	0.27
8	40001	45000	336,825	0.11
9	45001	50000	421,830	0.13
15	50001	55000	788,343	0.25
11	55001	60000	637,140	0.20
6	60001	65000	372,005	0.12
2	65001	70000	135,932	0.04
11	70001	75000	802,027	0.25
3	75001	80000	237,800	0.07
3	80001	85000	249,533	0.08
1	85001	90000	87,303	0.03
6	90001	95000	550,586	0.17
3	95001	100000	297,100	0.09
4	105001	110000	433,076	0.14
1	110001	115000	110,800	0.03
1	115001	120000	115,500	0.04
2	120001	125000	244,187	0.08
1	125001	130000	125,191	0.04
1	130001	135000	130,100	0.04
2	135001	140000	276,946	0.09
1	140001	145000	140,002	0.04
2	145001	150000	296,900	0.09
2	155001	160000	316,300	0.10
1	160001	165000	163,930	0.05
1	175001	180000	179,411	0.06
2	180001	185000	362,975	0.11
2	185001	190000	378,500	0.12
1	190001	195000	191,719	0.06
2	195001	200000	396,000	0.12
1	220001	225000	222,600	0.07
1	225001	230000	227,000	0.07
1	230001	235000	230,200	0.07
1	240001	245000	244,538	0.08
1	295001	300000	300,000	0.09
1	300001	305000	302,580	0.10
1	320001	325000	321,099	0.10
1	325001	330000	330,000	0.10
1	370001	375000	374,500	0.12
1	385001	390000	388,900	0.12
1	390001	395000	392,200	0.12
1	640001	645000	642,800	0.20
1	730001	735000	732,700	0.23
1	845001	850000	846,818	0.27
1	1860001	1865000	1,863,700	0.59
1	2050001	2055000	2,052,200	0.64
1	3720001	3725000	3,721,808	1.17
1	8585001	8590000	8,589,656	2.70
1	9175001	9180000	9,176,686	2.88
1	263025001	263030000	263,029,794	82.59
8017			318,467,278	100.00

# Shareholding Information

As at December 31, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MRS. MAHEEN RAHMAN	1	1	0.00
<b>Associated Companies, undertakings and related parties</b>			
S.R.ONE INTERNATIONAL B.V.	1	263,029,794	82.59
<b>Executives</b>			
	0	-	-
<b>Public Sector Companies and Corporations</b>			
	10	13,190,670	4.14
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	42	6,315,961	1.98
<b>Mutual Funds</b>			
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	56,150	0.02
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	11,073	0.00
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	5,816	0.00
CDC - TRUSTEE NAFA STOCK FUND	1	2,000	0.00
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	21,000	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	8,589,656	2.70
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	20,000	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	388,900	0.12
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	25,300	0.01
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	97,100	0.03
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	196,000	0.06
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	106,700	0.03
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	2,400	0.00
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	230,200	0.07
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	600	0.00
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	1	7,500	0.00
MCBFSL - TRUSTEE JS VALUE FUND	1	69,200	0.02
CDC - TRUSTEE JS ISLAMIC FUND	1	73,300	0.02
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	78,100	0.02
MC FSL - TRUSTEE JS GROWTH FUND	1	55,200	0.02
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	500	0.00
CDC - TRUSTEE ASKARI EQUITY FUND	1	3,500	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	2,000	0.00
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	10,000	0.00
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	81,150	0.03
<b>General Public</b>			
<b>a. Local</b>	7793	21,086,819	6.62
<b>b. Foreign</b>	6	212,220	0.07
Foreign Companies	6	600,000	0.19
Others	133	3,898,468	1.22
<b>Totals</b>	<b>8,017</b>	<b>318,467,278</b>	<b>100</b>

## Share holders holding 5% or more

S.R.ONE INTERNATIONAL B.V.		263,029,794	82.59
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# Categories of Shareholders

As at December 31, 2018

Categories	Shareholder	Shares Held	Percentage
Individuals			
Local	7,793	21,086,819	6.62
Foreign	6	212,220	0.07
Foreign Companies	6	600,000	0.19
Joint Stock Companies	62	685,857	0.22
Public Sector Companies and Corporations	10	13,190,670	4.14
Financial Institutions	15	3,731,388	1.17
Investment Companies	3	2,551	0.00
Insurance Companies	13	612,433	0.19
Modaraba/Mutual Fund & Leasing Company	28	10,301,875	3.23
Associated Companies	1	263,029,794	82.59
Directors, CEO, Spouse and Minor Children	1	1	0.00
Executives	-	-	-
<b>OTHERS:</b>			
OTHERS - PROVIDENT/PENSION/GRATUITY FUND	42	2,346,486	0.74
OTHERS - CHARITABLE TRUSTS	12	395,750	0.12
OTHERS - COOPERATIVE SOCIETIES	3	24,457	0.01
ANJUMAN WAZIFA SADAT-O-MOMINEEN PAKISTAN	1	15,524	0.00
TRUSTEES SAEEDA AMIN WAKF	1	92,500	0.03
TRUSTEES MOHAMAD AMIN WAKF ESTATE	1	189,500	0.06
HAJRA TEXTILES	1	3,000	0.00
FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	1	13,438	0.00
ARABIAN SEA ENTERPRISES LIMITED	1	16,200	0.01
SIKANDAR ( PVT ) LTD. (8512)	1	2,000	0.00
SHAFFI SECURITIES (PVT) LIMITED	1	500	0.00
UHF CONSULTING (PRIVATE) LIMITED	1	100	0.00
DALAL SECURITIES (PVT) LTD.	1	5,600	0.00
SAAO CAPITAL (PVT) LIMITED	1	1,000	0.00
TOPLINE COMMODITIES (PVT.) LIMITED	1	24,300	0.01
SEVEN STAR SECURITIES (PVT.) LTD.	1	2,500	0.00
MERIN (PRIVATE) LIMITED	1	5,000	0.00
PEARL SECURITIES LIMITED - MF	1	1,200	0.00
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	1,863,700	0.59
GALAXY CAPITAL SECURITIES (PVT) LIMITED	1	100	0.00
MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.	1	1,100	0.00
AXIS GLOBAL LIMITED - MF	1	4,000	0.00
BACKERS & PARTNERS (PRIVATE) LIMITED - MF	1	715	0.00
DARSON SECURITIES (PVT.) LIMITED - MF	1	1,000	0.00
TRUST SECURITIES & BROKERAGE LIMITED - MF	1	4,000	0.00
	8,017	318,467,278	100

Shareholding Position / Free Float Shares	Shareholder	Shares Held	Percentage
Shares in Physical Register	2,068	266,839,283	83.79
Shares Deposited in Central Depository System	5,949	51,627,995	16.21
Total	8,017	318,467,278	100.00

Free Float Shares of the Company 51,627,995 i.e (16.21%) Shares out of total 318,467,278 Shares as on December 31, 2018.

# Key Shareholding

As at December 31, 2018

Information of Shareholdings required under the reporting framework is as follows:

Associates Companies	Number of Shares	Percentage
<b>Modaraba/Mutual Fund and Leasing Companies</b>		
FIRST ALNOOR MODARABA	4,500	0.00
B.R.R. GUARDIAN MODARABA	163,930	0.05
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	56,150	0.02
CDC - TRUSTEE AKD INDEX TRACKER FUND	11,073	0.00
CDC - TRUSTEE MEEZAN ISLAMIC FUND	5,816	0.00
CDC - TRUSTEE NAFA STOCK FUND	2,000	0.00
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	21,000	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	8,589,656	2.70
CDC - TRUSTEE PIML VALUE EQUITY FUND	20,000	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	388,900	0.12
CDC - TRUSTEE DAWOOD ISLAMIC FUND	25,300	0.01
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	97,100	0.03
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	196,000	0.06
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	106,700	0.03
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	2,400	0.00
CDC - TRUSTEE AKD OPPORTUNITY FUND	230,200	0.07
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	600	0.00
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	7,500	0.00
MCBFSL - TRUSTEE JS VALUE FUND	69,200	0.02
CDC - TRUSTEE JS ISLAMIC FUND	73,300	0.02
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	78,100	0.02
MC FSL - TRUSTEE JS GROWTH FUND	55,200	0.02
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	500	0.00
CDC - TRUSTEE ASKARI EQUITY FUND	3,500	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	2,000	0.00
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	10,000	0.00
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	81,150	0.03
PAKISTAN INDUSTRIAL AND COMMERCIAL LEASING LTD.	100	0.00
Total	10,301,875	3.23
<b>Public Sector Companies and Corporations</b>		
INVESTMENT CORPN OF PAKISTAN	108	0.00
NATIONAL BANK OF PAKISTAN	25	0.00
PAK-LIBYA HOLDING CO(PVT)LTD.	2,601	0.00
IDBL (ICP UNIT)	86	0.00
NATIONAL BANK OF PAKISTAN	5,198	0.00
NATIONAL BANK OF PAKISTAN	3,721,808	1.17
NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND	51,658	0.02
STATE LIFE INSURANCE CORP. OF PAKISTAN	9,176,686	2.88
PAIR INVESTMENT COMPANY LIMITED	72,500	0.02
PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	160,000	0.05
Total	13,190,670	4.14
<b>Directors, Spouses and their Childrens</b>		
MRS. MAHEEN RAHMAN	1	0.00
Banks, development financial institutions, insurance companies, takaful, Investment Companies & Joint Stock Companies	5,032,229	1.58
<b>Foreign Companies</b>		
EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	227,000	0.07
Habib Bank AG Zurich, Zurich,Switzerland	5,000	0.00
HABIB BANK AG ZURICH, DEIRA DUBAI	189,000	0.06
AUSTRALIAN CATHOLIC SUPERANNUATION AND RETIREMENT FUND	28,800	0.01
TARIIC HOLDING COMPANY BSC (CLOSED)	60,000	0.02
LAERERNES PENSION FORSIKRINGSAKTIESELSKA	90,200	0.03
Total	600,000	0.19
<b>Share holders holding 5% or more</b>		
S.R.ONE INTERNATIONAL B.V.	263,029,794	82.59

# Notice of Annual General Meeting

Notice is hereby given that the 72nd Annual General Meeting of the Shareholders of GlaxoSmithKline Pakistan Limited will be held at Ramada Karachi Creek Hotel, Zulfiqar Street 1, DHA Phase VIII, Karachi at 11:30 a.m. on Wednesday, April 24, 2019 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statement together with the Directors and Auditors' Report thereon for the year ended December 31, 2018.
2. To declare and approve final cash dividend @ 70% i.e. Rs. 7.00 per ordinary share of Rs. 10/ each for the year ended December 31, 2018, as recommended by the Board of Directors.
3. To appoint the External Auditors of the Company up to the next Annual General Meeting and to fix their remuneration.

## ANY OTHER BUSINESS:

1. To transact any other business with the permission of the Chair.

Karachi  
April 03, 2019

By Order of the Board



SYED AZEEM ABBAS NAQVI  
Company Secretary

## Notes:

1. The Share Transfer Books of the Company will be closed for determining the entitlement for the payment of Final Dividend from April 18, 2019 to April 24, 2019 (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 Shahrah-e-Faisal, Karachi at the close of business on April 17, 2019 (Wednesday) will be treated in time for the purposes of entitlement to the transferees.
2. 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.
3. The shareholders are requested to notify the Company if there is any change in their addresses.
4. 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.
5. 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.

## 6. Submission of Copy of CNIC/NTN [MANDATORY]:

According to Securities and Exchange Commission of Pakistan's [SECP] SRO 831[1]/2012 dated July 05, 2012 read with SRO 19(1) 2014 dated January 10, 2014 and other relevant rules, the electronic dividend should also bear Computerized National Identity Card (CNIC) number of the registered Shareholder or the authorized person, except in the case of minor(s) and Corporate Shareholders.

As per Regulation No. 6 of the Companies [Distribution of Dividend] Regulations, 2017 and Section 243(2) of the Companies Act, 2017, the Company will be constrained to withhold payment of dividend to shareholders, in case of non-availability of identification number of the shareholder or authorized person (CNIC or NTN).

Accordingly, the individual members who have not yet submitted Photostat copy of their valid Computerized National Identity Card (CNIC) to the Company/Share Registrar 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 Shahra-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorised representatives CNIC copy.

## 7. Payment of Cash Dividend Electronically (Mandatory)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Regulation No. 4 of the Companies (Distribution of Dividend) Regulations, 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.

All shareholders are once again requested to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number (iv) bank name and (v) branch name, code & address and (vi) Mobile number to Company's Share Registrar M/s. Central Depository Company of Pakistan Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC. Shareholders may use the electronic dividend mandate form attached to this report or form available on the Company's website i.e. <http://www.pk.gsk.com> to provide their details.

Status of IBAN as on December 31st, 2018 of GlaxoSmithKline Pakistan Limited Shareholders (Physical & CDS) as follows:

Current Total Number of Shareholders as on December 31, 2018			Current Number of IBAN updated as on December 31, 2018			Ratio/Percentage of IBAN updated
Physical	CDS	Total	Physical	CDS	Total	
2,068	5,949	8,017	383	5,062	5,445	70%

## 8. 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. <http://www.pk.gsk.com> 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.

Annual Accounts of the Company for the year ended December 31, 2018 can be downloaded from the Company's website <http://www.pk.gsk.com>.

## 9. Transmission of Annual Audited Financial Statements through CD/DVD:

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual audited financial statements to their members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 70th Annual General Meeting held on April 24, 2017 in this regard. Accordingly, the Annual Report of GSK for the year ended December 31, 2018 is being dispatched to shareholders through CD. Any member requiring printed copy of Annual Report 2018 may send a request using a "Standard Request Form" placed on Company website [<http://www.pk.gsk.com>].

## 10. Withholding Tax on Dividend

Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

- (a) For filers of income tax returns: 15%
- (b) For non-filers of income tax returns: 20%

Shareholders who are filers are advised to make sure that their names are entered latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

## 11. Withholding tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly.

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)



The required information must reach the Company's Share Registrar by April 17, 2019, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

Withholding tax exemption from dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to the Company Share Registrar by April 17, 2019.

## 12. Consent for Video Conference Facility:

In accordance with Section 132(2) of the Companies Act, 2017, the Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 7 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that City.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of GlaxoSmithKline Pakistan Limited, holder of \_\_\_\_\_ ordinary share (s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

مطلوبہ معلومات کمپنی کے شیئر رجسٹرار کو 17 اپریل 2019 تک لازماً پہنچ جانا چاہئیں، بصورت دیگر یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور مشترکہ شیئر ہولڈر/ ہولڈرز دونوں مساوی شیئرز کے مالک ہیں اور ٹیکس کی کٹوتی اسی مناسبت سے کی جائے گی۔

منافع منقسمہ کی آمدنی پرنسپل کٹوتی سے استثنیٰ صرف اسی صورت میں دیا جائے گا اگر 17 اپریل 2019 تک کارآمد ٹیکس استثنیٰ سرٹیفکیٹ کی نقل کمپنی شیئر رجسٹرار کو موصول ہو جاتی ہے۔

## 12. ویڈیو کانفرنس کی سہولت کے لیے رضامندی:

کمپنیز ایکٹ 2017 کے سیکشن (2) 132 کے تحت ممبرز، لاہور اور اسلام آباد میں ویڈیو کانفرنس کی سہولت سے مستفید ہو سکتے ہیں۔ اس کو مد نظر رکھتے ہوئے، براہ مہربانی نیچے موجود فارم پُر کریں اور کمپنی کے رجسٹرڈ پتے پر سالانہ اجلاس عام سے 7 دن قبل ارسال کریں۔

اگر کمپنی کو مجموعی طور پر کسی جغرافیائی علاقے میں رہائش پذیر 10 فیصد یا اس سے زائد شیئرز کے مالک ممبرز کی جانب سے ویڈیو کانفرنس کے ذریعے اجلاس میں شمولیت کے لیے کم از کم 7 دن پہلے رضامندی موصول ہو جائے تو کمپنی اُس شہر میں ممبر سہولیات کے مطابق اُس شہر میں ویڈیو کانفرنس کا انعقاد کرے گی۔

کمپنی، سالانہ اجلاس عام سے کم از کم 5 دن قبل ممبرز کو ویڈیو کانفرنس کے مقام اور سہولت سے مستفید ہونے کے لیے تمام ضروری معلومات سے آگاہ کرے گی تاکہ وہ اس سہولت تک رسائی حاصل کر سکے۔

میں/ ہم \_\_\_\_\_ کے \_\_\_\_\_ بطور ممبر، GlaxoSmithKline پاکستان لمیٹڈ \_\_\_\_\_

عمومی شیئر/ شیئرز کے مالک کی حیثیت سے بمطابق رجسٹرڈ فوئیو/ CDC کاؤنٹ \_\_\_\_\_ بذریعہ ہڈا ویڈیو کانفرنس منعقدہ بمقام \_\_\_\_\_

میں شرکت کرنا چاہتا/ چاہتی ہوں/ چاہتے ہیں۔ \_\_\_\_\_

دستخط ممبر

## 8. سالانہ مالی گوشواروں کی بذریعہ ای میل ترسیل:

SECP کی جانب سے مؤرخہ 8 دسمبر 2014 کے SRO 787(1) 2014 کے تحت دی گئیں ہدایات کے مطابق، ایسے شیئرز ہولڈرز جو سالانہ مالیاتی گوشوارے مستقبل میں ڈاک کے بجائے ای میل کے ذریعے وصول کرنے کے خواہش مند ہوں، انہیں ہدایت دی جاتی ہے کہ وہ اپنی باضابطہ رضامندی، مستند ای میل ایڈریس کے ہمراہ اسٹیٹڈ ڈرخواست فارم پر دیں، جو کہ کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر دستیاب ہے اور مذکورہ فارم باقاعدہ طور پر پُر کرنے کے بعد اپنے دستخط اور اپنے CNIC/پاسپورٹ کی نقل کے ہمراہ کمپنی کے شیئرز رجسٹرار کو ارسال کریں۔

براہ مہربانی یاد رکھیں کہ سالانہ مالیاتی گوشوارے ڈاک کے بجائے ای میل ایڈریس پر وصول کرنا آپ کے اختیار پر منحصر ہے، اگر آپ اس سہولت کو استعمال نہیں کرنا چاہتے تو اس نوٹس کو نظر انداز کر دیں۔ سالانہ مالیاتی گوشوارے آپ کے فراہم کردہ پتے پر معمول کے مطابق ارسال کر دیے جائیں گے۔

کمپنی کے 31 دسمبر 2018 کو ختم شدہ سال کے سالانہ اکاؤنٹس کو کمپنی کی ویب سائٹ <http://www.pk.gsk.com> سے ڈاؤن لوڈ کیا جاسکتا ہے۔

## 9. سالانہ آڈٹ شدہ مالیاتی گوشواروں کی بذریعہ CD/DVD ترسیل:

SECP اپنے ایس آر آڈ 2016(1) 470 مؤرخہ 31 مئی 2016، کے ذریعے کمپنیز کو سالانہ آڈٹ شدہ مالیاتی گوشوارے کی ہارڈ کاپیز ممبران کو ان کے رجسٹرڈ پتوں پر بھیجنے کے بجائے بذریعہ CD/DVD/USB ارسال کرنے کی اجازت دے چکا ہے۔ اس سلسلے میں 24 اپریل 2017 کو منعقد ہونے والے 70 ویں اجلاس عام میں کمپنی اپنے شیئرز ہولڈرز کی منظوری حاصل کر چکی ہے۔ اسی طرح 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے گلیکسو اسمتھ کلائن کی سالانہ رپورٹ بذریعہ CD، شیئرز ہولڈرز کو ارسال کی جارہی ہے۔ اگر کسی ممبر کو سالانہ رپورٹ 2018 کی طباعت شدہ کاپی درکار ہو تو کمپنی کی ویب سائٹ [<http://www.pk.gsk.com>] پر موجود "اسٹیٹڈ ریویوڈ فارم" کو استعمال کرتے ہوئے درخواست بھیج سکتا ہے۔

## 10. منافع منقسمہ پریکس کی کٹوتی:

انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت کمپنیز کی جانب سے ادا کی جانے والی منافع منقسمہ کی رقم پر وہ ہولڈنگ ٹیکس کی کٹوتی کے لئے موجودہ ریٹس درج ذیل ہیں:

(اے) انکم ٹیکس گوشوارے جمع کرانے والوں کے لئے	15 فیصد
(بی) انکم ٹیکس گوشوارے جمع نہ کرانے والوں کے لئے	20 فیصد

انکم ٹیکس گوشوارے جمع کرانے والے شیئرز ہولڈرز کو ہدایت کی جاتی ہے کہ وہ منافع منقسمہ کی ادائیگی کے وقت اپنے ناموں کو ایف بی آر کی ویب سائٹ پر فراہم کردہ ٹیکس ادا کرنے والے فعال افراد کی فہرست (ای ٹی ایل) میں موجودگی کو یقینی بنائیں، بصورت دیگر انہیں بطور نان-فائلرز تصور کیا جائے گا اور ان کے نقد منافع منقسمہ کی آمدنی سے 15 فیصد کے بجائے 20 فیصد کی شرح سے کٹوتی کی جائے گی۔

## 11. مشترکہ اکاؤنٹ ہولڈر ہونے کی صورت میں منافع منقسمہ پریکس کی کٹوتی:

کمپنی کی ریگولیشنز کی ہدایات پر عملدرآمد کرنے کے ضمن میں جوائنٹ اکاؤنٹ کی صورت میں شیئرز ہولڈنگ کے تناسب کا تعین کرنے کی غرض سے (جہاں شیئرز ہولڈنگ کا تعین پرنسپل شیئرز ہولڈر کے ذریعے نہیں کیا گیا ہے) کمپنی کے منافع منقسمہ کی ادائیگی پریکس کٹوتی کے لیے، شیئرز ہولڈرز سے درخواست ہے کہ پرنسپل شیئرز ہولڈر اور جوائنٹ ہولڈرز کے پاس موجود شیئرز کے سلسلے میں ان کے شیئرز ہولڈنگ تناسب کی تفصیلات سے کمپنی کے شیئرز رجسٹرار کو آگاہ کریں تاکہ کمپنی ہر شیئرز ہولڈر کی ٹیکس کٹوتی کا اسی مناسبت سے حساب لگا سکے۔

اس حوالے سے وہ تمام شیئرز ہولڈرز جن کے شیئرز مشترکہ شیئرز ہولڈرز کے ساتھ ہیں، سے درخواست کی جاتی ہے کہ وہ جو شیئرز رکھتے ہیں، ان کے بارے میں ہمارے شیئرز رجسٹرار کو مندرجہ ذیل تحریری طریقہ کار کے ذریعے، پرنسپل شیئرز ہولڈر اور مشترکہ شیئرز ہولڈر کے شیئرز کے ملکیتی تناسب فراہم کریں:

فولیو/ CDS اکاؤنٹ نمبر	مجموعی شیئرز	پرنسپل شیئرز ہولڈر	
		نام اور CNIC نمبر	شیئرز کا ملکیتی تناسب (شیئرز کی تعداد)
		نام اور CNIC نمبر	شیئرز کا ملکیتی تناسب

**B. پراسیسو مقرر کرنے کے لیے:**

i. انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن ضابطے کے مطابق اپ لوڈ کی گئی ہو، پراسیسو فارم مندرجہ بالا شرائط کے مطابق جمع کرائیں گے۔

ii. پراسیسو فارم پر دو افراد بطور گواہ دستخط کریں گے، جن کے نام، پتے اور CNIC نمبرز فارم پر درج کیے جائیں گے۔

iii. بینیفیشل اونرز اور پراسیسو کی CNIC یا پاسپورٹ کی تصدیق شدہ نقول، پراسیسو فارم کے ساتھ مہیا کی جائیں گی۔

iv. پراسیسو، اجلاس کے وقت اپنے اصل CNIC یا پاسپورٹ مہیا کرے گا/گی۔

v. کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نمونہ دستخط (اگر پہلے فراہم نہ کیے گئے ہوں)، پراسیسو فارم کے ہمراہ کمپنی میں جمع کروائے جائیں گے۔

5. فزیکل شیئرز کے حامل شیئرز ہولڈرز کو اپنا اصل CNIC اور/یا پراسیسو کے حامل ممبران کے CNIC کی نقل ہمراہ لانی ہوگی ورنہ حصص یافتگان کو سالانہ اجلاس عام میں شرکت کرنے اور اپنا شیئرز ہولڈرز/ممبرز کے رجسٹر پر دستخط کرنے کی اجازت نہیں دی جائے گی۔

**6. CNIC/NTN کی نقل کی حوالگی (لازمی):**

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ایس آر او 2012/1(831) مورخہ 5 جولائی 2012 کے تسلسل میں SRO 19 (1)/2014 مورخہ 10 جنوری 2014 اور دیگر متعلق قوانین کے مطابق الیکٹرونک ڈیویڈنڈ کورجسٹرڈ شیئرز ہولڈرز یا مجاز شخص کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کا حامل بھی ہونا چاہیے، سوائے نابالغ اور کارپوریٹ شیئرز ہولڈرز کے۔

کمپنیز ریگولیشنز، 2017 کے ریگولیشن نمبر 6 (ڈیویڈنڈ کی تقسیم) اور کمپنیز ایکٹ 2017 کے سیکشن 243(2) تحت، شیئرز ہولڈرز یا مجاز شخص کے شناختی نمبر (CNIC یا NTN) کی عدم دستیابی کی صورت میں کمپنی شیئرز ہولڈرز کی ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہوگی۔

اسی مناسبت سے وہ انفرادی ممبرز جنہوں نے ابھی تک اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل کمپنی/شیئرز رجسٹرار کے پاس جمع نہیں کرائی ہیں، ان سے ایک مرتبہ پھر درخواست کی جاتی ہے کہ وہ فوری طور پر اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل کمپنی کے شیئرز رجسٹرار کو سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کے پتے پر ارسال کر دیں۔ کارپوریٹ اداروں سے درخواست ہے کہ وہ اپنا بینیشل ٹیکس نمبر (NTN) اور فولیو نمبر مع مجاز نمائندے کی کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل، فراہم کریں۔

**7. نقد منافع منقسمہ کی الیکٹرونک انداز سے ادائیگی (لازمی)**

کمپنیز ایکٹ 2017 کے سیکشن 242 کے قوانین کمپنیز کی ریگولیشن نمبر 4 اور کمپنیز (منافع منقسمہ کی تقسیم) ریگولیشنز 2017 کی تعمیل میں یہ لازمی ہے کہ منافع منقسمہ کی نقد ادائیگی حق دار شیئرز ہولڈرز کے فراہم کردہ بینک اکاؤنٹ میں براہ راست بذریعہ الیکٹرونک انداز سے ہی ہوگی۔

تمام شیئرز ہولڈرز سے ایک مرتبہ پھر درخواست کی جاتی ہے کہ وہ اپنے بینک کی تفصیلات جس میں (i) اکاؤنٹ کا نام، (ii) اکاؤنٹ نمبر، (iii) آئی بی اے این (IBAN)، (iv) بینک کا نام اور (v) برانچ کا نام، کوڈ اور پتہ اور (vi) موبائل نمبر موجود ہو، کمپنی کے شیئرز رجسٹرار، ممبرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کو فراہم کر دیں۔ شراکت دار/سینٹرل ڈیپازٹری کمپنی (CDC) کے حاملین شیئرز ہولڈرز کو ہدایت دی جاتی ہے کہ وہ مینڈیٹ متعلقہ بروکر CDC کو فراہم کر دیں۔ شیئرز ہولڈرز اپنی تفصیلات فراہم کرنے کے لیے اس رپورٹ کے ساتھ منسلک یا کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر موجود الیکٹرونک ڈیویڈنڈ مینڈیٹ فارم کو استعمال کر سکتے ہیں۔

شرح/اپ ڈیٹ ہونے والے IBAN کا تناسب	31 دسمبر 2018 تک IBAN کی تازہ ترین موجودہ تعداد			31 دسمبر 2018 تک شیئرز ہولڈرز کی موجودہ گھل تعداد		
	گھل	سی ڈی ایس	فزیکل	گھل	سی ڈی ایس	فزیکل
70 فیصد	5,445	5,062	383	8,017	85,949	2,068

## اطلاع عام برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ درج ذیل امور کی انجام دہی کے لیے گلیکسو اسمتھ کلائن کا 72 واں سالانہ اجلاس عام مؤرخہ 24 اپریل 2019 بروز بدھ، صبح 11:30 بجے رمادا کراچی کریم ہول، ذوالفقار اسٹریٹ 1، DHA، VIII فیز، کراچی میں منعقد کیا جائے گا:

عمومی کاروباری امور:

1. 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ آڈٹ شدہ اکاؤنٹس کی وصولی، ان پر غور و خوض اور نفاذ کرنا۔
2. جیسا کہ بورڈ آف ڈائریکٹرز نے سفارش کی ہے، 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے 10 روپے کے عام شیئرز پر 70 فیصد کی شرح سے یعنی 7.00 روپے فی عام شیئر حتمی نقد منافع منقسمہ کا اعلان اور منظوری دینا۔
3. آئندہ اجلاس عام تک ایکسٹرنل آڈیٹرز کی تقرری اور معاوضے کا تعین کرنا۔

دیگر کاروباری امور

1. صدر اجلاس کی اجازت سے دیگر امور پر کارروائی عمل میں لانا۔

حسب احکم بورڈ

سید عظیم عباس نقوی  
کمپنی سیکریٹری

کراچی

13 اپریل 2019

نوٹس:

1. کمپنی کی شیئر منقلی کتب، حتمی منافع منقسمہ کی ادائیگی کے استحقاقی تعین کے مقصد کے لیے 18 اپریل 2019 سے 24 اپریل 2019 (بشمول دونوں ایام) بند رہیں گی۔ جو ٹرانسفر کمپنی کے شیئرز رجسٹر اریٹریٹل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی میں 17 اپریل 2019 (بروز بدھ) کو کاروباری اوقات ختم ہونے سے قبل موصول ہوں گی، منتقل کرنے والوں کے استحقاق کے مقصد کے لیے بروقت موصول شدہ تصوری جائیں گی۔
2. اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار ممبر، کسی دوسرے ممبر کو اجلاس میں شرکت، بولنے اور ووٹ دینے کے لیے تحریری طور پر، پراسی مقرر کر سکتا ہے۔ پراسی کے تقرری کی اطلاع کمپنی کے شیئرز رجسٹر اریٹریٹل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازمی جمع کرا دی جائے۔
3. شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ اگر ان کے بچوں میں کوئی تبدیلی ہو تو کمپنی کو ضرور آگاہ کریں۔
4. سی ڈی سی (CDC) اکاؤنٹ ہولڈرز کو مندرجہ ذیل ہدایات پر بھی عمل کرنا ہوگا جو کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے جاری کردہ مراسلہ نمبر 1 برائے سال 2000 مؤرخہ 26 جنوری 2000 میں درج ہیں۔

A. اجلاس میں شرکت کے لیے

- i. انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن ضابطے کے مطابق اپ لوڈ کی گئی ہو، اجلاس میں شرکت کے وقت اپنا کمپیوٹرائزڈ قومی شناختی کارڈ (GNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت کرائیں گے۔
- ii. کارپوریٹ ادارے کی صورت میں، اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد شدہ شخص کے نمونہ دستخط (اگر پہلے فراہم نہ کیے گئے ہوں) پیش کیے جائیں گے۔

# 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

B-135, Block-B, Akhuwat Nagar,  
Friends Co-operative Housing Society  
Airport Road,  
Sukkur.  
Tel: (92-71) 5804451

#### 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

Opposite Grand Hotel, behind ECS ,Tehkal  
Payan  
University Road.  
Peshawar,  
Tel : (92 91 5703641)



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Correct  
Postage

**Share Registrar Department:**  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal,  
Karachi - 74400, Pakistan



## فارم برائے نمائندگی (پراسی)

گلکسیو اسمتھ کلائن پاکستان لمیٹڈ

میں/ہم \_\_\_\_\_ از \_\_\_\_\_، بحیثیت رکن گلکسیو اسمتھ کلائن پاکستان لمیٹڈ،  
 مالک \_\_\_\_\_ عمومی شیئرز، بذریعہ پلا \_\_\_\_\_ از \_\_\_\_\_ کو کچھنی کے دوسرے  
 رکن کے طور پر مقرر کرتا/کرتی ہوں/کرتے ہیں اور ان کی غیر موجودگی میں \_\_\_\_\_ از \_\_\_\_\_ کو  
 اپنی غیر حاضری کی صورت میں موقع پر موجود ہونے اور ووٹ دینے اور میری/ہماری نمائندگی کرنے اور میری/ہماری جانب سے کچھنی کے سالانہ اجلاس عام، رماڈا کراچی کریک ہول، ذوالفقار اسٹریٹ 1، DHA،  
 فیئ (VIII) کراچی، بروز بدھ، مورخہ 24 اپریل 2019 11:30 بجے صبح یا التوا کی صورت میں کسی اور وقت منعقد ہونے والے اجلاس عام میں شرکت کے لیے مقرر کرتا/کرتی ہوں/کرتے ہیں۔

(مہینے کا) دن \_\_\_\_\_ مہینہ \_\_\_\_\_ 2019 کو میری/ہماری تخریر اور دستخط/دستخطوں کے ساتھ۔

5 روپے کا  
 ریونیو اسٹیٹمنٹ

درج ذیل کی موجودگی میں دستخط کیے گئے:

(گواہ نمبر 1 کے دستخط)

(گواہ نمبر 2 کے دستخط)

گواہ کا نام:

گواہ کا نام:

CNIC نمبر: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

CNIC نمبر: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

شیئر ہولڈر کے دستخط

(نام بڑے حروف میں)  
 فونینمبر

### نوٹس:

- رکن سے درخواست کی جاتی ہے کہ:  
 (a) اوپر نشانہ کی گئی جگہ پر 5 روپے کا ریونیو ٹیکٹ چسپاں کیا جائے؛  
 (b) ہو، ہودی دستخط کیے جائیں جو کچھنی میں رجسٹرڈ ہیں؛  
 (c) اپنا فونینمبر درج کیا جائے۔
- درج بالا نمائندہ سے کسی تقرری کا عمل مکمل ہونے کے لیے ضروری ہے کہ نمائندہ بنانے جانے کی یہ دستاویز کچھنی کے شیئر رجسٹر اے کے دفتر، ہتھامہ شیئر رجسٹرار ڈپارٹمنٹ، سینٹرل ڈپازٹری کھلی آف پاکستان لمیٹڈ، B-99، بلاک B، ایس ایم ای ایچ ٹاؤن،  
 مین ٹاؤن، کراچی پر اجلاس کا وقت شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جانی چاہئے۔
- اس دستاویز برائے نمائندگی میں کسی بھی تبدیلی کی صورت میں اس پر زبردستی کے مندر دستخط شہادت ہونے چاہئیں۔
- مشترک ہولڈرز ہونے کی صورت میں، شیئر فریق کا دیا گیا ووٹ، خواہ وہ خود سے یا اس کے نمائندہ سے کی جانب سے دیا جائے، دیگر مشترک ہولڈرز کے مقابلے میں قبول کیا جائے گا، اور اس مقدمہ کے لیے شیئر ہونے کا تین ارکان کے رجسٹر میں  
 ناموں کی ترتیب سے کیا جائے گا۔
- کوئی بھی شخص پر کسی نہیں ہو سکتا اگر وہ خود کچھنی کا ممبر نہ ہو جو بڑے کارپوریشن کی ایسے شخص کا تقرر کرے جو کچھنی کا ممبر نہ ہو۔

### CDC کا ڈسٹ ہولڈرز/کارپوریٹ اداروں کے لیے:

- درج بالا کے علاوہ درج ذیل اوزامات کی تکمیل بھی ضروری ہوگی:
- فارم برائے نمائندگی پر دو افراد کی گواہی لی جائے گی جن کے نام، پتے اور CNIC نمبر فارم پر درج کیے جائیں گے۔
  - مستفید ہونے والے مالکان اور نمائندہ سے کسی CNIC یا سپورٹ کی تصدیق شدہ کاپی، فارم برائے نمائندگی کے ساتھ لازماً منسلک کی جائیں گی۔
  - اجلاس کے وقت نمائندہ کے کاپی اصل CNIC یا اصل یا سپورٹ لازماً پیش کرنا ہوگا۔
  - کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا نامہ اور نمونے کے طور پر کیے گئے دستخط، فارم برائے نمائندگی کے ساتھ شیئر رجسٹرار کے پاس لازماً جمع کروانا ہوں گے (اگر انہیں پہلے جمع کروا دیا گیا ہو)۔

Affix  
Correct  
Postage

**Share Registrar Department:**  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal,  
Karachi - 74400, Pakistan

# Standard Request Form

## Circulation Of Annual Audited Accounts

The Company Secretary  
GSK Pakistan Limited  
35 Dockyard Road,  
West Wharf, Karachi 74000,  
Pakistan

**Subject:           Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Media**

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) to its members/shareholders, along with the Notice of the Annual General Meeting (AGM) through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hard copy of Audited Annual Financial Statements along with a Notice of the AGM, shall have to fill the below form and send us to Company address.

I/We hereby consent Option 1 or Option 2 to the above said SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me hard form instead Email/CD/DVD/USB or any others Electronic Media.

**OPTION 1 – VIA EMAIL**

Name of the Members/ Shareholders:	
CNIC /SNIC #:	
Folio / CDC Account Number:	
Valid Email Address (to receive Financial Statements along with Notice of General Meeting(s) instead of hard copy, CD/DVD/USB.):	

**OPTION 2 – HARD COPY**

Name of the Members/ Shareholders:	
CNIC /SNIC #:	
Folio / CDC Account Number:	
Address (to receive Financial Statements along with Notice of General Meeting(s) instead of CD/DVD/USB.):	

I/We hereby confirm that the above – mentioned information is correct and in case of any change therein, i/we will immediately intimate to the Company's Share Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

\_\_\_\_\_  
SHAREHOLDER SIGNATURE

## اسٹینڈرڈ درخواست فارم سالانہ آڈٹ شدہ اکاؤنٹس کا مراسلہ

کمپنی سیکریٹری

GSK

35 ڈاکہ روڈ،

ولیسٹ و ہارف، کراچی 74000،

پاکستان

عنوان: سالانہ آڈٹ شدہ اکاؤنٹس کا مراسلہ بذریعہ ای میل / DVD/USB/CD یا دیگر ذرائع

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے بذریعہ SRO 787(1)/2014 مورخہ 8 ستمبر، 2014 اور SRO 470(1)/2016 مورخہ 31 مئی، 2016 دی جانے والی ہدایات کے بموجب، کمپنیوں کو اپنے سالانہ آڈٹ شدہ اکاؤنٹس (یعنی سالانہ بیننس شیٹ اور پرافٹ اینڈ لوس اکاؤنٹس، جامع آمدنی کی اسٹیٹمنٹس، کیش فلو اسٹیٹمنٹس، مالیاتی اسٹیٹمنٹس کے نوٹس، آڈیٹ اور ڈائریکٹری رپورٹ) اپنے اراکین/حصص مالکان کو مع نوٹس برائے سالانہ عمومی اجلاس (AGM) بذریعہ ای میل / CD / USB/DVD یا کسی اور برقی ذرائع سے ان کے رجسٹرڈ پتہ پر ارسال کرنے کی اجازت دی گئی ہے۔

وہ حصص مالکان جو سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس کی دستاویزی نقل مع AGM کے نوٹس بذریعہ ای میل وصول کرنا چاہتے ہیں، انہیں درج ذیل فارم پُر کر کے کمپنی کے پتے پر روانہ کرنا ہوگا۔

میں/ہم سالانہ مالیاتی اسٹیٹمنٹس اور عمومی اجلاس/اجلاسوں کے نوٹس کے لیے متذکرہ بالا SROs کو بذریعہ ای میل / DVD/USB/CD یا کسی اور الیکٹرانک ذریعے سے مجھے/ہمیں دستاویزی نقل میں ارسال کرنے کے لیے آپشن 1 یا آپشن 2 پر رضامند ہوں/ہیں۔

### آپشن 1 - بذریعہ ای میل

اراکین/حصص مالکان کا نام:	
CNIC/SNIC نمبر:	
فولیو/CDC اکاؤنٹ نمبر:	
درست ای میل ایڈریس، USB/DVD/CD کے بجائے مالیاتی اسٹیٹمنٹس مع نوٹس برائے عمومی اجلاس وصول کرنے کے لیے):	

### آپشن 2 - دستاویزی نقل

اراکین/حصص مالکان کا نام:	
CNIC/SNIC نمبر:	
فولیو/CDC اکاؤنٹ نمبر:	
درست ایڈریس، USB/DVD/CD کے بجائے مالیاتی اسٹیٹمنٹس مع نوٹس برائے عمومی اجلاس وصول کرنے کے لیے):	

بذریعہ ہذا، میں/ہم تصدیق کرتا/کرتی ہوں/کرتے ہیں کہ متذکرہ بالا معلومات درست ہیں اور ان میں کسی قسم کی تبدیلی ہونے کی صورت میں، میں/ہم فوری طور پر کمپنی کے رجسٹرار کو مطلع کروں گا/گی/کریں گے۔ میں/ہم اس بات کی بھی تصدیق کرتا/کرتی ہوں/کرتے ہیں کہ کمپنی کی سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس اور نوٹس برائے عمومی اجلاس/زائد اجلاس کی ترسیل میرے/ہمارے درج بالا پتے پر ترسیل کمپنیز ایکٹ، 2017 کے مطابق کی جائے گی۔

# Electronic Dividend Mandate Form

## GlaxoSmithKline Pakistan Limited

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.

Shareholders are requested to send the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block-B, SMCHS, Main Shahrah-e-Faisal, Karachi. Shareholders who hold shares with Participants / CDC are advised to provide the Dividend Mandate and attested copy of CNIC, directly to their concerned Broker (Participants) / CDC.

My Bank account details for credit of dividend are as below:

Name of shareholder : \_\_\_\_\_

Folio Number/CDC Account No. : \_\_\_\_\_ of GlaxoSmithKline Pakistan Limited

Mobile number of shareholder : \_\_\_\_\_

Title of Account (\*) : \_\_\_\_\_

Account Number : \_\_\_\_\_

IBAN Number (24 digits) (\*\*) : \_\_\_\_\_

Name of Bank : \_\_\_\_\_

Bank branch & Code : \_\_\_\_\_

Mailing Address of Branch : \_\_\_\_\_

CNIC No. (attach attested copy) : \_\_\_\_\_

NTN (in case of corporate entity) : \_\_\_\_\_

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future

\_\_\_\_\_  
Shareholder's Signature

\_\_\_\_\_  
Date

### NOTES:

\*Joint account holders shall specify complete Title of Account, including shareholders name.

\*\*Please provide complete IBAN Number, after checking with your concerned Bank branch to enable electronic credit directly into your bank account.

## الیکٹرونک ڈیویڈنڈ مینڈیٹ فارم

گلیکسو اسمتھ کلائن پاکستان لمیٹڈ

کمپنیز ایکٹ 2017 کے سیکشن 242 کی دفعات اور کمپنیز ریگولیشنز، 2017 کے مطابق (منافع منقسمہ کی تقسیم) کی تعمیل میں لازمی ہے کہ حقدار شیئرز ہولڈرز کو منافع منقسمہ کی نقد ادائیگی اُن کی جانب سے فراہم کردہ بینک اکاؤنٹ میں براہ راست صرف بذریعہ الیکٹرونک انداز سے کی جائے۔

شیئرز ہولڈرز سے گزارش کی جاتی ہے کہ وہ منسلک فارم کو صحیح طریقے سے بھرنے اور اُس پر دستخط کرنے کے بعد اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل کے ہمراہ کمپنی کے رجسٹرار کو میسرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (CDC)، CDC ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کے پتے پر ارسال کر دیں۔ شراکت داروں/CDC کے حامل شیئرز ہولڈرز کو ہدایت کی جاتی ہے کہ وہ ڈیویڈنڈ مینڈیٹ اور کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل براہ راست اپنے متعلقہ بروکر (شراکت داروں/CDC) کو فراہم کریں۔

میرے بینک اکاؤنٹ کی تفصیلات برائے منافع کی وصولی درج ذیل ہیں:

\_\_\_\_\_ : شیئرز ہولڈر کا نام  
\_\_\_\_\_ : فوئیونمبر/CDC اکاؤنٹ نمبر  
\_\_\_\_\_ : شیئرز ہولڈر کا موبائل نمبر  
\_\_\_\_\_ : اکاؤنٹ (\*) کا نام  
\_\_\_\_\_ : اکاؤنٹ نمبر  
\_\_\_\_\_ : IBAN نمبر (24 ہندسے) (\*\*)  
\_\_\_\_\_ : بینک کا نام  
\_\_\_\_\_ : برانچ کا نام اور کوڈ  
\_\_\_\_\_ : برانچ کا پتہ  
\_\_\_\_\_ : CNIC نمبر (براہ مہربانی نقل منسلک کریں)  
\_\_\_\_\_ : NTN (ادارے کی صورت میں)

اس بات کی تصدیق کی جاتی ہے کہ میری جانب سے فراہم کی گئیں درج بالا معلومات درست ہیں اور مستقبل میں ان معلومات میں کوئی بھی تبدیلی ہونے پر میں کمپنی کو فوری طور پر مطلع کروں گا گی۔

تاریخ

شیئرز ہولڈر کے دستخط

\* مشترکہ اکاؤنٹ ہولڈرز کو بشمول شیئرز ہولڈر کا نام، اکاؤنٹ کے نام کی مکمل وضاحت کرنا ہوگی۔

\*\* اپنے بینک اکاؤنٹ میں براہ راست الیکٹرونک کریڈٹ کو ممکن بنانے کے لیے، براہ مہربانی اپنی متعلقہ برانچ سے رابطہ کر کے مکمل IBAN فراہم کر دیں۔

# Glossary

<b>Term</b>	<b>Definition</b>	<b>Term</b>	<b>Definition</b>
AC	Additional Commissioner	IFAC	International Federation of Accountants
AHU	Air Handling Unit	IFRIC	Internal Financial Reporting Interpretation Committee
AO	Assessing Officer	IFRS	International Financial Reporting Standards
ATIR	Appellate Tribunal Inland Revenue	IPR	Intellectual Property Rights
ATMI	Access to Medicine Index	IR	Industry Relations
CHC	Consumer Healthcare	IT	Information Technology
CIRA	Commissioner of Inland Revenue (Appeals)	ITAT	Income Tax Appellate Tribunal
CIS	Commonwealth of Independent States	KIBOR	Karachi Interbank Offer Rate
CME	Continuing Medical Education	KOLs	Key Opinion Leaders
CNS	Central Nervous System	LGTM	Legal Global Trademarks
CRM	Customer Relationship Management	LOC	Local Operating Company
CSR	Corporate Social Responsibility	MA	Medical Affairs
CTC	Commercial Trade Channel	MCM	Multi Channel Marketing
CTS	Cost To Serve	MEA	Middle East & Africa
DCIR	Deputy Commissioner of Inland Revenue	MENA	Middle East & North Africa
EBIT	Earnings Before Interest and Taxation	MSL	Medical Scientific Liaison
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation	NBV	Net Book Value
EHS	Environment, Health and Safety	NFEH	National Forum for Environment & Health
EMA	Emerging Market and Asia	NGO	Non-government Organisation
EPI	Expanded Programme on Immunisation	OCI	Other Comprehensive Income
EPS	Earnings Per Share	OTFI	On Time Full Inventory
EU	European Union	PMA	Pakistan Medical Association
FLP	Future Leaders Programme	PMDC	Pakistan Medical & Dental Council
FPAP	Fire Protection Association of Pakistan	PSC	Pharma Supply Chain
FTSE	Financial Times Stock Exchange 100 Index	PSE	Pakistan Stock Exchange
GPs	General Practitioners	QIP	Quality Improvement Plan
GPS	Global Production System	QMS	Quality Management System
GSK	GlaxoSmithKline	R&D	Research and Development
GSKP	GlaxoSmithKline Pakistan	RMCB	Risk Management Governance and Compliance Board
GTP	Global Talent Programme	RVGE	Rotavirus Gastroenteritis
HCP	Healthcare Professionals	Rx	Pharma
HEM	High Efficiency Motors	SWOT	Strength, Weakness, Opportunities and Threats
HPV	Human Papillomavirus	SDM	Service Delivery Model
HR	Human Resources	SKU	Stock Keeping Unit
HSE	Health, Safety & Environment	SVP	Senior Vice President
HVAC	Heating, Ventilating and Air Conditioning	TRA	Technical Risk Assessment
IAS	International Accounting Standards	VFD	Variable Frequency Drive
IBP	Institute of Behavioural Psychology	VSD	Variable Speed Drive
ICAP	Institute of Chartered Accountants of Pakistan	W&D	Warehousing and Distribution
ICMAP	Institute of Cost and Management Accountants of Pakistan	WHO	World Health Organisation
		ZAP	Zero Accident Promotion

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
سرمایہ کاری سمجھداری کے ساتھ









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Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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\*Mobile apps are also available for download for android and ios devices





**GlaxoSmithKline Pakistan Limited**

35 - Dockyard Road, West Wharf, Karachi - 74000

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