



do more
feel better
live longer



AGILE TRANS FORMATION MATION

Agile Transformation
ANNUAL REPORT 2019



*“Life is like an ever-changing
kaleidoscope – a slight change
and all patterns alter...”*

*At GSK, we are constantly evolving
and changing to make new
patterns of health and happiness.*



Introduction

In today's world, technology, innovation and new practices are redefining healthcare worldwide. And here at GSK, one of Pakistan's oldest and most successful pharmaceutical companies, we too are transforming ourselves by modernising the way we operate and becoming more agile to adapt and meet the needs of the future. While rigorously retaining our core priorities of Innovation, Performance and Trust, we are poised to set standards which will re-shape the future of the industry and enhance patient and community care across Pakistan.

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Corporate Information

as at December 31, 2019

Board of Directors

Mr. Dmytro Oliinyk
Chairman

Mr. M. Azizul Huq**
Chief Executive Officer

Mr. Abdul Samad
Chief Financial Officer

Ms. Maheen Rahman
Independent Director

Mr. Mehmood Mandviwalla
Non-Executive Director

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

Mr. Mark Dawson
Non-Executive Director

Audit Committee

Ms. Maheen Rahman
Chairperson

Mr. Dmytro Oliinyk
Member

Mr. Mark Dawson
Member

Mr. Mehmood Mandviwalla
Member

Human Resource & Remuneration Committee

Ms. Maheen Rahman
Chairperson

Mr. Dmytro Oliinyk
Member

Mr. Mehmood Mandviwalla
Member

Mr. M. Azizul Huq**
Member

Management Committee

Mr. M. Azizul Huq**
Chief Executive Officer

Mr. Abdul Samad
Chief Financial Officer

Syed Azeem Abbas Naqvi
Legal Director

Dr. Tariq Farooq
Business Unit Director BU 1 - Classic and Established Products, Vaccines and Dermatology

Khurram Amjad
Director Commercial Excellence & CTC

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

Ms. Samreen Hashmi Kidwai
Business Unit 2 Director - Classic and Established Products

Imtlaz Hussain
Site Director - West Wharf

Javed Tariq
Site Director - Korangi

Joseph Thibaut
Site Director - F/268

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

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

Registered Office

35 - Dockyard Road, West Wharf,
Karachi - 74000.
Tel: 92-21-111-475-725
(111-GSK-PAK)
Fax: 92-21-32314898, 32311122
Website: www.pk.gsk.com

*Mr. Farqaleet Iqbal appointed HR Country Head of GSK Pakistan Limited as at December 2, 2019, replacing Ms. Tania Zahid.

**Ms. Erum Shakir appointed CEO of GSK Pakistan Limited as at 1 March 2020, succeeding Mr. Azizul Huq.

***Mr. Muneer Kamal appointed Independent Director of GSK Pakistan Limited as at 2 April 2020, replacing Mr. Sohail Ahmed Matin.



Sykes Building

THE
SYKES
BUILDING





INNOVATION



INNOVATI**N**

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

GSK at a glance



Our Mission

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

Our Vision

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

Our Values and Expectations

Our values and expectations are at the heart of everything we do and help define our culture - so that together we can deliver extraordinary things for our patients and consumers and make GSK a brilliant place to work.



Patient Focus

Patient Focus is about always doing the right thing for patients and consumers and striving for the highest quality.



Respect

Respect means supporting colleagues and the communities around us, embracing diversity and individuality, so we can all achieve great things.



Transparency

Transparency helps us build trust with each other and with society by being honest and open about how and what we do.



Integrity

Integrity is about how we expect the highest ethical behaviours of ourselves and others.

The GSK Story

Who we are

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.

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, Performance, Trust

Innovation

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



£4.3bn
adjusted R&D
investment in
2019



39 new
medicines in
development
in FY 2019



15 new
vaccines in
development
in FY 2019

Performance

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



£33.8bn
turnover in
2019



£9bn adjusted
operating
profit in 2019



£5.1bn free
cash flow in
2019



£4bn
dividends
paid in 2019

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.



78% employee
engagement
score on our
latest
employee
survey



£263m
donated
in 2019 to
community
health
programmes



1st in Access
to Medicines
Index since the
assessment
began in 2008

Company Profile

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.

GlaxoSmithKline Pakistan Limited (GSK), which was created in 2001 through the merger of SmithKline and French of Pakistan Limited, Beecham Pakistan (Private) Limited and Glaxo Wellcome (Pakistan) Limited, is the largest pharmaceutical company in the country.

GSK Pakistan caters to many therapy areas which include Anti-infectives, Respiratory, Vaccines, Dermatology, Gastrointestinal, Analgesics, Urology, Allergy, Central Nervous System, Cardiovascular and Vitamins.

As a science-led and global healthcare company, we remain committed to our mission of making a difference in millions of lives every day. To achieve this, we aim to consistently produce and improve access to quality medicines to help improve the quality of patients' lives. Our key pharmaceutical brands include Augmentin, Seretide, Amoxil, Velosef, Dermovate, Betnovate, Clobevate and Calpol, while Synflorix, Rotarix, Havrix, Engerix-B and Boostrix feature amongst our vaccines.

Today GSK stands as the pharma market leader in Pakistan with a volume share of almost 13%. Through the successful integration of BMS, UCB, Stiefel and Novartis Vaccines over the years, GSK Pakistan has grown into a highly diverse and profitable business that now boasts 115 brands.

Major competitors are multinational pharmaceutical companies such as Abbott, Novartis, Pfizer, Sanofi Aventis, and Getz and Sami amongst local companies. GSK Pakistan presently employs around 2,000 persons across its manufacturing, pharmaceutical and sales functions. Our manufacturing division, Pharma Supply Chain (PSC), consists of three facilities, all of which are situated in Karachi at West Wharf, F-268 SITE and Korangi.



PSC, F/268, S.I.T.E Karachi

The F-268 facility is located in the Sindh Industrial Trading Estate (S.I.T.E) and is the largest pharma facility in Pakistan. It has three primary manufacturing sections – Liquids Block, Tablets Block, and a dedicated Penicillin Block. This site also has a small dedicated unit for Iodex Cream. Over 115 Stock Keeping Units (SKUs) are manufactured at this site, with an annual volume of around 220 million packs. Major products manufactured at this site are Augmentin, Amoxil, Calpol, Throxine, Angised, Lanoxin and Actified.



PSC, Korangi, Karachi

Located in the Korangi Industrial Area, this manufacturing site has a dedicated block for Cephalosporins, both oral and injectable, a sterile facility for liquid ampoules and a unit for tablets. PSC Korangi manufactures around 74 SKUs and produces an annual volume of around 50 million packs. Major products manufactured at this site are Velosef, Capotin, Fortum, Ceporex, Zinacef and Theragran Ultra.



PSC, West Wharf, Karachi

This manufacturing facility is located on the sea shore close to the Karachi Port and city centre. The major manufacturing operations at this site are Dermatological products including Ointments and Creams. The West Wharf site also has a unit for manufacturing spansules. Over 65 SKUs are manufactured here, with an annual volume of around 138 million packs. Major products manufactured at this site include Betnovate, Dermovate, Polyfax, Fefol Vit and Eno (for GSK Consumer Healthcare).

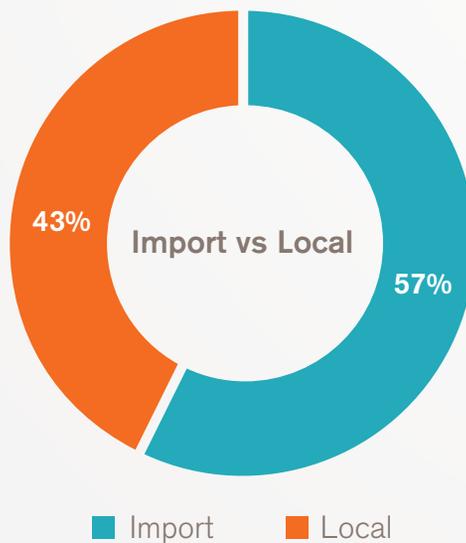
Ownership and Group Structure



Related parties with which the Company has had transactions during the year are disclosed in Note 36.1 of the financial statements.

Composition of Local vs Imported materials

The Company's materials are imported and are locally procured as well. Composition of local and imported materials can be seen in the pie chart below.

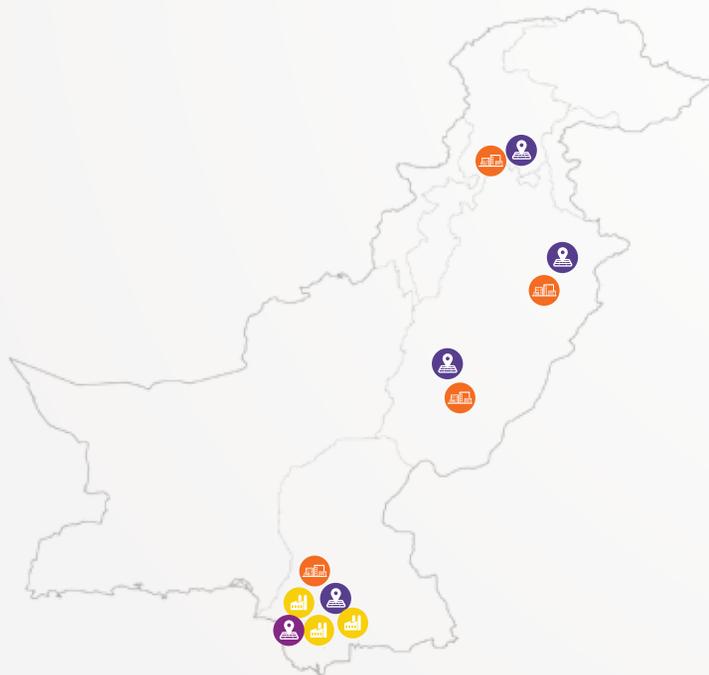


Pakistan Market Overview

Archetype and Players in Value Chain

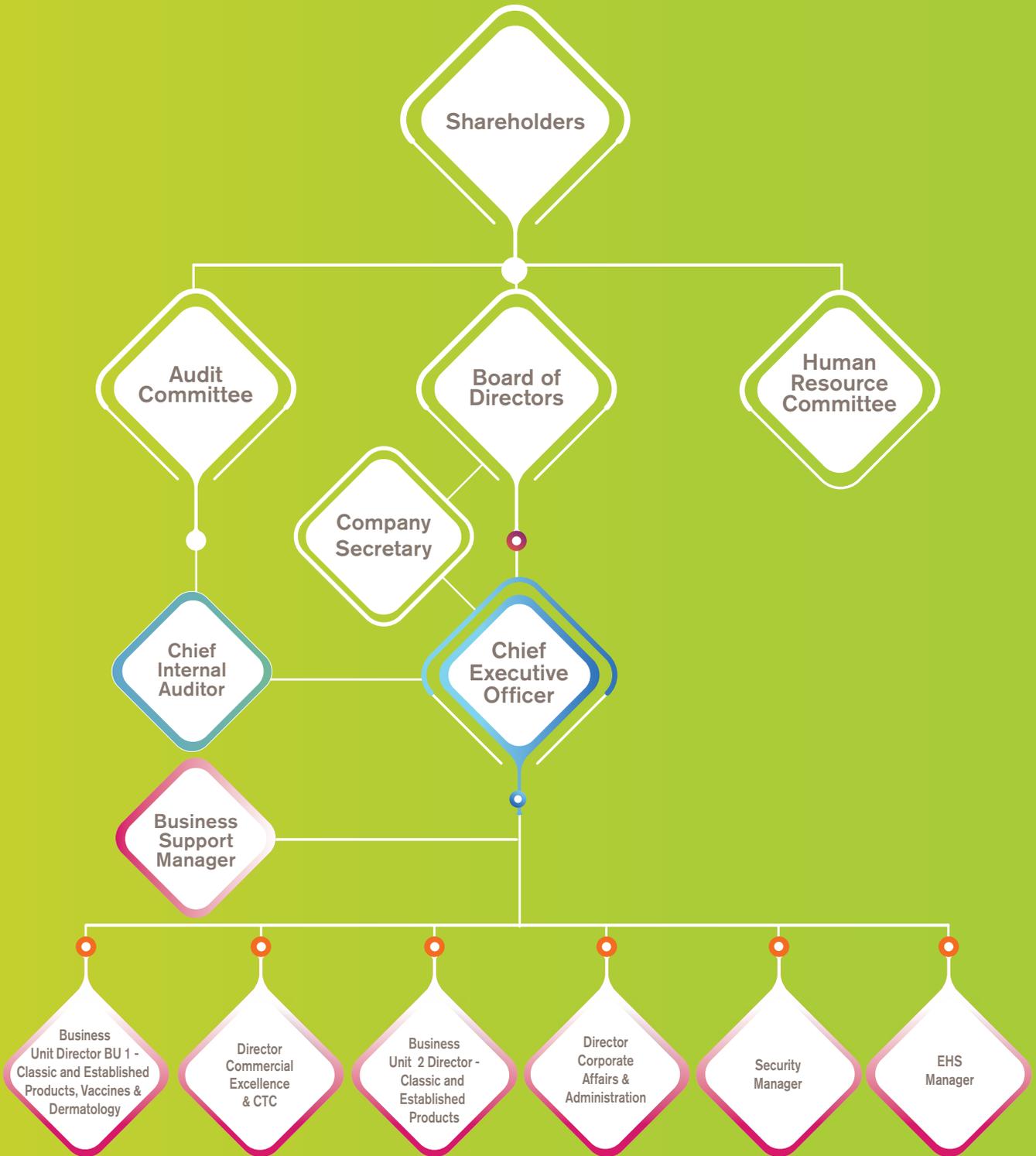


- Biologicals
- Corporate
- Consumer Healthcare
- GMS
- Pharmaceuticals
- Research and Development



- Head Office
- Sales Office
- Warehouse
- Factory

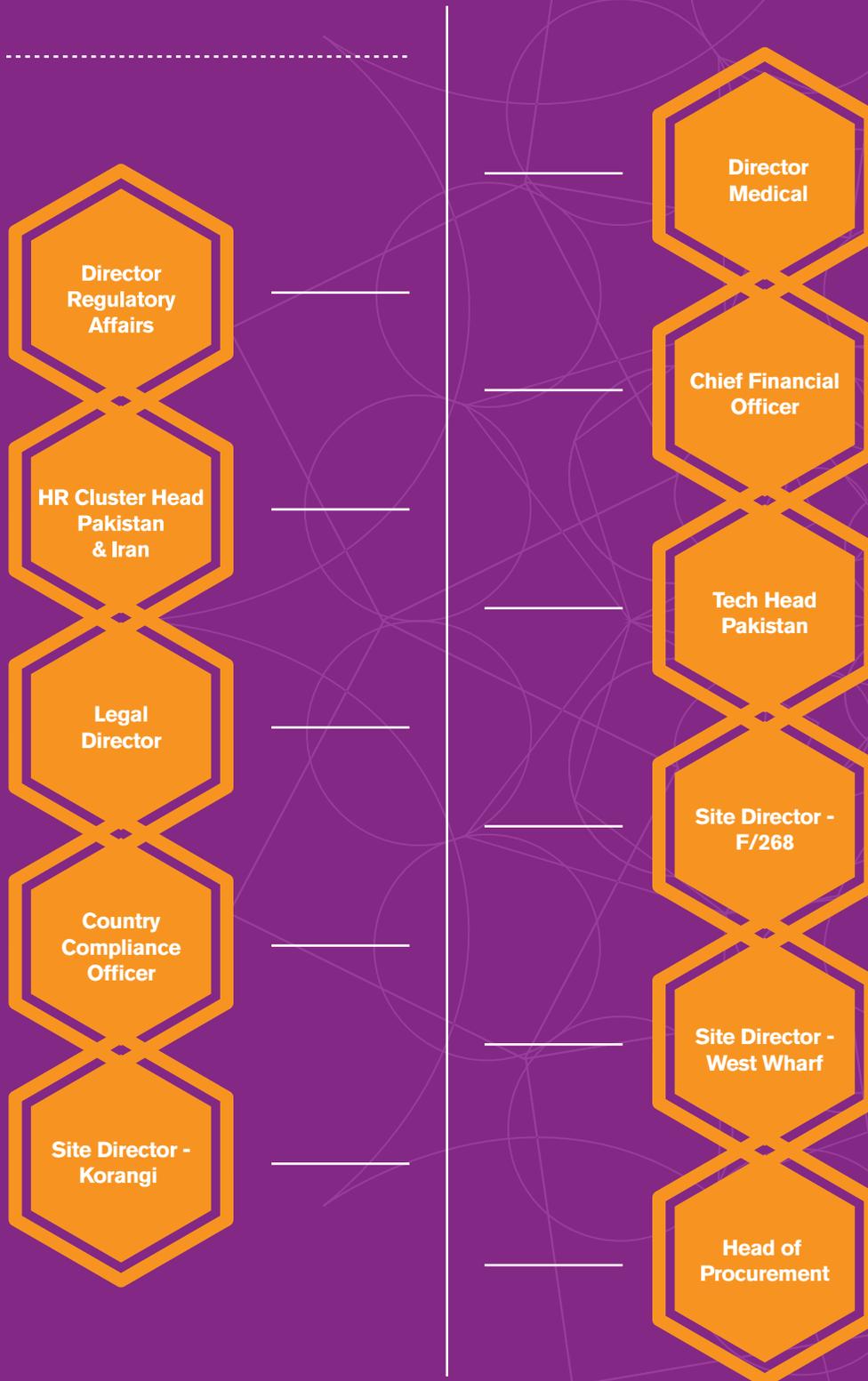
Organogram

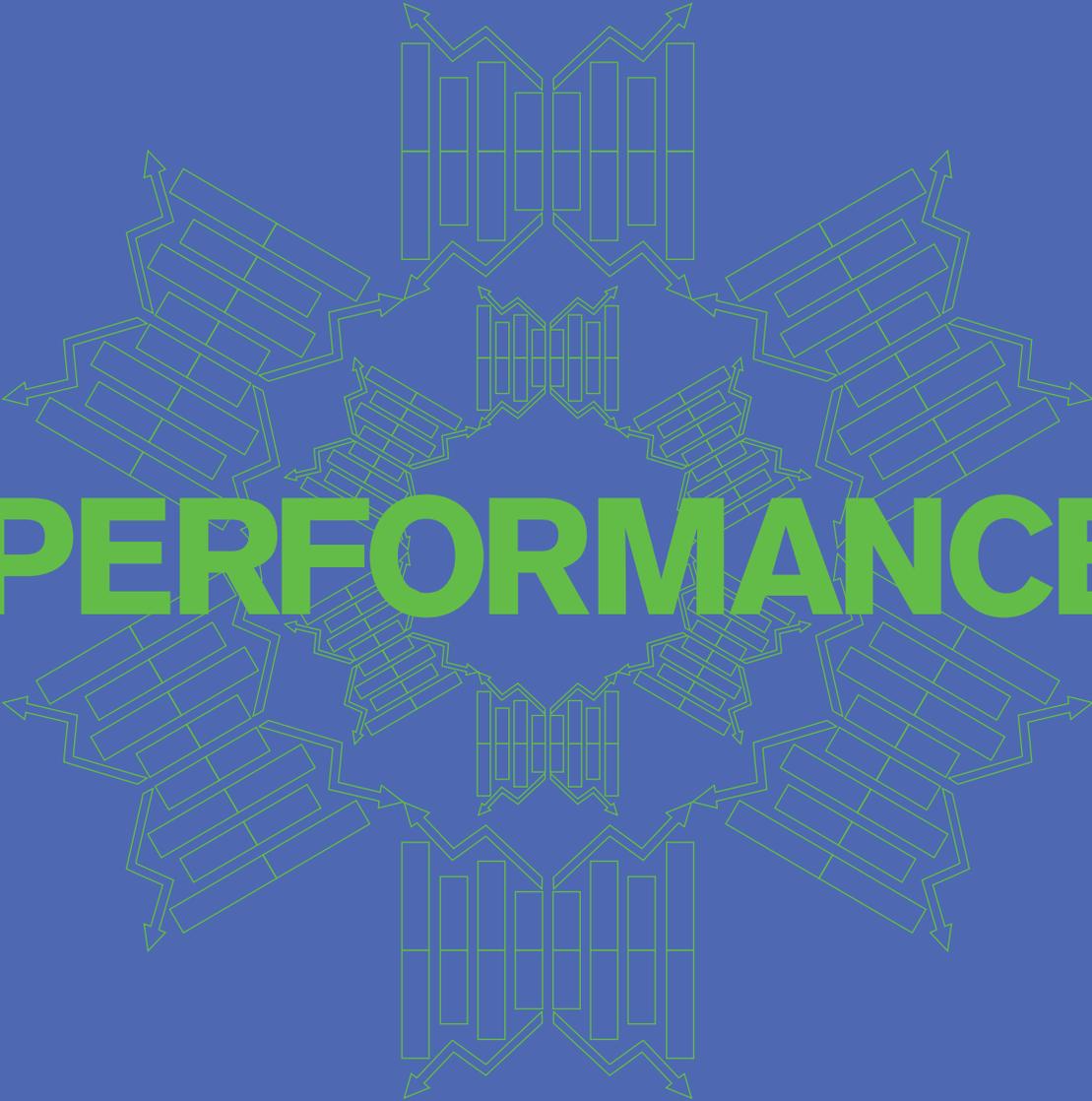


Global Reporting

Above Country

CEO





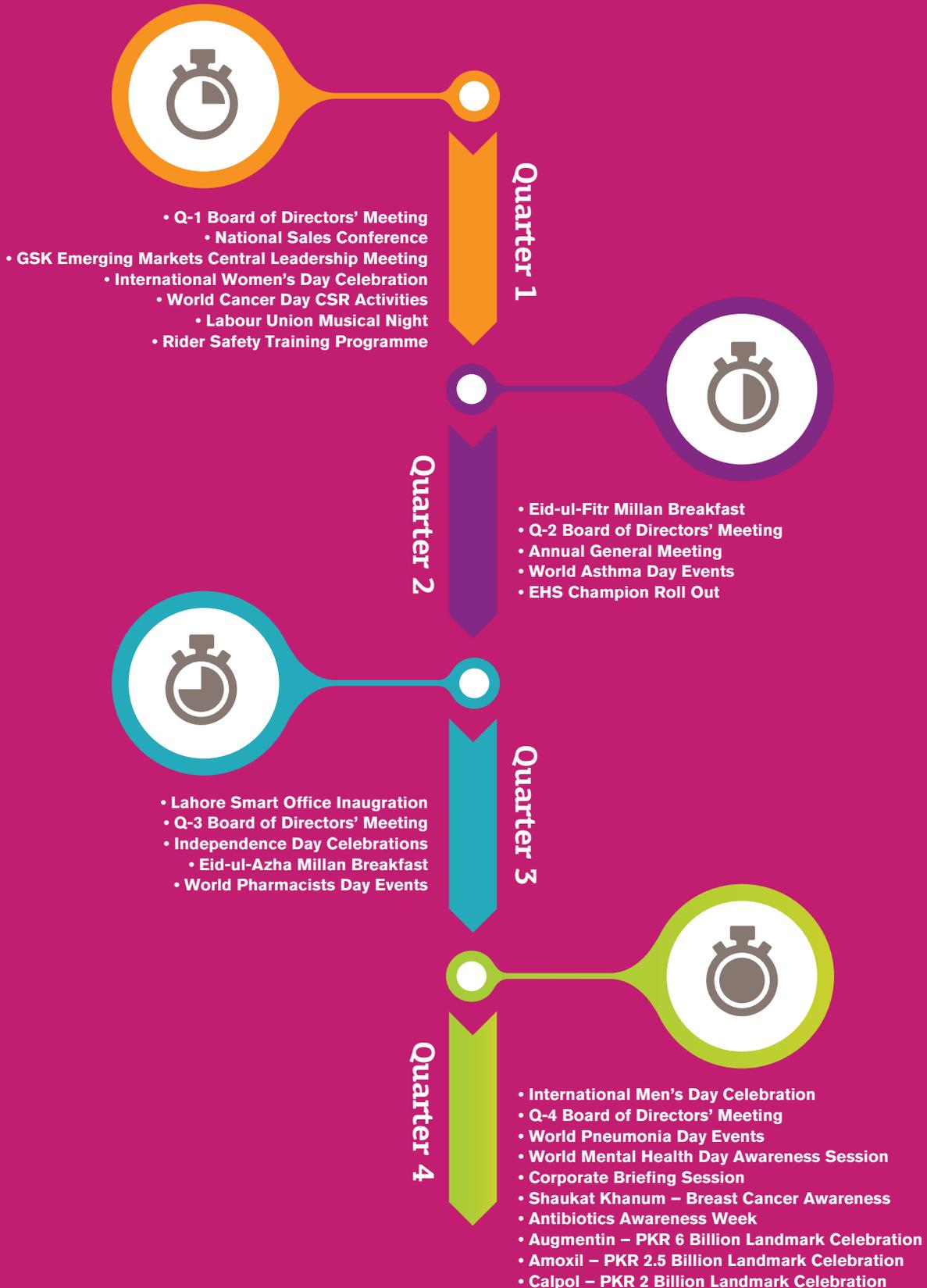
PERFORMANCE



PERFORMA[↑]ICE

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

Timeline



Our People

In 2019, we continued to build on the GSK Priorities of Innovation, Performance and Trust as part of our commitment to deliver game changing business results. Our focus is to ensure that our strategy is advocated through strong leadership, employee development and being a Modern Employer.

Diversity & Inclusion

Following up on its national rollout to our Sales teams in 2018, GSK's Women Leadership Initiative (WLI) was also launched across all three Pakistan manufacturing sites (West Wharf, F268 and Korangi) in 2019. This involved the successful completion of focus groups conducted by the WLI team that presented challenges to site leadership such as subconscious biases in peoples' mindsets, need for more awareness on gender sensitive policies and better opportunities for women.

During the year the WLI team also conducted 'Breakfast with the Leadership Team' and 'Let's Connect and Learn' sessions, under the Modern Employer Agenda, providing an opportunity for employees to connect with leaders. These sessions incorporated employee development and #ifyoureallyknewme themes followed by a discussion around what WLI means for all employees and not only women.

Environment, Health & Wellbeing

At GSK, our purpose to help people do more, feel better, live longer starts with our employees. In 2019, we completed another of our Global Challenge initiatives which is a 100-day virtual journey around the world, where employees complete a series of fun physical activity challenges. It's a collaborative, fun way to think about our lifestyle choices and develop healthy habits together.

Moreover, 2019 marked the launch of mental health awareness sessions, part of World Mental Health Day celebrations and under the

umbrella of GSK's Modern Employer agenda. In these sessions, renowned psychiatrists were invited as guest speakers and consultation desks were set up for across all GSK manufacturing facilities to understand and discuss any mental health concerns that employees are facing at work.

To align with the Modern Employer agenda of 'Be You, Feel Good and Keep Growing', the Korangi site launched Health Fitness and Recreational Centre for its employees. In addition to this, World Health Day was celebrated in which employees actively engaged in sports activities and EHS conducted informative sessions on nutrition and healthy diet. An in-house Futsal and Volleyball ground was developed, with a walking track for employees as part of their physical health initiatives.

At GSK, we also focus on promoting the Environment Health and Safety agenda – by including the reporting of unsafe incidents in employee objectives. GSK is committed towards providing programmes and facilities that enable employees to understand and protect their health and make healthy choices – to feel healthier, happier and energised.

GSK Pakistan is fully committed to providing a safe working environment to its employees. It is working continuously to fulfill GSK's commitment to Environment, Health & Safety. To ensure the safety of its salesforce, it has designed a state-of-the-art Driver Safety Program, covering more than 600 employees through trainings which spanned over 5400+

man-hours. It emphasised on developing defensive-riding techniques, planning for road infrastructure constraints and building a 'Safety-first' culture.

Employee safety being the top most priority, GSK ensures the use of necessary Personal Protective Equipment (helmets, hi-vis jackets etc.) for its employees to safeguard them from road risks.

GSK acknowledges the importance of engagement and recognition to achieve the objective of an accident-free environment. Practical trainings, EHS engagement sessions and EHS Awards & Recognition are regularly conducted. Additionally, EHS performance is monitored through a robust management, monitoring and assurance process.

Developing Our People

Our continued commitment to developing and sustaining our talent pipeline, by attracting and retaining the most talented people is a key success factor in GSK's outstanding results. In 2019, as part of our ongoing focus to make our systems and processes easier for our customers, we launched an improved recruitment process which can directly be facilitated through Workday. It not only makes it quicker and easier for recruiters and managers to fill vacancies with the best candidates but also makes it easier and provides a better experience, for external candidates and employees to find new job opportunities.

In 2019, we also conducted a Let's Connect and Learn Session with HR which provided an opportunity to employees to reflect about their development and encourage them to own their development plans.

Making It Easier Initiatives

In 2019, GSK launched a chatbot by the name of 'HR KAY' to answer common HR queries in less than 20 seconds. This not only promoted self-service but also encouraged employees to acquaint themselves with a variety of GSK's online facilities.

With strong tech tools in place, GSK Pakistan has the capability to perform digital analytics and conduct state-of-the-art interaction with HCPs. Programs have been introduced that allow efficient training of the field force and help several support functions in their tasks. Business process re-engineering has been conducted, automating several tedious processes, making them convenient and faster.

Resilience and Work-Life Balance

Under the Modern Employer Agenda, we at GSK focus to give our employees a congenial environment that makes them feel at ease, where their work is more valued than adherence to a strict work schedule.

Moreover, we designed certain communications to further facilitate this agenda and connected it to our value of Respect for People. An example is the launch of respect for work hours where employees were encouraged to be respectful of each other's personal and family time, make efforts to disconnect ourselves from work after business hours and reflect twice before contacting a fellow colleague via call, text or email unless there's an emergency to connect immediately.

Wednesdays are now regarded as a 'No Meeting Day' in order to allow employees more time to focus on their core deliverables. The 'No Meeting Day' initiative will help employees prioritise work better, reduce stress and enhance productivity.

Transition to Smart Offices

As part of our Modern Employer Agenda, it is important that we provide a creative and sustainable working environment for our "next generation" staff to ensure they are energised, efficient and engaged. For this GSK Pakistan initiated the transition to 'Smart Offices, which have been set up in Sukkur, Peshawar and Lahore. 2020 will also see the implementation of this project in Multan and Karachi.

Modern Employer Initiative – Uplifting Employee Welfare

Be You



Propagating Straight Talk

Promoting Straight talk and launch of Let's Talk Sessions with HR



Driving Diversity Agenda

14.5% Female Employees
7.5% part of top leadership and middle management
38% FLP's in the last year



Women's Leadership Initiative;

Gender Sensitisation workshops
Launch of the WLI for Factories



OICCI Special Recognition Award

Women Empowerment for Development of Female Leadership

Feel Good



Health & Wellbeing Agenda

Implementation of Global Health Challenge
Mental Awareness sessions



Policy Introductions and Initiatives

- Flexible Working
- No Meeting day initiative
- On-Boarding Portal for New Hires



Transition to Smart Offices

Creative & Sustainable work environment. Smart Offices set up in Lahore, Peshawar & Sukkur. Multan & Karachi are planned next

Keep Growing



Driving Regular Check-Ins

Use of One80 & GSK Survey to work within teams & Be Your Best Awards for development of sales teams



Coaching & Mentoring

Formal coaching & mentoring opportunities for employees on succession planning for key roles



Making it Easier Initiative

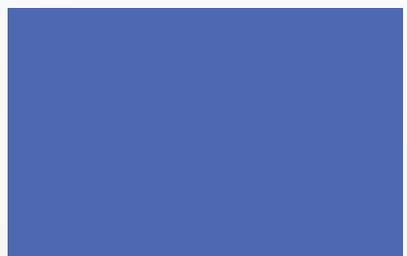
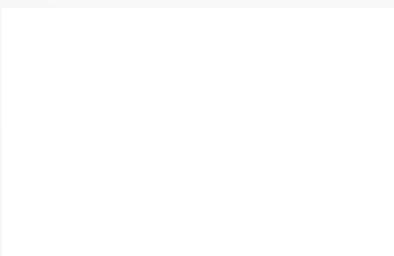
Launch of Workday Recruit - making recruitment easier & HR Kay - Instant help chatbot



Facilitating Talent Export

Providing opportunities for people to get experience outside the LOC





Top Brands and Initiatives

Augmentin (Co-amoxiclav)

2019 proved to be a landmark year for GSK Pakistan's legacy brand, Augmentin. It has retained its leadership position in the anti-infectives market, growing at 23% with more than 31 million prescriptions and over 41 million units sold. Moreover, Augmentin crossed the PKR 6 Billion milestone this year, driving 1 prescription every second. Led by the Global Scientific Director of GSK a cross-functional strategy was executed to cascade the latest Survey of Antibiotic Resistance (SOAR) data on file nationwide. Practical case studies were used to demonstrate differential diagnosis and treatment options for Community Acquired Pneumonia. GSK Global renowned speaker, Dr. David Prado, delivered a comprehensive lecture on optimising diagnosis for a favorable treatment outcome for children with Acute Otitis Media (AOM). In order to protect our community, GSK also used this opportunity to conduct awareness sessions on the importance of Antimicrobial Resistance (AMR).



CUTIVATE (Fluticasone Propionate)

Cutivate is a potent Topical Corticosteroid (TCS) therapy, indicated for the treatment of atopic and contact dermatitis. With a highly advantageous safety profile, it is also the only TCS that's indicated to be used in the pediatric population. This combination of potency and safety makes it the preferred choice for HCPs looking for topical therapy in treating steroid responsive dermatoses.



DUODART (dutasteride/tamsulosin HCl) Capsules

Duodart is the leading brand in combination therapy for Benign Prostatic Hyperplasia (BPH). GSK strives to educate patients and HCPs on the importance of prostatic health through numerous digital and face to face interactions.





Since its launch, Seretide has been a trusted inhaler for Healthcare Professionals to treat patients with Asthma and COPD. In 2019, Seretide successfully retained its market share, despite growing competition in the market.

Seretide helps Asthma patients to take control of their symptoms and provides them with higher rescue medication-free days. The biggest challenge for this brand has been misdiagnosis of Asthma and COPD due to overlapping nature of symptoms. This necessitated to educate HCPs to improve their diagnosis and in collaboration with AKUH CIME (Centre of Innovation in Medical Education), for which a simulation based diagnostic skill improvement workshops for HCPs was conducted.

To better support the needs of the HCPs, GSK introduced an innovative diagnostic tool titled "Patient Simulator". Through this, HCPs were provided with the real time experience to help them have a deeper understanding of the appropriate ways of diagnosing and managing moderate-to-severe Asthma.



Dermovate

Clobetasol Propionate
Cream | Ointment

Dermovate-NN

Clobetasol Propionate, Neomycin Sulphate & Nystatin
Ointment

Dermovate is a super potent topical corticosteroid (TCS) that is one of the leading brands in the market. It is an effective therapy for HCPs to treat patients with psoriasis, and difficult to treat/stubborn cases of all types of steroid responsive dermatoses.



CALPOL

(Paracetamol)

Calpol continues to be a trusted brand for fever and pain among Healthcare Professionals. Owing to its long legacy and reliable quality, Calpol has shown growth in all aspects including value, volume, prescription, and HCP engagement.

In 2019, Calpol successfully achieved the milestone of **PKR 2 Billion**. Calpol manages to continue its operations with a wider product assortment to cover different population groups such as paediatric and adult population.



Velosef

(cephradine)

Velosef, the 2nd biggest antibiotic brand of GSK Pakistan retained its leadership position in 2019 as the most prescribed Cephalosporin in the country.

In 2019, a new initiative titled **Velosophy** was introduced, where every HCP interaction is now based on a patient's case-study approach assisting HCPs through real life scenarios. Targeting Tonsillopharyngitis, SSTIs and Surgery, these initiatives, conducted both digitally and face-to-face, helped HCPs successfully differentiate the results of Velosef as compared to newer generation of antibiotics. This increased understanding on the treatment of these indications amongst HCPs and helped us outperform the antibiotic market in 2019.



Amoxil

(amoxicillin)

This 40+ year-old classic and established product continues to be the #1 brand in the Amoxicillin category. It is majorly promoted in indications of Tonsillopharyngitis & Helicobacter Pylori induced infections.

Amoxil achieved a milestone of **PKR 2.6 Billion** in 2019 and has demonstrated exceptional performance through increased penetration and acceptability among HCPs which is reflected on prescriptions. During 2019, a new campaign titled **“The Journey of Relief”** was successfully launched, improving brand recall and resulting in increased reach with HCPs.



Seroxat CR

(Paroxetine Hydrochloride)

Seroxat CR, which is a part of the psychiatry portfolio, has been helping patients with Major Depressive Disorder and Anxiety Disorders across the globe for 29 years. GSK held a public awareness programme on radio channels with the nation's leading psychiatrists being interviewed on World Mental Health Day.

The script centered on the prevalence of anxiety and depressive disorders in Pakistan and the ways in which it can be identified, along with the importance of rapid diagnosis and management.





Synflorix is a pneumococcal conjugate vaccine which helps prevent against pediatric pneumococcal disease. This vaccine has been providing protection to babies in Pakistan since 2013.



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 the Boostrix Vaccine, for prevention against Diphtheria, Tetanus and Pertussis Acellular.



Significant factors affecting the external environment and the associated organisation's response

| Category | Factor | Organizational Response |
|----------------------|--|---|
| Economic | Rupee devaluation led to increases in imported and locally purchased material prices. Furthermore, high inflation and low economic growth may also impact the Company's performance. | The Company also continues to focus on internal cost saving and operational efficiency across the organisation to mitigate the inflationary impact. The Company monitors the changes in macro-economic policies on an ongoing basis and takes appropriate action in case of significant changes in the environment. |
| Political | Political uncertainty and policy changes. | Stay updated on policy changes implemented by relevant authorities and hold regular discussions with them on the same. Moreover, industry issues are addressed to respective authorities through the Pharma Bureau and other relevant business associations. |
| Social | Fulfilling our corporate social responsibilities through our contributions. | Active participation in CSR initiatives such as partnering with AMAN foundation to provide emergency healthcare services and collaboration with NGOs that provide food for the underprivileged. |
| Technological | Being updated on the latest technological advancements. | Continuously assess the need for investment in new technological advancements and invest timely to achieve operational efficiencies. |
| Legal | Different Legislature such as, the Companies Act 2017, Income Tax Ordinance, Sales Tax Acts, the Drug Regulatory Authority of Pakistan Act. | The Company ensures compliance with all the required laws and regulations. Further, it stays updated on new laws and ensures that the relevant departments are complying with the same. |
| Environmental | Create a safe and healthy work environment for our workforce. | Improved management of workplace risks and development of a safe working environment. Prioritisation of safety over every operational task. |

Effect of Seasonality on Business in Terms of Production and Sales

Owing to the vast range of GSK products, seasons impact the Company's sales differently in different therapy areas such as sales of Anti-infectives and Derma increases in winters whereas sales of Wellness portfolio increases in summer season. The Company manages seasonality through alignment on production planning cycles involving multiple stakeholders and inventory management at GSK as well as distributor warehouses to ensure enhanced availability of our products for patients without any supply limitations enabling them to do more, feel better and live longer.

Significant changes from prior years

There are no significant changes from prior year.



Strategy and Resource Allocation

| | | | | |
|---------------------------------|---|--|---|---|
| <i>Objective</i> | Retain market leadership | Build an effective commercial organisation which allows us to get closer to our customers | Introducing state-of-the-art manufacturing technology to ensure patient access to quality medicines | Drive sustainable Digital Transformation |
| <i>Strategy</i> | Continually adapting change and driving performance of established products with a growth mindset | 1 - Organisational structure optimisation to align the business model. 2 - Adapting to a customer centric business model allowing us to effectively meet the needs of individual customers. | Building GSK's capability to meet the increasing demand of its products in market | Enhancing digital capabilities to reach customers through multiple touch points driving an exceptional customer journey |
| <i>Timeline</i> | Long-term | Medium-term | Long-term | Long-term |
| <i>Priority</i> | High | High | High | High |
| <i>Resources Allocated</i> | GSK is heavily investing in capability building of its Human Resource as well as funding the plans to be the market leader in Pakistan | Human Resource & Financial Capital | Financial Capital | Human Resource, Financial Capital, Technological Resources |
| <i>KPI Monitored</i> | Market Share, Evolution Index and Ranking in industry (As per IQVIA) | Organisational structure based on new business model driving efficiency, effectiveness & quality of customer engagement | Production capacity of the manufacturing site | 1. Digital connects v/s face to face connects. 2. Digital connects v/s Quality connects. |
| <i>Status</i> | Ongoing | Completed | Ongoing process – state-of-the-art production facility | Ongoing |
| <i>Future Relevance of KPIs</i> | The KPIs will remain relevant in the future | The KPIs will remain relevant in the future | The KPIs will remain relevant in the future | The KPIs will remain relevant in the future |
| <i>Opportunities / Threats</i> | Opportunity: 1 - Adapting new ways of working and capitalising the technological advancements. 2 - Addition of specialised portfolio in near future. Threat: Local pharma industry practices | Upscaling customer engagement through expanding coverage | Increasing capacity of GSK site | Capitalising new digital channels to be relevant to the customers |

| | | | | |
|---------------------------------|---|---|--|--|
| Objective | To develop, promote and retain diversity across the organisation | Building a high performance and engaging culture | Nurture a strategic relationship with channel intermediaries for improving access of quality medicines to the patients | Enhance operational efficiency & cost optimisation |
| Strategy | 1 - Openness towards leveraging talent coming from diverse cultural backgrounds. 2 - Launch of the Women Leadership Initiative across GSK. | Promoting data-first mindset and a sense of achievement in the organisation | Building capabilities of channel intermediaries for responsible dispensing and counseling of patients | Ensure optimum utilisation of Company resources through enhanced governance and compliance oversight |
| Timeline | Medium-term | Short-term | Medium-term | Long-term |
| Priority | High | High | High | High |
| Resources Allocated | Human Resource & Financial Capital | Human Resource & Financial Capital | Human Resource & Financial Capital | Human Resource & Financial Capital |
| KPI Monitored | 1. Percentage of female employees. 2 - Percentage of diverse talent in key roles. | Number of individuals/teams recognised for high performance | Number of digital and face-to-face connects with Pharmacists | 1 - Gross Profit & Net Profit Margin. 2 - Return On Investment. |
| Status | Ongoing | Ongoing | Ongoing | Ongoing |
| Future Relevance of KPIs | The KPIs will remain relevant in the future | The KPIs will remain relevant in the future | The KPIs will remain relevant in the future | The KPIs will remain relevant in the future |
| Opportunities /Threats | 1 - Building the culture of "Diversity & Inclusion". 2 - "Empowerment for Development of Female Leadership" under Modern Employer agenda. | Building an efficient sales organization and embedding performance driven culture | Build pharmacists' capability to drive growth | Optimising resource allocation at every level. However, some uncontrollable factors like devaluation of currency/ increase in raw material cost may impact the Company's profitability |

Liquidity Position of the Company

The Company is sufficiently liquid and has PKR 2.7 Billion of cash and cash equivalents as of 31st December 2019 to meet its working capital requirements. There are no significant long-term or short-term debt obligations.

Strategy to Overcome any Liquidity Problems

The Company is sufficiently liquid and doesn't have any major debt obligations. Further, the Company has running finance facilities from relationship banks to manage additional liquidity requirement, if any.

Significant Plans

GSK Pakistan continues to be one of the key countries within the Emerging Markets Region. The global company has high expectation from the Local Operating Committee (LOC). The management of GSK Pakistan is fully committed to deliver to that expectation amidst a volatile and challenging working environment.

Considering the technological advancement and to obtain operational efficiencies, the Company has plans to implement a new ERP system in 2020. It also plans to convert its offices working space into Smart Office.

Significant changes in Objectives and Strategies from prior years

There were no significant changes from prior years. The Company will continue to incorporate the use of digital technologies in its customer engagement model.

Risks and Opportunity Report

GlaxoSmithKline Pakistan Limited is affected by the macro-economic policies which are set by the government. The Company regularly monitors the same to respond effectively to both risk and opportunities present in the environment.

| Risks & Opportunities | Opportunity or Risk | Objective | Mitigation measure | Rating | Source | Magnitude | Likelihood | Capital | Nature |
|---|---------------------|--|---|--------|----------|-----------|------------|--------------|-------------|
| Risk: Foreign exchange volatility and high inflation risk impacting business profitability. Opportunity: Opportunity to earn through export sales. | Opportunity & Risk | Keep operating costs low | Increasing costs due to inflation and foreign exchange volatility are not in our control. In case such a risk arises, the Company will take steps to respond to the same. | ★★★★ | External | High | High | Financial | Long-term |
| Opposing viewpoints regarding drugs safety could impact Company image | Risk | Maintain public image about drug safety | If such a risk arises, the Company will take appropriate measures to respond to it via media and other channels. | ★★★☆☆ | External | Medium | High | Human | Medium-term |
| Liquidity problem arising from insufficient cash | Risk | Ensure that there is sufficient cash available timely | The Company has good credit rating which ensures easy access to running finance facility when required. | ★★★★ | Internal | High | High | Financial | Short-term |
| High turnover of employees who are in critical positions | Risk | Create a work environment where employees are motivated. Ensure employees are motivated to perform critical roles. | The Company maintains detailed succession plans and places emphasis on employee training and development. | ★★★★ | Internal | High | High | Human | Short-term |
| Natural Disasters | Risk | Ensure robust business continuity plans are in place. | The Company has developed business continuity plans to deal with any calamities that may arise. | ★★★★ | Internal | Medium | High | Human | Short-term |
| IT Security Risk | Risk | Ensure that confidential information is protected. | Proper controls in place to ensure that confidential information is kept safe and secure on GSK network. | ★★★★ | Internal | High | High | Intellectual | Short-term |
| Major Accidents | Risk | Ensure safety of employees, records and property. | Environment, Health and Safety department has taken steps to ensure that employees and property is safe. Information Technology department has taken steps to ensure data is maintained on the cloud. | ★★★☆☆ | Internal | Medium | High | Human | Short-term |
| Volatile Law and Order situation | Risk | Ensure employee safety. | The Company has taken security measures to ensure the safety of its employees and rolls out communications to alert employees in such situations (Work from home). | ★★★☆☆ | Internal | Medium | High | Human | Short-term |

Rating

- ★★★★ High
- ★★★☆☆ Medium
- ★★★☆☆ Low

Source

- External
- Internal

Magnitude

- High
- Medium
- Low

Likelihood

- High
- Medium
- Low

Capital

- Financial
- Human
- Manufactured

- Social & Relationship
- Intellectual

Nature

- Long-term
- Medium-term
- Short-term

Risk Management Policy

Our Board rigorously works to develop and monitor risk management policies to determine the Company's level of risk tolerance. Our Board's main responsibility includes establishing and overseeing an effective risk management framework in the Company.

Our risk management framework is well-embedded within the processes of the business and continually reviewed with oversight at Board level through our Audit Committee. This framework enables the Board to identify, evaluate, manage our principal risks and is designed to support our long-term priorities. It provides our businesses with a framework for risk management and upward escalation of significant risks. Our values and expectations and Speak Up processes ensure that the risks associated with our business activities are actively and effectively agreed and mitigated and provides reasonable assurance against material misstatement or loss.

Our Board monitors various compliance initiatives and promotes risk management and compliance culture in the Company. Our Board has delegated the responsibility of monitoring and control of business risks to the management of the Company.

Assessment of Principal Risks

The Board monitors the principal risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity. This responsibility has been delegated by them to Risk Management and Compliance Board (RMCB) which is comprised of GSK management team.

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 07 meetings during the year.

Strategic, Commercial, Operational and Financial Risks

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 39 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 |

Strategy for mitigating Risks & Potential Opportunities

At GSK, we take a number of initiatives to mitigate risk.

1. Board & Committees

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

*The **Audit 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 **Human Resource and Remuneration 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 and 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.

*The **Environment, Health and Safety Committee** monitors and reviews the EHS compliance and performance of Company operations. Through the committee, previous targets are reviewed, new targets are set, and actions are prioritised. It also ensures necessary planning and the availability of required resources for mitigation of risks identified.

2. Standard Operating Procedures

Standard Operating Procedures are a vital part of the Company's governance framework. These are adopted to ensure best practice and Senior Management ensures that there is compliance with the same.

3. Control Activities

Senior Management has placed controls to mitigate risks. There is regular management monitoring to ensure compliance.

4. Internal Audit

The internal audit function examines Company records and operations, ensuring fair financial reporting processes, compliance with applicable laws and adherence with internal control systems. It provides detailed reports to the audit committee on the same.

Information about defaults in payment of any debts and reasons thereof:

The cash generation from Company's business operations allow retiring of its obligations in a timely manner. Besides, robust liquidity monitoring controls are in place to ensure that sufficient financing is in place to cater all business requirement, further running finance facilities are also availed via banking partner, if needed.

Capital Structure and its Adequacy:

Total equity increased by 5.9% to Rs. 16.1 Billion comprising of share capital amounting to Rs. 3.2 Billion which consists of issued share capital of 318,467,278 shares of Rs. 10.00 each. S.R. One International B.V., Netherlands and its nominees are the major shareholder of the Company, having 263,029,794 shares being 82.59% of total paid-up capital.

The Company's Statement of Financial Position is entirely financed via equity. The Company generates adequate liquidity through its business operations and does not need any secondary financing. Therefore, GSK Pakistan believes that the prevailing Capital Structure is adequate.

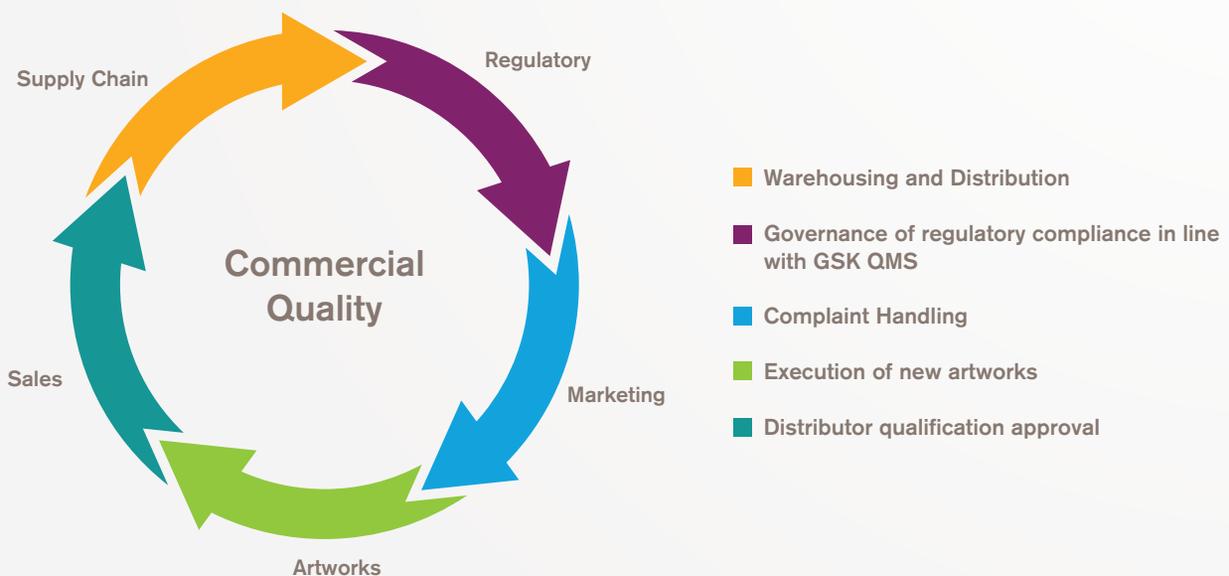
Quality Management System (QMS)

To attract and retain customers, companies must continue to improve their capabilities across the entire organisation. At GSK, the Quality Management team works relentlessly to improve the quality of our medicines. By presenting data in a clear, graphical format, the Quality Team uses it to conduct productive discussions with our suppliers and customers, gaining real time feedback on their processes and making timely adjustments to improve performance. The team also ensures adherence to industry regulations such as compliance with the ISO regulations, in order to ensure our brand reputation remains intact.



To improve business processes, efficient Complaint Management System was launched in 2019. This robust system has automated processes and helped expedite the complaint launch and management process. An Artwork Development System was also launched in 2019. This system enabled all relevant stakeholders to communicate efficiently, helped them obtain real time information from various sources across the organisation and aided in timely launches.

GSK's vision for the upcoming year is to implement an improved reporting system and introduce total quality management. The aim is to gain and maintain customer trust, predict errors before they occur and take measures to prevent product recalls and reduce wastage to a minimum. GSK also strives to achieve total quality management and ensure the provision of top quality brands through business intelligence.



Corporate Social Responsibility (CSR)

GSK Pakistan ensures it conducts its business responsibly, protecting the environment and positively impacting the society at large. As the leading healthcare Company, it focuses on enabling people to 'Do More, Feel Better and Live Longer'. GSK Pakistan consistently strives to optimise water consumption & minimise the carbon footprint. Employees are encouraged to help the underprivileged, within individual capacities, as well as in groups. The socially responsible culture at GSK Pakistan motivates employees to volunteer and play their part in uplifting other members of the society. GSK Pakistan supports outreach programmes focusing on health, education and general medical relief in order to contribute towards the prosperity of our community.

Women's Leadership Initiative:

The year 2019, marked further success of GSK's Women Leadership Initiative (WLI) as the WLI initiative was launched at all four Pakistan Sites (West Wharf, F268, Korangi and Jamshoro). Successful focus groups at Sites and presenting the challenges to the Site Directors helped to alleviate subconscious biases in peoples' mindsets on gender sensitive topics.

Moreover, the WLI team conducted 'Breakfast with the leadership team' and 'Let's Connect and Learn' sessions, under the Modern Employer Agenda, providing an opportunity for all employees to connect with leaders. These sessions had employee development and #ifyoureallyknewme themes with a discussion around how WLI is for all employees and not only women.

These efforts were also recognized externally by the Overseas Investors Chamber of Commerce and Industry (OICCI), who awarded GSK Pakistan consecutively, for the second time, in the "women leaders' development" special category award for 2019.

Shaukat Khanum:

Breast cancer is the most common cancer in women around the world. Unfortunately, Pakistan has the highest incidence of breast cancer in Asia. At Shaukat Khanum Memorial Cancer Hospital and Research Centre (SKMCH&RC) breast cancer continues to be the highest malignancy reported.

Studies have shown that early detection of breast cancer can result in a survival rate of over 90%.

Due to lack of awareness of breast cancer in Pakistan, this treatable disease is usually detected at advanced stages when nothing can turn the course of the disease. GSK organised a Breast Cancer awareness session for males and females in partnership with Shaukat Khanum in October 2019.

Khana Ghar Initiative:

Hunger is the leading cause of crimes committed globally. In an attempt to alleviate poverty and play our part in giving back to society, GSK decided to support a local food distribution initiative. GSK collaborated with Mrs. Parveen Saeed, a philanthropist, who provides subsidised meals to Karachi's less fortunate segment at her 'Khana Ghar' initiative. Her low-cost food distribution center is



located in Khuda ki Basti, Taiser Town, a far-flung area of Karachi. The team arranged bulk quantities of wheat, sugar, rice, pulses, oil, spices, onions, potatoes, tea, milk & detergents etc. and personally visited the 'Khana Ghar' food distribution center.

World Cancer Day:

A donation drive at the site was conducted and the funds raised were donated to a cancer hospital. Some of the employees also visited the hospital.

Tree Plantation:

GSK has a vision of becoming the most environmentally sustainable healthcare company. In line with this we engaged employees in a Tree Plantation drive. Employees from multiple departments fully participated in this activity. A hundreds of plants were planted with the commitment of safe and green environment.



Ramadan Drive:

To demonstrate our culture and customs GSK took an initiative to distribute food boxes in the month of Ramadan to the underprivileged.

The Citizens Foundation:

The Citizens Foundation (TCF) is a professionally managed, non-profit organisation set up in 1996 by a group of citizens who wanted to bring about a positive social change through education. Two

decades later, with 1,567 school units educating 252,000 children, TCF is now one of the world's leading organisations in the field of education for the less privileged. TCF depends almost entirely on donations and volunteers, making sure they can provide uninterrupted, quality education to children who would otherwise not be able to attend school due to financial hardship. GSK has partnered with TCF for volunteering in their education programs, awareness sessions and voluntary employee sponsorship.

AMAN Ambulance:

In the spirit of keeping access to healthcare as top priority, GSK sponsored AMAN Ambulance in 2019 to provide affordable emergency healthcare that meets international guidelines. AMAN Ambulance has transformed pre-hospital emergency care in Karachi and continues to save lives on a daily basis. 79% of all patients using these services have life-threatening or serious medical illnesses. In the first half of 2019, AMAN Ambulance served 753 medical emergencies.

Corporate Responsibility:

With the vision to become an environmentally sustainable healthcare company, GSK has a strong continuous improvement programme in place to target; reduction in carbon footprint, efficient water consumption and reduction in environmental waste by reusing what we can and recycling the rest. Creating a culture with each employee engaged and mindful of the environmental impact is a key objective of each manufacturing site.

Multiple major and minor projects of improvement, delivered through the year, enabled the three manufacturing sites to reduce the carbon footprint by 5% compared to the previous year. This translates to approximately 750 Metric Tonnes of CO₂ emissions that were reduced in the year 2019.

Awards and Recognition

1. EMC Silver Award: Strategic intervention to sustain viability of Key Commercial Assets including Augmentins, Septrans and Velosefs. GM led enterprise approach devised for business sustainability. Detailed evaluation & analysis performed with support of key subject matter experts from Finance, Regulatory, CGA and Legal to ensure supply & high quality of essential life-saving drugs.
2. OICCI Special recognition award for Women Empowerment for Development of Female Leadership.
3. Silver Award: Employee Health and Wellbeing Matrix.
4. Alufoil Trophy from European Aluminum Foil Association (EAFA) in Product Protection Category (Desiflex).
5. Worldstar Award in collaboration with Amcor (Desiflex).
6. Highest tax payer award given by the Prime Minister of Pakistan.



Key Initiatives

World Pharmacists Day

GSK Pakistan aims to develop a commercial value chain that is efficient, compliant and improves patient access to quality medicines. In 2019 GSK introduced the Patient Focused Pharmacy Program across Pakistan. This is in line with our goal of having the patient at the end of the value chain receiving high quality medicines as prescribed by their doctor. The program educates pharmacists and pharmacy staff on pharmacy management, importance of prescription adherence and stock management for correct dispensing of prescribed medicines, thus helping pharmacies operate and perform better.

GSK celebrated World Pharmacists Day on the 25th of September to promote and advocate the role of pharmacists in the healthcare system. The theme this year was “Circle of Trust” which achieved approximately 63,500 connects in a day through multiple digital and face-to-face mediums.

The GSK trade team had a highly successful year in which they won all primary care provincial tenders, thus ensuring access to high quality medicines for millions of patients through government hospitals across Pakistan.

In 2019, GSK introduced the Patient Focused Pharmacy Programme across Pakistan. This aligns with our goal of having the patient at the end of the value chain receiving high quality medicines as prescribed by their doctor. The programme educates pharmacists and pharmacy staff on pharmacy management, importance of prescription adherence and stock management for correct dispensing of prescribed medicines, thus helping pharmacies operate and perform better.

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Dermatology

As part of our responsibility to the medical community at large, GSK held collaborative educational meetings while partnering with Aga Khan University Hospital. This was a learning program for HCPs demonstrating the standard approach to patients with dermatological disorders. It included history taking, counselling skills and management techniques, while making differential diagnosis. The assessment of lesions was depicted via a moulage on standardised patients.

Packaging Innovations

As Augmentin’s constituents are highly hygroscopic and especially in tropical climates such as Pakistan, it is essential to pack the tablets with an agent to absorb the moisture and preserve the drug’s shelf life. In 2019, GSK proudly transferred all three Augmentin Tablet SKUs to Dessiflex Blister Packaging, which incorporates the innovative enhanced moisture barrier technology. In this packaging, desiccant particles are coextruded in the bottom layer, which provides increased moisture protection. Unlike the conventional Alu-Alu Blister format, the Dessiflex foil



incorporates an additional desiccant layer of Calcium Oxide (CaO) that protects each individual dose of product from moisture ingress. GSK Pakistan won 2 awards for this innovative initiative.

In a major upgrade for the safety & ease of use for patients, GSK converted our liquid products (syrups, suspensions, elixirs) from glass to PET bottles. This initiative is beneficial for patients as in addition to complying with safety standards, PET bottles are convenient, lightweight, safe to use and are far more resistant to breakage and damage.

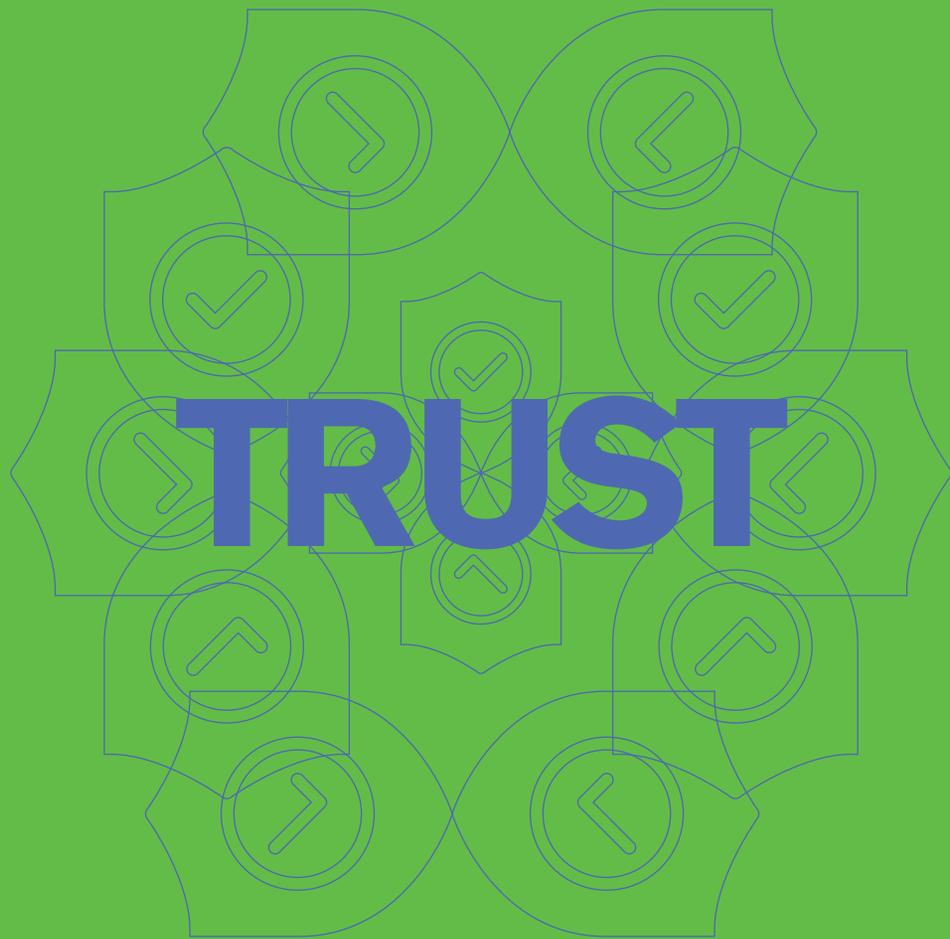
Project Raabta

To enhance communication, provide high data connectivity and digitally empower employees, GSK Pakistan introduced 'Project Raabta', through a collaborative partnership with Jazz, to provide corporate packages for employees. Since its implementation, among other benefits, the abundant free minutes and 4G data, has enabled better engagement with Healthcare Professionals and an enhanced detailing in-field detailing experience. By leveraging the fast 4G data services, employees are able to better perform day to day activities will eventually boost employee performance and ensure timely delivery of our medicines.

The GSK Smart Office Project

GSK Pakistan initiated the transition to Smart Offices, which have been set up in Sukkur, Peshawar and Lahore. 2020 will also see the implementation of this project in Multan & Karachi.







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.

Corporate Governance

OUR CORPORATE GOVERNANCE STATEMENT

Our governance structure operates from the Board across the Company and we believe it underpins our ability to deliver our strategy and create long-term value and benefit for our shareholders and stakeholders. Our purpose and values have always been a source of great pride for the Board and our employees. It is a powerful force in attracting and retaining talented people who, as individuals, want to be part of a company that contributes meaningfully to society.

CHAIRMAN'S REVIEW ON THE PERFORMANCE OF THE BOARD

Review by the Chairman on the overall performance of the Board and effectiveness has been covered in more detail on page 72 of the Annual Report.

COMPLIANCE WITH THE BEST CORPORATE PRACTICES

GSK is fully compliant with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. The Report issued by the auditors confirming the Listed Companies (Code of Corporate Governance) Regulations, 2019 is contained on page 90.

The Directors of the Company confirm compliance with the below mentioned:

- Financial statements accurately represent the current standing of the Company, its operations, cash flows and changes in equity
- Books of accounts of the Company have been properly maintained
- Internal control has been implemented and monitored by the Internal Audit function led by the Chief Internal Auditor supported by EY Ford Rhodes, Chartered Accountants

- The Company has followed the International Financial Reporting Standards (IFRS) in preparation of financial statements
- Departures from the IFRS, if any, have been adequately disclosed and explained throughout this Annual Report
- There is no material departure from the best practices of corporate governance as per regulations

COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Our Board is well versed with the new requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and has taken relevant steps to ensure compliance with the same.

EXCEEDING LEGAL REQUIREMENTS

GSK strives to operate transparent, consistent and timely compliance with all prevailing laws and regulations of Pakistan. We take pride in positioning ourselves as the leaders of exceeding legal requirements by adopting of best business practices from around the world.

In addition to all the mandatory requirements of the laws and regulations of Pakistan, some examples are given below:

- The Code of Corporate Governance requires that at least half of the directors on the Board of a Company must have completed the Directors' Training Program trained by 30th June 2020. Currently, as of December 2019 more than 50% of the Directors are either trained or exempted from the programme

COMPLIANCE AND ETHICS

We are committed to creating an ethical, values-driven culture, in which any issues are responded to swiftly and transparently. We expect everyone at GSK to live our values and expectations, speak up if they have any concerns, engage appropriately with stakeholders and respect human rights. We also extend these ethical expectations to the third parties we work with.

Living our Values and Expectations together

Together, our values (patient focus, integrity, respect and transparency) and expectations (courage, accountability, development and teamwork) help us to create the culture we want. They are included in our Code of Conduct, which we have updated to make it simpler and easier to use. Every GSK employee and complementary worker is required to complete mandatory training on the Code of Conduct annually. Our employees completed the training, which covered topics such as safety, health and wellbeing, third party oversight, data breach reporting, sexual harassment, and anti-bribery and corruption (ABAC).

Reporting and Investigating Concerns

We encourage people to speak up if they have any concerns relating to unethical conduct or behaviour that is inconsistent with our values – or if they simply want to ask a question about how to apply our Code of Conduct. Anyone within or outside GSK can raise concerns or speak to an independent third party through our integrity lines, confidentially or anonymously if they prefer. We take every reported concern very seriously and we review each one to understand whether a formal investigation is warranted. If our investigations show that an employee has breached our policies, we take appropriate disciplinary action.

Inside Information Register

In compliance with the regulatory requirements, the Company ensures that it maintains Insider Information Register, which is updated on a regular basis.

CONFLICT OF INTEREST AMONG BOARD MEMBERS

The Company has a clear policy on conflict of interests contained in the Code of Conduct duly approved by the Board of Directors. As per Code of Corporate Governance every Director is required to bring to the attention of the Board complete details regarding any material transaction which has a conflict of interest for prior approval of the Board. The interested Directors neither participate in discussions nor vote on such matters. Further, complete details of all transactions with related parties are submitted to the Audit Committee who recommends them to the Board for approval in each quarter. These transactions are also fully disclosed in the annual financial statement of the Company. The Directors are reminded of insider trading and avoiding in the dealing of shares during the closed period.

The Board has been constituted in compliance with the provisions of the Companies Act, 2017. The members of the Board, including Non-Executive and Independent Directors exercise full independence and are expected to highlight and recuse themselves in case of any possible conflict of interest. All observations/suggestions of Board members during their proceedings are accordingly recorded.

WHISTLE BLOWING POLICY

GSK has global procedures on reporting misconduct and safeguarding people who report these concerns. We believe that ethical business conduct is the responsibility of everyone working for and on behalf of GSK. It is the foundation for building trust in our company and protects our licence to operate. We expect everyone at GSK to live our values and expectations, speak up if they have any concerns, engage appropriately with stakeholders and respect human rights. We also extend these ethical expectations to the third parties we work with.

Zero Tolerance for Retaliation

At GSK, you can report concerns without fear of reprisal. GSK prohibits retaliation against anyone who raises, or reports concerns and will take disciplinary action up to and including dismissal (in accordance with local labour laws) against any employee who threatens or engages in retaliation or harassment of someone who has reported, or is considering reporting, a concern in good faith. Similarly, we will report an agency worker who

retaliates against anyone raising a report or concern to the worker's employment agency and terminate their assignment with GSK.

GSK treats all questions and issues confidentially, where possible, while investigating fairly, cooperating with governments and complying with legal obligations. When someone reports a concern in good faith, GSK will support that individual.

As part of our expectations and values of doing the right thing, all GSK employees are required to promptly raise concerns of possible misconduct, potential conflicts, or known breaches with the GSK Code of Conduct, and other Company policies and procedures. Further, any suspected violations of country laws and regulations must also be reported. Non-GSK personnel working on behalf of the Company are also required to report misconduct concerns, with 'Speak Up' integrity line information provided in the GSK Third Party Code of Conduct.

Speak Up Instances During the Year

During 2019, there were no instances that qualified as of material nature.

STAKEHOLDERS' ENGAGEMENT

All shareholders are invited to attend our Annual General Meeting. This year's AGM will be held at GSK Head Office, 35 - Dockyard Road, West Wharf, Karachi at 12:00 noon. Our 2018 AGM had a good level of attendance and engagement by shareholders. All our proposed resolutions at the last AGM were approved by shareholders. The AGM provides an opportunity to put questions to our Board during the formal AGM proceedings, while providing shareholders the chance to meet informally with our Board Directors who will make themselves available before the meeting.

In the performance of its legal duty to promote the success of the Company, the Board has regard to a number of factors, including listening to and considering the views of shareholders and other key stakeholders and is cognisant of the potential impacts of decisions it makes related to stakeholders, the environment and the communities in which we operate.

We try to engage with shareholders in several ways. This includes regular communications, the AGM and other investor relations activities. We announce our results on a quarterly basis and our annual results

are included in our Annual Report. All shareholders receive our Annual Report and Notice of our Annual General Meeting. We strive to make full disclosure of all material information to all stakeholders by various announcements on its website, to the Stock Exchange and other sources available to help investors to make informed decisions.

Further, during the year, we held s successful Corporate Briefing session which included giving presentations to shareholders, institutional investors and analysts at the Pakistan Stock Exchange.

Engagement with the Company's main stakeholder groups, including our patients, shareholders, consumers, customers and employees, at all levels of the organisation and across the enterprise is summarised below:

Patients and Consumers

- Advisory boards and Patient Advocacy Leaders Summits provide patient insights – Engaging with and supporting patient groups (disclosed on gsk.com) and supporting initiatives that empower patients to get more involved in medicine development
- Our market research and consumer sensory labs help us understand consumer needs

We try to engage with shareholders in several ways. This includes regular communications, the AGM and other investor relations activities. We announce our results on a quarterly basis and our annual results are included in our Annual Report. All shareholders receive an Annual Summary which advises them that our Annual Report and Notice of our Annual General Meeting are available.

Investors

As a listed entity, we maintain discussion with investors to communicate our strategy and performance in order to promote investor confidence. We strive to do so by holding successfully engaging corporate Briefing Sessions and holding Annual General Meetings.

Healthcare Professionals

We work with Healthcare Professionals (HCPs) and medical experts to understand patient needs and to ensure our products are being administered in the right way. 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 over 700 activities, reaching approximately 32,000 HCPs in 2019.

Governments and Regulators

We work with governments and regulators to advocate for policies that encourage innovation, promote efficient management of healthcare spending and give patients the support they need.

- Engaging with regulatory bodies during development of a drug
- Engaging with government health agencies to demonstrate the value of our products
- Working with governments to build a strong operating environment for life sciences

Employees

As a modern employer, we want to make sure that everyone is empowered to be themselves, feel good and keep growing at GSK. We believe this will help us to attract, retain and motivate the very best people to support our business now and in the future. We involve and listen to employees to help us maintain strong employee engagement and retain talented people.

- Conducting a twice-yearly global employee survey so we can act on employee feedback
- Promoting informal dialogue and collaboration through our new internal tech platform
- Let's Talk events with leaders and members of the Corporate Executive Team

Suppliers & Distributors

We work with numerous suppliers, large and small, who provide goods and services that support us in delivering high-quality, safe products for our patients and consumers.

- Engaging with suppliers through our Third-Party Oversight programme and external platforms to help monitor performance

- Providing a platform for our suppliers to share best practices in environmental performance through our Supplier Exchange online community
- Auditing our suppliers' quality processes to ensure they comply with relevant regulations

Media

Different communication mediums are used on need basis to apprise the general public about new developments, activities and philanthropic initiatives of GSK. They include:

- Advertising Campaigns
- Press Releases
- Print Advisement
- Radio Messages

CORPORATE BRIEFING SESSION

On November 22, 2019, the Company held its first successful Corporate Briefing session at Pakistan Stock Exchange. Mr. Azizul Huq (CEO), Abdul Samad (CFO) and Syed Azeem Abbas Naqvi (Company Secretary) presented and briefed investors on the Company's financial performance and operational overview of the year.

Investors from all walks of life attended the event and displayed great interest on the affairs of the Company. The presentation was followed by a Q&A session, where thought provoking questions were put forward to the management of the Company; which were well addressed to the satisfaction of the audience.

Presentation from the Corporate briefing session can be viewed on the Company's website under "Investors" section.

INVESTORS' GRIEVANCE POLICY/ REDRESSAL OF INVESTORS' COMPLAINTS

The Management is committed to ensure that grievances notified by the shareholders are handled and resolved efficiently at an appropriate level within shortest possible time.

The Management of the Company is also committed to provide equal and fair treatment to all shareholders through transparent investor relations, increased awareness, effective communication and prompt resolution of shareholders' complaints. Further, the Company maintains a record of all such

grievances along with actions taken for resolution. Main principles of the Shareholders' Grievance Policy are as follow:

- All shareholders are always treated fairly and equally
- Complaints raised by shareholders are dealt with courtesy and in a timely manner
- The Management works in good faith and without prejudice towards the interests of any of the shareholders

The Company has internally established a mechanism for shareholder grievances handling. The Company has a Shares Department and appointed an independent Share Registrar (CDCSRSL) to resolve issues of the shareholders.

Complaints are initially lodged with the Shares Department and Share Registrar (CDCSRSL) of the Company who expeditiously takes necessary actions. The Shares Registrar forwards the complaints to the Company if these fall outside their domain.

The shareholders can also submit a complaint through email i.e. (PK.shareinfo@gsk.com) which also available at the Company's website in line with directives of SECP. The grievances can also be notified through phone call or post to the Company.

The Company adheres to the practice of responding to shareholders' complaints within Two (02) working days of the receipt thereof. A letter/email in this regard is sent to the shareholders with intimation to the Shares Registrar/SECP/Stock Exchange duly signed by the Company Secretary.

INVESTORS' SECTION ON WEBSITE

In order to provide ease of access to our stakeholders the Company's latest information for investors is available on our website, under the "Investors" section on the Company's website (pk.gsk.com/en-gb/investors/).

This page is updated regularly in order to provide transparent, adequate and up-to-date information to all investors and stakeholders. In compliance with the rules and regulations of Pakistan, all information is made available in both English and Urdu.

POLICY FOR SAFEGUARDING OF RECORDS

Under GSK's Global Records Retention Policy all staff in all business units, regions, areas and functions must follow approved retention periods in managing their records. The retention periods given in this schedule also have precedence over business unit-specific GSK retention guidelines and meet legal timelines. The GSK Global Records Retention Schedule applies to all media and formats.

We believe that documentation practices have a direct impact on product quality and consumer safety, and we implement the highest standards of record safeguarding through our document management and control policy. We have strict data lifecycle management guidelines in place which are implemented across all our activities and processes. These guidelines outline procedures for our data approvals, use, access and retention as well as the use of third-party archive service. This helps ensure document accuracy, consistency integrity, availability and legibility.

In line with regulatory requirements and our Code of Conduct, we ensure documentation practices meet our requirements for design, management and control of instructions, reports and master documents. We also have checks in place that cover archive requirement for all our stored data, both physical and electronic.

OUR BOARD & DIRECTORS' ROLE

As the leaders who oversee the governance of the Company, our 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. Our Board 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. Our Board remains committed to the highest standards of corporate governance and integrity.

Our business is focused around an established framework which assists to deliver the main objectives of GSK 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.

Our 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. Our Board comprises of 7 Directors, who actively ensure that all shareholders and stakeholder's interests are fully protected. There are 4 non-executive directors, 2 executive directors and 1 independent director on our Board. In view of the Company's policy of diversity, GSK maintains female representation on the Board with one Director being a female.

Our 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. In order to adequately delegate, the Board has constituted Board Committees. Each Committee has its charter with goals and responsibilities. The Committees report on their activities and results to the Board.

Our Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the executive and operational management of the Company to the Chief Executive Officer's office and Management Team.

PROFILE OF BOARD MEMBERS

DMYTRO OLIINYK Non-Executive Director and Chairman

| | |
|----------------------|--|
| Nationality: | Ukraine |
| Appointment: | August 28, 2019 |
| Years of experience: | 15 years of experience in the field of finance |
| Education: | Dmytro is an ACCA qualified and holds a Master's degree in finance from Kyiv National Economic University. |

Dmytro joined GSK in 2008, holding several roles of increasing importance in the field of finance.

Currently, Dmytro serves as the VP Finance, Emerging Markets Central (MENA, Turkey, Russia and Pakistan).

During his career journey with GSK, he has held multiple positions of increasing responsibility across different geographies including Finance Director Planning and Analysis Europe, Finance Partner Vaccines Emerging Markets and Europe, Senior FD Ukraine, Belarus Moldova and Caucasus and Finance Manager, Central Asia.

Prior to joining GSK, Dmytro was based in Ukraine, working for PriceWaterhouseCoopers in the capacity of a Senior Auditor.

M. AZIZUL HUQ Executive Director and Chief Executive Officer

| | |
|----------------------|---|
| Nationality: | Bangladesh |
| Appointment: | November 22, 2015 |
| Years of experience: | 30 years of experience in Pharmaceutical sector |
| Education: | Azizul Huq holds a postgraduate degree in Pharmacy and an MBA from University of Dhaka. |

Azizul Huq is currently serving as the Chief Executive Officer of GlaxoSmithKline Pakistan Limited since November 22, 2015.

Azizul Huq has 30 years of experience of working in the Pharmaceutical Industry. He started his career with Rhone-Poulenc (now known as Sanofi) in Bangladesh, moving through different progressive roles in product and marketing management.

Thereafter, he joined the legacy company of GlaxoWellcome in Bangladesh as a Marketing Manager in 1989. He has held a variety of roles during his tenure at GSK, leading the sales, marketing and distribution operations and being called to the Board of the Company in 2001. During the crucial merger GSK, Aziz played a pivotal role in integrating the business and creating a new business model for the vaccine business, rapidly establishing GSK as the market leader. In 2003, Azizul Huq was appointed as the General Manager and Managing Director for GlaxoSmithKline Bangladesh and subsequently the Vice President and General Manager for GlaxoSmithKline Pakistan in 2015.

MAHEEN RAHMAN
Independent Director

| | |
|----------------------|--|
| Nationality: | Pakistan |
| Appointment: | December 5, 2018 |
| Years of experience: | 19 years of experience in investment banking, research and asset management |
| Education: | Maheen holds a B.Sc. (Hons) in Economics from LUMS and a M.Sc. Finance and Economics from Warwick Business School, UK. Further, she completed a Series 7 qualification from the NYSE in 2000 and holds certifications from the Institute of Capital Markets. |

Maheen currently serves as the Chief Executive of Alfalah GHP Investment Management. She started her career with Merrill Lynch in Investment Banking and transitioned to ABN Amro Bank in Corporate Finance.

Maheen assumed stewardship of Alfalah GHP in 2013. Prior to that, she was the Chief Executive Officer at IGI Funds between 2009-2013. Maheen also serves as Chairperson of the Mutual Funds Association of Pakistan; Director at Pakistan's Institute of Corporate Governance and Governor for LEAD Pakistan. Ms. Rahman has also been featured on Fortune's 2015 40 Under 40 Top Ten Women to Watch.

MARK DAWSON
Non-Executive Director

| | |
|----------------------|---|
| Nationality: | United Kingdom |
| Appointment: | October 26, 2017 |
| Years of experience: | More than 20 years of experience in Pharmaceutical sector |
| Education: | Mark is a graduate of the University of Sheffield in the UK and a Chartered Engineer. |

Mark Dawson is Vice President of Pharma 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 as Engineering Director, Site Director for the Irvine manufacturing site and most recently was VP and Head of Global Supply Chain within ViiV Healthcare, GSK's HIV business.

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

Mark has held various private and public Board positions including ViiV Healthcare, the University of Sheffield and the Irvine Bay Regeneration Company.

MEHMOOD MANDVIWALLA
Non- Executive Director

| | |
|----------------------|--|
| Nationality: | Pakistan |
| Appointment: | May 7, 2011 |
| Years of Experience: | 35 years of extensive experience in the field of law |
| Education: | Mehmood has an LLB (Hons.) from the London School of Economics and Political Science. He qualified as Barrister from the Hon'ble Society of Lincoln's Inn, London, United Kingdom. |

Mr. Mehmood Mandviwalla is the Senior Partner of the law firm "Mandviwalla & Zafar". Mr. Mandviwalla has extensive experience spanning over 35 years in all aspects of banking and corporate law including mergers and acquisitions in the field of banking, corporate and financial restructuring privatisations.

Mr. Mehmood Mandviwalla is the member of the Board of Directors of The Deposit Protection Corporation – Subsidiary of The State Bank of Pakistan. He is also the President of SAARCLAW (South Asia Association for Regional Co-operation in law).

ABDUL SAMAD
Executive Director

| | |
|----------------------|---|
| Nationality: | Pakistan |
| Appointment: | July 1, 2015 |
| Years of experience: | More than 20 years of experience in the field of finance. |
| Education: | Samad is a fellow member of the Institute of Chartered Accountants of Pakistan. |

Samad is the Chief Financial Officer/Finance Director and joined GSK in 2002, and over the years he has worked in various roles in finance. These include covering Finance Business Partnering, Shared Service, Internal Audit and Supply Chain, with a track record of strategy execution, driving

organisational growth and delivering transformational commercial and finance projects. Within GSK, Samad has also undertaken secondment assignments in GSK Saudi Arabia and Morocco.

Previously Samad has also served as Auditor Manager at Price Waterhouse Coopers (PwC) Pakistan.

SOHAIL AHMED MATIN
Non-Executive Director

| | |
|----------------------|---|
| Nationality: | Pakistan |
| Appointment: | August 6, 2016 |
| Years of experience: | 36 years of experience in Pharmaceutical industry |
| Education: | Sohail Matin holds a Master's degree in Mechanical Engineering from Stevens Institute of Technology, followed by an MBA in Management from Oklahoma State University. |

Sohail Ahmed Matin is CEO & GM of GSK Consumer Healthcare Pakistan. He started his career in Supply Chain with Glaxo Laboratories 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).

He is also on the Board of Directors of GSK Consumer Healthcare Pakistan and Pakistan LNG Limited.

OUR BOARD COMPOSITION

Our Board composition is mainly governed by Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 and other good corporate governance practices, ideologies available locally and internationally.

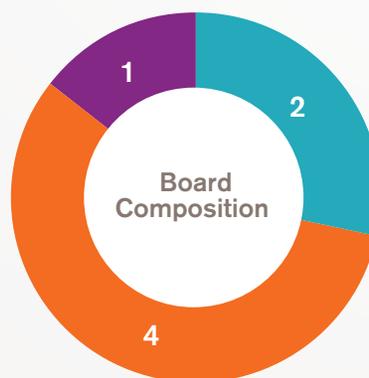
GSK values and ensures effective, efficient and independent decision making. The Board as a group includes competencies and diversity considered relevant in the context of Public Limited Company's operations. Our Board comprises of members who have local and international experience, giving the Board a competitive edge for effectively managing the complexities of our business. Our Board of Directors comprise of highly qualified professionals from varied disciplines, including the pharmaceutical, finance, investment, legal and business management.

Our Board comprises of 7 Directors, who actively ensure that all shareholders and stakeholder's interests are fully protected. There are 4 non-executive directors, 2 executive directors and 1 independent director on our Board.

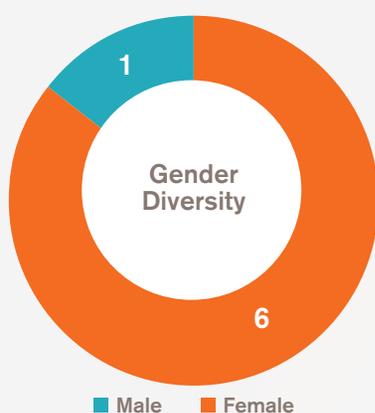
Further, as per the requirements of the law our independent director has submitted the following to the Company:

- a. Consent to act as Director; and
- b. A declaration of independence as per the criteria defined in the Companies Act 2017 to the Chairman of the Board at the first quarter meeting of the year. Ms. Maheen Rahman is the Independent Director of GSK Pakistan Limited.

The status of directorship e.g. non-executive, executive, independent etc. is also provided in the Statement of Compliance with the Code of Corporate Governance, issued by the Company on pages 88 to 89.



■ Executive ■ Non-Executive ■ Independent



CHANGES IN THE BOARD COMPOSITION

As at December 31, 2019 there has been one notable change within the composition of the board. Mr. Andrew Aristidou resigned as a Director of the Board and was replaced by Mr. Dmytro Oliinyk who was appointed to fill the casual vacancy created on the resignation of Andrew Aristidou. Detailed information regarding Mr. Dmytro Oliinyk including experience, qualification and background is provided on page 51 of this Annual Report.

BOARD OF DIRECTORS' MEETINGS

Our Board has established a corporate governance framework with clearly defined responsibilities and accountabilities. The framework is designed to safeguard and enhance long-term shareholder value and to provide a platform to realise the Group's strategy through GSK's long-term priorities of Innovation, Performance and Trust, that is consistent with its culture, Values and Expectations. For our

Board to operate effectively and to consider key matters, Board Committees have been established as set out below.

Further, 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.

Audit Committee and Human Resource & Remuneration Committee are held according to an annual schedule circulated before each fiscal year to ensure maximum director participation.

Scheduled Board and Committees attendance during 2019 is set out below:

| Sr. No. | Name of Board Director | Audit Committee Meeting | HR and Remunerations Committee Meeting | Board of Directors' Meeting |
|---------|-------------------------|-------------------------|--|-----------------------------|
| | | 4 | 3 | 5 |
| 1 | Mr. Dmytro Oliinyk* | 1/1 | 1/1 | 1/1 |
| 2 | Mr. M. Azizul Huq | | 3/3 | 5/5 |
| 3 | Mr. Abdul Samad | | | 5/5 |
| 4 | Mr. Sohail Ahmed | | | 3/5 |
| 5 | Mr. Mehmood Mandviwalla | 3/4 | 3/3 | 5/5 |
| 6 | Ms. Maheen Rehman | 4/4 | 3/3 | 4/5 |
| 7 | Mr. Mark Dawson | 4/4 | | 4/5 |
| 8 | Mr. Andrew Aristidou* | 2/2 | 2/2 | 3/3 |

*Mr. Dmytro Oliinyk was appointed on the Board on 28th August 2019 to fill the casual vacancy created on the resignation of Mr. Andrew Aristidou.

Meetings held during the year 2019

| Board of Directors' Meetings held on | Audit Committee Meetings held on | HR&R Committee Meetings held on |
|--------------------------------------|----------------------------------|---------------------------------|
| 04-Mar-19 | 04-Mar-19 | 04-Mar-19 |
| 24-Apr-19 | 24-Apr-19 | 19-Jun-19 |
| 19-Jun-19 | 28-Aug-19 | 28-Oct-19 |
| 28-Aug-19 | 28-Oct-19 | |
| 28-Oct-19 | | |

OTHER DIRECTORSHIPS

| Directors | Organisations |
|-------------------------|---|
| Mr. Dmytro Oliinyk | GlaxoSmithKline Pakistan Limited |
| | GlaxoSmithKline Algeria |
| | GlaxoSmithKline Saudi |
| Mr. M. Azizul Huq | GlaxoSmithKline Pakistan Limited |
| Mr. Abdul Samad | GlaxoSmithKline Pakistan Limited |
| Mr. Mehmood Mandviwalla | GlaxoSmithKline Pakistan Limited |
| | The Deposit Protection Corporation - Subsidiary of The State Bank of Pakistan |
| Mr. Sohail Ahmed | GlaxoSmithKline Pakistan Limited |
| | GlaxoSmithKline Consumer Healthcare Pakistan Limited |
| | Pakistan LNG Limited |
| Mr. Mark Dawson | GlaxoSmithKline Pakistan Limited |
| Ms. Maheen Rahman | GlaxoSmithKline Pakistan Limited |
| | Pakistan Institute of Corporate Governance |
| | Leadership for Environment & Development (LEAD) Pakistan |
| | Mutual Funds Association of Pakistan |
| | Alfalah GHP Asset Management |

BRIEF ROLES AND RESPONSIBILITIES OF THE CHAIRMAN

The Board of Directors has appointed a Chairman from among the non-executive directors. The Chairman and the Chief Executive have separate and distinct roles. The Board has defined the respective roles and responsibilities of the Chairman and Chief Executive Officer.

The Chairman has all the powers vested in him under the Code of Corporate Governance and presides over all Board meetings. The Primary role of the Chairman is to ensure that the Board of Directors remains effective in its tasks of setting and implementing the Company's direction and strategy, entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings. He is also responsible to ensure

that the Board plays an effective role in fulfilling its responsibilities, besides assessing and making recommendations on the efficiency of the Committees and individual Directors in fulfilling their responsibilities and avoidance of conflicts of interests.

BRIEF ROLES AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer performs his duties under the powers vested by the law and the Board, recommends and implements the business plans and is responsible for overall control and operation of the Company. The CEO of the Company is to whom all Business and Functional Heads directly or indirectly report. He is responsible for presentation of the Company's aims and policies to the Government and all stakeholders.

The responsibilities of the Chief Executive Officer include:

- Plan, develop, implement and direct the organisation's operational and fiscal function and performance
- Act as a strategic partner by developing and implementing the Company's plans and programmes
- Analyse and make recommendation on the impact of long-range growth initiatives, planning, and introduction of new strategies and regulatory actions
- Develop credibility and authority for the finance leadership team by providing accurate analysis of budgets, reports and financial trends and operational procedures in order to assist the BOD and senior executive team
- Create, improve, implement and enforce policies and procedures of the Organisation that will improve operational and financial effectiveness of the company
- Communicate effectively and establish credibility throughout the Organisation and with the Board of Directors as an effective developer of solutions to business challenges
- Matters recommended and/or reported by the audit committee and other committees of the Board
- Improve the planning and budgeting process on a continual basis by educating departments and key members of corporate leadership
- Provide strategic input and leadership on decision making issues affecting the Organisation; specifically relating to the evaluation of potential mergers, acquisitions or partnerships
- Optimise the handling of banking relationships and work closely with CFO to foster and grow strategic financial partnerships
- Work with finance team to develop a solid cash flow projection and reporting mechanism, which includes setting a minimum cash threshold to meet operating needs
- Act as a strategic advisor and consultant offering expert advice on contracts, negotiations or business deals that the Corporation may enter into

- Report on governance, risk management and compliance issues
- Evaluate Company's financial, operational, and sales and marketing structures to plan for continual improvements and a continual increase of operating efficiencies

BOARD COMMITTEES

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

Audit Committee

GSK Pakistan's Audit Committee comprises of 4 members, all of whom are Non-Executive Directors including the Chairman of the Committee, who is an Independent Director.

The Audit Committee composition is made up of two members, who are Chartered Accountants, while one member has a M.Sc. in Finance and Economics and the fourth member is a chartered engineer from UK. The Audit Committee members have extensive experience in the fields of financial management, accounting, business and economics.

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 2019 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

- 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:
 - Major judgmental areas; significant adjustment resulting from the audit; going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with these regulations and other statutory and regulatory requirements; and 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.

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 and 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.

Terms of Reference of the Human Resource and Remuneration Committee

- Comprising of at least 3 members; consisting of mainly Non-Executive Directors, including one Independent Director; a CEO can be a member, but not the Chairman of this committee. The CEO cannot participate in the proceedings of the committee on matters related directly to his performance and compensation
- Recommend HR Management Policies to the Board
- Recommend to the Board for consideration and approval of a policy framework for determination of remuneration of Directors (both executive and non-executive directors and members of senior management)
- Recommend selection, evaluation, development, compensation (including retirement benefits) and succession planning of the CEO, COO, CFO, Company Secretary and Head of Internal Audit
- Consider and approve recommendations of CEO on matters related to key management positions who report directly to CEO or COO
- To approve and ensure dissemination of Company's Code of Conduct across the Company
- Undertake annually a formal process of evaluation of performance of the Board as a whole and its committees

ANNUAL EVALUATION OF THE BOARD AND ITS COMMITTEES

In accordance with Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has carried out an evaluation of performance of its individual members, the board and the performance of its Committees.

Board evaluation process was conducted internally by the Company Secretary who prepared 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.

The salient features of the Board self-evaluation are given below:

- Board composition and quality
- Understanding the business including risks
- Strategic planning
- Board's overall scope of responsibilities, processes and procedures
- The effectiveness and efficiency of the operation of the Board, CEO and its committees
- Oversight of the Financial Reporting Process, including Internal Controls
- Ethics and Compliance
- Evaluating the flow of information
- The effectiveness and efficiency of the operation of the Board and its committees

The Company Secretary then draws all the responses together from the information gathered. Strict level of confidentiality is practiced upon receiving of filled questionnaire and Directors' comments by the Company Secretary. Results from performance evaluations are then discussed in detail in the subsequent Board meeting to address the highlighted areas and improve the Board's performance.

As a part of good governance, following the discussion with the Board as a whole, areas of focus and improvement are identified by the Board. Currently, the areas of focus as identified by the Board are risk management, business growth and opportunities and providing oversight to the management.

It was further decided by the Company management that the Board Performance Evaluation is also to be carried out by external consultants, once every 3 years. Hence the Board will recommend the appointment of external consultants to do the needful from the year 2020.

Committees' annual evaluation process was also conducted internally by the Secretaries of each respective Committee. The evaluation was conducted through an annual evaluation questionnaire which was circulated amongst the Committee Members to provide clarifications and further insights and perspectives on the performance of the Committee.

INCLUSION AND DIVERSITY IN THE BOARD

Our Board takes a progressive approach with regard to inclusion and diversity because we want everyone to be at their best and bring their own perspectives to our business. Together, these unique perspectives and wide variety of personal experiences make our business stronger, enhancing our ability to innovate and respond to the diverse needs. Therefore, keeping in line with GSK's inclusion and diversity and in order to meet the requirements of the law, GSK is fully compliant with the female representation on the Board of Directors.

BOARD INDUCTION AND ORIENTATION

The Company Secretary assists the Chairman in designing and facilitating individual induction programmes for new Directors. They are designed with the purpose of orientating and familiarising new Directors with our industry, organisation, governance and our long-term IPT priorities.

All new Director receive a general induction, which includes their duties and responsibilities as a Director of a listed company, the Company's Corporate Governance structure and undertaking training on GSK's Code of Conduct.

The induction programme for Executive Directors normally includes an explanation of the role of an Executive Director, if appropriate, building relationships with the Chairman and the Board and arranging to fill any capability gaps the new Director may have.

The induction programme for Non-Executive Directors normally includes explanations of GSK's business and financial structure, the commercial and regulatory environment in which we operate, our competitors and an investor's perspective.

To ensure that our Non-Executive Directors develop and maintain a greater insight and understanding of the business and key stakeholders, they:

- Go through the process of familiarisation with the industry and GSK
- Explained the Board's operations, legal requirements and duties, committee structures and relevant charters
- Explained the Board's chair and committee chair roles along with the CEO's roles and responsibilities

- Given a review of director duties and the business judgment rule
- Provided with any policy that impact the directors such as Conflict of Interest, Whistle Blowing, Safety, Environment and Corporate Social Responsibility
- Any recent investor presentations such as the corporate briefing sessions
- Visits to our business operations and different manufacturing sites are also a feature of Non-Executive and Executive Directors' induction programmes
- Receive documents explaining the following:
 - GSK's business and financial structure, the commercial and regulatory environment in which we operate, our competitors and an investor's perspective
 - Role and responsibility of the Directors under the Companies Act, 2017
 - Roles and responsibility of the Directors under the Code of Corporate Governance and other laws and regulations of Pakistan
 - Investor relations and stakeholder reports to maintain awareness of investor and stakeholder views and competitors' performance and strategy
 - Directors and officers (D&O) insurance and indemnification documents
 - Yearly meeting schedules of the Company
 - Latest financial statements
 - Important minutes of past meetings
 - Major litigations status

DIRECTOR TRAINING

The Board is kept up-to-date on legal, regulatory and governance matters through regular papers and briefings from the Company Secretary and presentations by internal and external advisers.

Directors are responsible for upholding the corporate governance and giving the Company a strategic direction. To optimise the effectiveness of the Board, it is pertinent for new members to learn

the dynamics and operations of the Company. Your Company conducts various training programmes to make sure the entire Board is aligned with the Organisation's missions and corporate governance.

Names of Directors who have successfully completed the Director Training Programme certification from SECP approved institutions are provided below.

- Mr. Abdul Samad
- Mr. Sohail Ahmed Matin
- Ms. Maheen Rahman

All the other directors possess sufficient skills and experience as described in the Code of Corporate Governance.

As disclosed in the statement of compliance, four out of our seven directors have either obtained training from SECP approved institutions or are exempt from the Directors' training programme by virtue of experience.

DIRECTORS' REMUNERATION POLICY

The Company's Remuneration policy for Independent Directors, set out below, was approved on February 25, 2015 at Board of Directors' meeting.

Keeping in view of the Company's objectives, GSK operates an independent and transparent method in order to fix independent directors' remuneration. The key element of determining the remuneration is by market benchmarking against other key players of the Pharmaceutical Industry and remuneration is not at a level that could be perceived to compromise the independence of the Directors. For the purposes of clarity, no Director is involved in deciding their own remuneration.

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

- Independent Directors are only entitled to receive fixed fees in lieu of remuneration for attendance of the Board and Committee Meetings;
- Independent Directors are only entitled to meeting fees together with travelling and lodging costs borne by the Company.

POLICY OF RETENTION OF BOARD FEE BY THE EXECUTIVE DIRECTOR IN OTHER COMPANIES

None of the Executive Directors of GSK Pakistan are not currently serving as non-executive directors of any

other company's board and hence no fee is paid against attendance of Board meetings to the same.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

All foreign directors on our Board are required submit relevant documents, including declarations and/or undertaking and any document required to facilitate security clearance undertaken by the Ministry of Interior. The documents of all foreign directors are submitted to SECP within the prescribed time and further documents to assist the clearance from Ministry of Interior are made available as and when needed. All appointments of foreign directors made onto the Board are subject to provision of security clearance certificate from the ministry.

EXECUTIVE DIRECTOR IN THE COMPANY SERVING AS NON-EXECUTIVE DIRECTOR

None of the Executive Directors of the Company are serving as a non-executive director in another company.

TRADING IN SHARES BY DIRECTORS AND EXECUTIVES

No trading of shares has been conducted by any of the Directors and/or Executives of the Company During 2019. All relevant disclosures and updates with regards to the same have been made on a regular basis with accordance to the rules and law.

POLICY OF RELATED PARTIES

The Company has a formal policy of Related Parties' Transactions which is approved by the Board of Directors. The Policy covers the procedures with regards to Related Party Transactions for reviewing, approving and ratifying Related Party transactions and in providing disclosures as required under Section 208 of Companies Act 2017. The Policy also covers all Related Party transactions between the Company and any of its related parties.

The Company maintains a party wise record of transactions and ensures that it includes the minimum information as prescribed by the law. All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions if the Company enters into a transaction or agreement which is not arm's length the Company must ensure that the terms are in the best interest of the Company. Further, where majority of Directors of GSK Pakistan Limited are interested, are referred to the

shareholders in a general meeting for ratification and approval.

The record of all related party transactions are placed before the Board Audit Committee on a quarterly basis. Upon recommendation of the Audit committee all related party transactions placed before the Board of Directors for their review and approval.

Names of all such related parties along with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 36.1 and detailed disclosure regarding related party transactions has been presented in Note 36 of the Financial Statements.

BOARD MEETINGS OUTSIDE PAKISTAN

No Board meeting was held outside Pakistan during the year - 2019.

BUSINESS CONTINUITY PLAN

We routinely monitor the compliance of manufacturing external suppliers to identify and manage risks in our supply base in case of any natural calamity or force majeure. Where practical, we minimise our dependence on single sources of supply for critical items. Where alternative sourcing arrangements are not possible, our inventory strategy aims to protect the supply chain from unanticipated disruption. We use effective crisis management and business continuity planning to provide for the health and safety of our people and to minimise impact to us, by maintaining functional operations following a natural or man-made disaster, or a public health emergency. A corporate policy requires each business and functional area head to ensure effective crisis management and business continuity plans are in place that include authorised response and recovery strategies, key areas of responsibility and clear communication routes, before any business disruption occurs. Corporate Security supports the business by: coordinating crisis management and business continuity training; facilitating simulation exercises; assessing our preparedness and recovery capability; and providing assurance oversight of our central repository of plans supporting our critical business processes.

PRESENCE OF THE CHAIRPERSON AUDIT COMMITTEE AT THE AGM

In view of GSK's priority of being transparent with all its shareholders and stakeholders, members of the

Board and senior management and the Chairman of the Audit Committee were present at the Annual General meeting of the Company in order to address all concerns and queries raised by the shareholders.

ISSUES RAISED AT LAST AGM

No significant issues were raised by the shareholders during the Annual General Meeting, however some routine questions on the accounts and business were raised by the shareholder and general clarifications were sought.

INCLUSION AND DIVERSITY POLICY

We take a progressive approach to inclusion and diversity because we want everyone to be themselves and bring their own perspectives to our business. Together, these unique perspectives and wide variety of personal experiences make our business stronger, enhancing our ability to innovate and respond to the diverse needs of patients and consumers around the world.

We believe that 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.

We do not tolerate harassment, unwelcome, unreasonable or offensive behaviour, or discrimination of any kind. This includes any form of harassment and, in 2019, we included a module in our mandatory Code of Conduct training to reinforce our zero-tolerance approach. This emphasised the importance of bystander intervention to empower our employees to intervene if they see harassment occurring. Being a modern employer, we have 14.5% of female representation within the Company.

ENCOURAGING MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

Keeping in line with the rules and laws, GSK circulates the notice for its general meetings in widely circulated English and Urdu newspapers across Pakistan. In addition to the above, Annual General Meeting will be held at a convenient location in order to facilitate the attendance of the shareholders.

DIRECTORS' TRAINING PROGRAMME ATTENDED BY FEMALE EXECUTIVES AND HEAD OF DEPARTMENT AND/OR EXEMPTIONS

The Company has successfully complied with the requirement of the revised Code of Corporate Governance regarding training of at least one head of department and one female executive every year.

Details of the Directors' Training Programme attendance are given below:

Directors' Training Programme was attended by Senior Manager Legal Ms. Mehar Ameer in November 2019. The Directors' Training Programme was conducted by Pakistan Institute of Corporate Governance.

COMMUNICATION OF FINANCIAL RESULTS

All important and relevant disclosures such as the quarterly un-audited financial statements and the half-yearly financial statements have been circulated within the prescribed time of thirty (30) days and sixty (60) days respectively along with the Directors' Report. Additionally, all important disclosures, including the financial statement, were also made on the Company's website to keep the stakeholders duly informed.

AUDITORS

The present auditors, Messrs Deloitte Yousuf Adil & Co. Chartered Accountants had indicated their consent to continue as auditors. The Board of Directors endorses the recommendation of the Audit Committee for their continuation as the Auditors of the Company for the financial year ending 2020 at a mutually agreed fee.

MANAGEMENT COMMITTEE

The Management Committee comprises of 13 senior members including Directors 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. The management committee meets 7 times a year.

Roles of the Committee are:

- Reviewing business risks
- Reviewing business strategy
- Reviewing the business plans
- Reviewing issues and progress of the same for respective functions
- Reviews and advise the improvements to policies/ procedures
- Monitors the implementations of the same
- Alignment

Composition of the Management Committee

| Directors | Organisations |
|---------------------------|---|
| Mr. M. Azizul Huq | Chief Executive Officer |
| Mr. Abdul Samad | Chief Financial Officer |
| Syed Azeem Abbas Naqvi | Legal Director |
| Dr. Tariq Farooq | Business Unit Director 1 – Classic and Established Products, Vaccines and Dermatology |
| Mr. Khurram Amjad | Director Commercial Excellence & CTC |
| Dr. Gohar Nayab Khan | Director Regulatory Affairs |
| Mr. Abdul Haseeb Pirzada | Director Corporate Communications & 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 |
| Ms. Samreen Hashmi Kidwai | Business Unit Director 2 – Classic and Established Products |
| Mr. Imtiaz Hussain | Site Director – West Wharf |
| Mr. Javed Tariq | Site Director – Korangi |
| Mr. Joseph Thibaut | Site Director – F/268 |

*Mr. Farqaleet Iqbal appointed HR Country Head of GSK Pakistan Limited as at December 2, 2019, replacing Ms. Tania Zahid.

Unreserved Statement of Compliance to International Financial Reporting Standards

The Company prepares its financial statements in accordance with the accounting and reporting standards as applicable in Pakistan. These standards 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.

Note 2.2.2 of the financial statements specifies the standards and interpretations which are yet to be effective in Pakistan. The Company is currently evaluating the impact of these standards.

Risk Management Compliance Board

Please refer to Risk and Opportunities section on page 33.

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, 2019.

This Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019 and will be submitted to members at the Seventy Third Annual General Meeting of the Company to be held on May 21, 2020.

Review of operating results

GSK Pakistan delivered a good performance in 2019 and despite a challenging economic environment, achieved net sales of Rs. 36.58 Billion. This includes sales to GlaxoSmithKline Consumer Healthcare Pakistan Limited of Rs. 4.71 Billion on account of products manufactured by the Company, pending transfer of marketing authorisation. The company achieved an overall growth of 8% with our trade business delivering an underlying 10% growth and showed resilience by maintaining market share. The key portfolios which contributed towards this growth were Antibiotics, Dermatology and Analgesics therapy areas.

The Gross Margin of your company for the year 2019 dropped to 21.08% from 24.74% of previous year. As also reflected in earlier 2019 quarterly reports, the margin has declined mainly due to rupee devaluation which directly impacted the price of both imported and locally purchased materials. The pharmaceutical industry was given a devaluation price adjustment by the Government after a long period, which helped to mitigate some erosion in the margin. The company also continues to focus on internal cost saving and operational efficiency across the organization to mitigate the inflationary impact.

Selling, marketing and distribution expenses were recorded at Rs. 3.32 Billion, a decrease of Rs. 0.25 Billion from last year mainly attributed to controlled spend and one-off severance cost reflected in the prior year. Administrative expenses were recorded at Rs. 1.10 Billion, an increase of only 2.07% despite the annual inflation being in double digits.

Other operating income totaled Rs. 1.99 Billion, which is mainly due to a promotional allowance of

Rs. 1.51 Billion from the parent company, to support sustainable investment in our brands.

Despite the economic challenges and slow market uptake as explained above, your Company posted an overall after-tax net profit of Rs. 3.04 Billion, a decrease of 6.66% over the corresponding period last year.

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. 1.4 Billion. During the year the Company successfully implemented SAP (ERP) across three manufacturing sites.

Due to economic volatility this year, there has been a strong focus on monitoring cash flow, working capital and foreign currency liabilities management. Cash and cash equivalent decreased by Rs. 0.74 Billion, which was mainly driven by running facility acquired for stock build to cover for plant shut down for SAP implementation. The Company is no longer availing the running finance facility.

Dividend

The Board of Directors is pleased to announce a cash dividend of Rs. 6 per share amounting to Rs. 1.91 Billion, subject to the approval of the shareholders at the Annual General Meeting to be held on May 21, 2020.

Holding Company

As on December 31, 2019, 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 as of December 31, 2019 and other related information is set out on pages 139 to 141.

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.

Basic Earnings per Share

Basic Earnings per Share after taxation from continuing operations was Rs. 9.55 (2018: Rs. 10.15).

Corporate Social Responsibility (CSR)

As a market leader in Pakistan's pharmaceutical industry, GSK recognizes its responsibility towards the society at large and prioritises supporting causes that create a positive impact on the community. In 2019, we sponsored AMAN Ambulance, which provides international standard emergency healthcare services in Karachi. To support efforts to alleviate poverty and play our part in giving back to society, GSK Pakistan collaborated with "Khana Ghar" to arrange bulk quantities of staple items for their low-cost food distribution programme. The Women's Leadership Initiative is a global GSK platform designed to provide equal opportunities to all employees, so that they can in turn also raise a more socially aware future generation. Additionally, several awareness initiatives were held for our employees, focusing on health and education. These included Shaukat Khanum Hospital's Breast Cancer Awareness session and The Citizen's Foundation on volunteering in education, in which many of GSK's employees participate. Other CSR initiatives in 2019 include on and off-site Tree plantations to help reduce global warming and beach cleaning activities and a Ramadan drive in which food boxes were distributed to the underprivileged in our society. For a more detailed read on our CSR initiatives, refer to page 38.

Our People

GSK takes great pride in being an employer that not only recognises its people as key assets but also ensures that this belief is translated into a working environment that provides growth opportunities, respect, empowerment and inspiration. As a Company that is geared towards helping people 'Do More, Feel Better, Live Longer', we ensure that our employees are not only committed to this vision with the utmost passion and sincerity, but are also well equipped to perform and deliver to their best potential. In addition, our performance system helps focus 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

Keeping the above in mind, our Human Resources team engages and develops policies including

training, remuneration, performance evaluation and succession planning. This includes an exposure to a wide range of opportunities, including international assignments, supported through implementation of an internal talent development system that helps provide leaders with the data needed for strategic alignment and decision making. Coupled with this, our continuous feedback, evaluation and communication process ensures that our employees are well aligned with, and really believe in, our core values of Being Patient Focused, Respecting People, Acting with Integrity and Operating with Transparency.

We also prioritise the highest standards of individual accountability and are constantly trying to evolve in terms of our ability to recognize and reward our deserving talent that demonstrates the right mix of commitment and dedication. The key to this is our investment in development, our approach of being a modern employer and having an inclusive and engaging work culture.

Keeping in mind that our goal is to be one of the world's most innovative, best performing and trusted companies that provides access to world class healthcare products, it is of the utmost importance that we have the right team in the right place to help deliver this. Hence, to achieve sustainable high performance we encourage on-the-job learning through challenging project work, supported with more formal training programs, mentoring and coaching, as well as employee volunteering opportunities. Moreover, encouraging flexible thinking in our ways of working enables us to attract, retain and motivate critical talent groups. Our career paths are flexible and adaptable to meet our future business needs.

Environment, Health and Safety (EHS)

GSK is committed to comply with all relevant environmental, occupational health and safety standards; through an established framework of compliance. EHS is an integral part of GSK business and the company promotes a safe, injury free and energy resilient workplace.

GSK implements its global standards and procedures to deliver the best quality products while ensuring the safety of its employees. In order to ensure this objective, there is a strong emphasis on continuous improvement and effective oversight. These standards have been instrumental in the Company achieving the following Health & Safety objectives:

- Improved management of workplace risks and development of a safe working environment

- Prioritising safety over every operational task
- Ensuring that Environment, Health & Safety are essential elements of GSK business strategy
- Promotion of a conducive work-environment to help our employees Do More, Feel Better, and Live Longer

The Company is committed to employ Health & Safety as a foremost priority through assurance and oversight. It will continue to keep its focus on the challenges to occupational health & safety in the manufacturing and sales of its products and develop robust mechanism to mitigate all emerging risks.

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 include 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 guide 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 pages 46 to 48.

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 | <ul style="list-style-type: none"> • Maheen Rahman |
| Executive Directors | <ul style="list-style-type: none"> • M. Azizul Huq • Abdul Samad |
| Non-Executive Directors | <ul style="list-style-type: none"> • Mehmood Mandviwalla • Dmytro Oliinyk • Mark Dawson • Sohail Ahmed Matin |
| Female Director | <ul style="list-style-type: none"> • Maheen Rahman |

Board Committees

The Board has formed committees comprising of members given below:

- a) Audit Committee
 - Ms. Maheen Rahman Chairperson
 - Mr. Mark Dawson
 - Mr. Mehmood Mandviwalla
 - Mr. Dmytro Oliinyk*
- b) HR and Remuneration Committee
 - Ms. Maheen Rahman Chairperson
 - Mr. Dmytro Oliinyk*
 - Mr. Mehmood Mandviwalla
 - Mr. M. Azizul Huq
- c) Risk Management Committee
 - RMCB – consisting of Management Team

As required by the Code of Corporate Governance, extensive details related to the Board of Directors, including but not limited to, profile of directors, Board committees, training, diversity, orientation and changes in the Board are covered under Corporate Governance section on pages 50 to 60.

**Mr. Dmytro Oliinyk was appointed as Non-Executive Director on 28 August 2019 and elected as the Chairman of the Board with effect from 26 October 2019, replacing Mr. Andrew Aristidou who resigned on 28 August 2019.*

Board of Directors’ Meetings and Attendance

The Board of Directors met five times in 2019 and all of these meetings were held in Pakistan. Further details are covered under Our Governance section on pages 54 to 55.

Management Committee

Further details are covered under Our Governance section on page 62.

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, 2020, 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 till the date of this report.

Outlook and challenges

GSK Pakistan continues to be one of the key countries within the Emerging Markets Region. The global Company has high expectation from the Local Operating Committee (LOC). The management of GSK Pakistan is fully committed to deliver to that expectation amidst a volatile and challenging working environment.

Economic growth is anticipated to slow down further in 2020 due to macroeconomic interventions that have been introduced in the country. However, in the long run, the macroeconomic measures adopted are expected to stabilise the economy and improve balance of payments.

The coronavirus outbreak situation is evolving in the country and its potential impact on the Company's financial performance and supply continuity remains uncertain. Up to the date of this Report, the outbreak has not had a material impact on the financial results of the Company. Presently pharmaceutical businesses have been allowed to continue and operate their usual operations by both provincial and federal governments in order to ensure availability of our products in the market. We continue to monitor the situation closely, including the market demand, supply continuity and wellbeing of employees.

Value of Investments of Provident, Gratuity and Pension 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, 2019 are as follows:

| | 2019 Rs. in Millions |
|----------------|-------------------------|
| Provident fund | 3,320 |
| Gratuity fund | 1,762 |

Contribution to National Exchequer and Economy

Your Company made a total contribution of Rs 3.2 billion to the National Exchequer by way of Customs duties, income tax, sales tax and employees' tax during the year 2019.

Director's Remuneration

The significant features and key elements of

directors' remuneration are as follows:

- Independent and 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
- Details of aggregate amount of remuneration separately of executive and non-executive directors, including salary/fee, perquisites, benefits and performance-linked incentives etc. under financial note 35

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalised by the Board's Audit Committee and is updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- The key operating and financial data for the last six years is set out on pages 82 to 84.

By order of the Board



Erum Shakir
Chief Executive Officer



Abdul Samad
Director

Karachi
March 11, 2020

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

- (ا) کمپنی کی انتظامیہ کے ذریعے تیار کردہ مالی بیانات اس کے معاملات کو، اس کے آپریشنز کے نتائج کو، کیش فلو کو اور ایکویٹی میں بدلاؤ کو منصفانہ انداز میں پیش کرتے ہیں۔
- (ب) کمپنی کے اکاؤنٹ کی موزوں کتابوں کو برقرار رکھا گیا ہے۔
- (ج) مالی بیانات کی تیاری میں مناسب اکاؤنٹ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- (د) مالی بیانات، بین الاقوامی مالیاتی رپورٹنگ معیارات کے مطابق تیار کیے جاتے ہیں، جیسا کہ پاکستان میں لاگو ہیں۔
- (ه) کمپنی، زبردست اندرونی کنٹرول سسٹم کو برقرار رکھتی ہے جو کسی بھی مواد کی غلط تشخیص یا نقصان کے خلاف معقول یقین دہانی کرتا ہے۔ اندرونی کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔ بورڈ کی آڈٹ کمیٹی کے ذریعے اس کو باضابطہ بنایا گیا ہے اور ضرورت پڑنے پر اسے اپ ڈیٹ کیا جاتا ہے۔
- (و) کمپنی کی، چالو کاروبار کی حیثیت سے جاری رہنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
- (ز) کارپوریٹ گورننس کے بہترین طریق کار سے کوئی مراعت نہیں ہوئی ہے جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
- (ح) گزشتہ چھ (6) برسوں سے چلنے والے اہم آپرینٹنگ اور مالیاتی اعداد و شمار صفحات 82 سے 84 پر ترتیب دیا گیا ہے۔

بحکم از بورڈ

Osama
عبدالصمد
ڈائریکٹر

Arif
ارم شا کریم
چیف ایگزیکٹو آفیسر

کراچی
11 مارچ 2020

انتظامیہ، مشکل اور کام کرنے کے چیلنجز ماحول کے درمیان کام کرنے کے لیے پوری طرح پُر عزم ہے۔

2020 میں ملک کے اندر متعارف کرائی گئی میکرو معاشی مداخلت کی وجہ سے معاشی نمو میں مزید سست روی متوقع ہے۔ تاہم، طویل مدت میں، اختیار کیے گئے میکرو معاشی اقدامات سے معیشت میں استحکام کی توقع ہے اور ادائیگیوں کے توازن میں بہتری آئے گی۔

ملک میں کرونا وائرس سے پیدا ہونے والی صورت حال بدلتی جا رہی ہے اور کمپنی کی مالی کارکردگی اور سپلائی کے تسلسل پر اس کے ممکنہ اثرات غیر یقینی ہیں۔ اس رپورٹ کی تاریخ تک، وباء کا کمپنی کے مالی نتائج پر کوئی اثر نہیں پڑا ہے۔ صوبائی اور وفاقی حکومتوں کی جانب سے اس وقت دواسازی کے کاروبار کو اپنی معمول کی کاروائیوں کو جاری رکھنے کی اجازت ہے تاکہ مارکیٹ میں ہماری مصنوعات کی دستیابی کو یقینی بنایا جاسکے۔ ہم اس صورت حال پر مستقل نظر رکھے ہوئے ہیں، بشمول ادویات کی رسد کا تسلسل اور ملازمین کی خیر عافیت۔

پراویڈنٹ، گریجویٹ اور پینشن فنڈز کی سرمایہ کاری کی قدر

کمپنی اپنے ملازمین کے لیے ریٹائرمنٹ فونڈ کے منصوبوں کو برقرار رکھتی ہے۔ 31 دسمبر 2019 تک غیر آڈٹ شدہ کھاتوں پر مبنی پراویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کی قیمتیں درج ذیل ہیں:

| روپے ملین میں | 2019 |
|---------------|-------|
| پراویڈنٹ فنڈ | 3,320 |
| گریجویٹ فنڈ | 1,762 |

قومی خزانے اور معیشت میں شراکت

آپ کی کمپنی نے سال 2019 کے دوران کسٹم ڈیویژن، اکنمیکس، سیلری ٹیکس اور ملازمین کے ٹیکس کے ذریعے قومی خزانے کو مجموعی طور پر 3.2 ارب روپے کی رقم دی ہے۔

ڈائریکٹرز کا معاوضہ

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

- آزاد اور نان ایگزیکٹو ڈائریکٹرز صرف بورڈ اور کمیٹی کے اجلاسوں میں معاوضے کے عوض فیس وصول کرنے کے حقدار ہیں
- بورڈ مجاز ہے کہ وہ بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے اپنے ڈائریکٹرز کے معاوضے کا تعین کرے اور اسے فارمانڈسٹری کے مارکیٹس، نچ مارک کے ذریعے طے کرے
- مالی نوٹ 35 کے تحت ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے الگ الگ معاوضے کی مجموعی رقم کی تفصیلات جس میں تنخواہ / فیس، مراعات، فوائداور کارکردگی سے منسلک ترغیبات وغیرہ شامل ہیں

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

دیانت داری کے ساتھ کام کرنا، جی ایس کے کی ایک اہم قدر ہے جو ہمارے ہر کام کی اصل ہے۔ ہمارے انسداد رشوت ستانی اور بدعنوانی کے پروگرام میں خطرات کی تشخیص، معیارات اور عدم تعمیل کو روکنے کے لیے ڈیزائن کردہ عملی رہنمائی شامل ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے "ضابطہ اخلاق/ اخلاقیات کا بیان اور کاروباری طریقے" کے اندر قابل قبول کاروباری طریقے اور کردار طے کر دیا ہے، جو ہمارے لوگوں کو روزمرہ کی سرگرمیوں میں اپنی اقدار کو بروئے کار لانے میں رہنمائی کرتا ہے۔ یہ ضابطہ، جو کہ تمام ملازمین بشمول بین الاقوامی تنظیم کے لیے دستخط کرنے کے حوالے سے لازمی ہے، یہ ضابطہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔ ضابطہ اخلاق کی نمایاں خصوصیات صفحہ 46 سے 48 پر مہیا کی گئی ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل

مندرجہ ذیل کے مطابق کل ڈائریکٹرز کی تعداد سات (7) ہے:

| | |
|-------|----|
| مرد | 06 |
| خاتون | 01 |

بورڈ کی تشکیل حسب ذیل ہے:

| | |
|---------------------|-----------------------|
| نام | کیٹگری |
| • مایین رحمن | آزاد ڈائریکٹر |
| • ایم۔ عزیز الحق | ایگزیکٹو ڈائریکٹر |
| • عبدالصمد | |
| • محمود مانڈوی والا | نان ایگزیکٹو ڈائریکٹر |
| • ڈی بیٹر و آلینک | |
| • مارک ڈاؤسن | |
| • سمیل احمد | |
| • مایین رحمن | خاتون ڈائریکٹر |

بورڈ کی کمیٹیاں

بورڈ نے ذیل میں دیے گئے ممبران پر مشتمل کمیٹیاں تشکیل دی ہیں:

| | |
|------------------------|-----------|
| (| آڈٹ کمیٹی |
| مختصر مایین رحمن | |
| جناب مارک ڈاؤسن | |
| جناب محمود مانڈوی والا | |
| جناب ڈی بیٹر و آلینک * | |

(ب) افرادی قوت اور معاوضہ کمیٹی
مختصر مایین رحمن
جناب ڈی بیٹر و آلینک *
جناب محمود مانڈوی والا
جناب ایم۔ عزیز الحق

چیئرمین

(ج) ریسک مینجمنٹ کمیٹی

i. آرایم سی بی (RMCB) - مینجمنٹ ٹیم پر مشتمل

جیسا کہ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت مطلوب ہے، بورڈ آف ڈائریکٹرز سے متعلق وسیع تر تفصیلات، بشمول مگر ان تک محدود نہیں ہے، بورڈ میں ڈائریکٹرز، بورڈ کمیٹیوں، تربیت، تنوع، تشریح اور تبدیلیوں کا پروفائل 50 سے 60 صفحات پر کارپوریٹ گورننس سیکشن کے تحت شامل ہے۔

* جناب ڈی بیٹر و آلینک 28 اگست 2019 کو نان ایگزیکٹو ڈائریکٹر کے عہدے پر فائز ہوئے اور 26 اکتوبر 2019 سے بورڈ کے چیئرمین کے طور پر منتخب ہوئے، جناب اینڈریو ایرسٹو کی جگہ، جنہوں نے 28 اگست 2019 کو استعفیٰ دیا۔

بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

بورڈ آف ڈائریکٹرز نے 2019 میں پانچ (5) مرتبہ ملاقات کی اور یہ تمام ملاقاتیں پاکستان میں ہوئیں۔ مزید تفصیلات ہماری گورننس کے سیکشن کے تحت صفحات 54 سے 55 تک شامل ہیں۔

مینجمنٹ کمیٹی

مزید تفصیلات صفحہ 62 پر ہماری گورننس کے سیکشن کے تحت شامل ہیں۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز ڈی بیٹر و آلینک یوسف عادل اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائر اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کے لیے پیش کر چکے ہیں۔

بورڈ آف ڈائریکٹرز باہمی متفقہ فیصلے پر 31 دسمبر 2020 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کرتے ہیں۔

بعد میں ہونے والے واقعات

اس رپورٹ کی تاریخ تک کمپنی کے مالی سال کے اختتام کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

امکانات اور چیلنجز

جی ایس کے پاکستان اب بھی ابھرتی ہوئی منڈیوں کے خطوں کے کلیدی ممالک میں شامل ہے۔ عالمی کمپنی کو لوکل آپریٹنگ کمیٹی (LOC) سے بڑی توقع ہے۔ جی ایس کے پاکستان کی

ہم انفرادی احتساب کے اعلیٰ ترین معیارات کو بھی ترجیح دیتے ہیں، اور اہلیت کے اعتبار سے ہم آپ کی خداداد صلاحیتوں کو بچھاننے اور انہیں نوازنے کے لیے جو عزم اور لگن کا صحیح امتزاج ہیں، ترقی کی مسلسل کوشش کر رہے ہیں۔ اس کی کلید، ڈیولپمنٹ میں ہماری سرمایہ کاری، جدید آجر ہونے کی سوچ اور ایک مشمولہ اور مشغول رکھنے والا کام کا انداز ہے۔

اس بات کو مدنظر رکھتے ہوئے کہ ہمارا مقصد دنیا کی جدید ترین، بہترین کارکردگی کا مظاہرہ کرنے والی اور قابل اعتماد کمپنیز میں سے ایک کمپنی بننا ہے جو عالمی معیاری ہیلیتھ کیئر مصنوعات تک رسائی فراہم کرے، یہ انتہائی اہمیت کی حامل ہے کہ اس مقصد کو پورا کرنے کے لیے ہمارے پاس صحیح جگہ پر صحیح ٹیم موجود ہے۔ لہذا، پائیدار اعلیٰ کارکردگی کے حصول کے لیے تربیت کے باقاعدہ پروگرامز، رہنمائی اور کوچنگ کے ساتھ ساتھ ملازمین کے رضا کارانہ مواقع کی مدد سے ہم چیلنجنگ پروجیکٹ ورک کے ذریعے ملازمت کے دوران سیکھنے کی حوصلہ افزائی کرتے ہیں۔ مزید یہ کہ ہمارے کام کرنے کے طریقوں میں پلگ دار سوچ کی حوصلہ افزائی تقیدی ہنرمند گروہوں کو راغب کرنے، برقرار رکھنے اور ان کی حوصلہ افزائی کرنے کے قابل بناتی ہے۔ اپنے مستقبل کی کاروباری ضروریات کو پورا کرنے کے لیے ہمارے روزگار کے راستے پلگ دار اور مطابقت پذیر ہیں۔

ماحول، صحت اور حفاظت (EHS)

تعمیل کے ایک مقرر شدہ فریم ورک کے ذریعے، جی ایس کے تمام متعلقہ ماحولیاتی، پیشہ ورانہ صحت اور حفاظت کے معیارات کی تعمیل کے لیے پُر عزم ہے۔ ماحول، صحت اور حفاظت (EHS)، جی ایس کے کاروبار کا ایک لازمی جزو ہے اور کمپنی، محفوظ، چوٹ سے پاک اور توانائی سے متعلق کام کی جگہ کو فروغ دیتی ہے۔

جی ایس کے، اپنے ملازمین کی حفاظت کو یقینی بناتے ہوئے، بہترین معیاری مصنوعات کی فراہمی کے لیے اپنے عالمی معیار اور طریقہ کار کا نفاذ کرتی ہے۔ اس مقصد کو یقینی بنانے کے لیے، مسلسل بہتری اور موثر نگرانی پر زور دیا جاتا ہے۔ صحت اور حفاظت کے مقاصد کو حاصل کرنے میں کمپنی کے مندرجہ ذیل معیارات کارآمد رہے ہیں:

- کام کرنے کی جگہ کے خطرات اور محفوظ کام کرنے والے ماحول کی ترقی کا بہتر انتظام
- ہر آپریشنل کام پر حفاظت کو ترجیح دینا
- اس بات کو یقینی بنانا کہ ماحول، صحت اور حفاظت جی ایس کے کاروبار کی حکمت عملی کے لازمی عنصر ہیں
- کام کرنے کے لیے سازگار ماحول کے فروغ سے ہمارے ملازمین کو 'زیادہ کام کریں، بہتر محسوس کریں، زیادہ جیشن' کے حوالے سے مدد ملے گی

کمپنی، یقین دہانی اور نگرانی کے ذریعے صحت اور حفاظت کو اولیٰ ترین ترجیح کے طور پر استعمال کرنے کے لیے پُر عزم ہے۔ یہ اپنی مصنوعات کی تیاری اور فروخت میں پیشہ ورانہ صحت اور حفاظت کو درپیش چیلنجز پر اپنی توجہ مرکوز رکھے گی اور ابھرتے ہوئے تمام خطرات کو کم کرنے کے لیے مضبوط میکانزم تیار کرے گی۔

معاشرے پر مثبت اثر ڈالنے ہیں۔ 2019 میں ہم نے اس ایبیلٹس کی سرپرستی کی، جو کراچی میں بین الاقوامی معیاری ایمرجنسی ہیلیکپٹر سروس فراہم کرتی ہے۔ غربت کے خاتمے اور معاشرے کو واپس لوٹانے کے لیے اپنا کردار ادا کرنے کے حوالے سے کی جانے والی کوششوں کی حمایت کے لیے، جی ایس کے پاکستان نے "کھانا گھر" کے ساتھ تعاون کیا تاکہ کم لاگت والے کھانے کی تقسیم کے پروگرام کے لیے بڑی تعداد میں بنیادی اشیاء کا بندوبست کیا جاسکے۔ ویمنز لیڈر شپ اینٹیٹیو، ایک عالمی جی ایس کے پروگرام ہے جو تمام ملازمین کو مساوی مواقع فراہم کرنے کے لیے ڈیزائن کیا گیا ہے، تاکہ وہ بدلے میں مستقبل کے اندر زیادہ سماجی شعور رکھنے والی نسل کو بھی پروان چڑھا سکیں۔ مزید برآں، صحت اور تعلیم پر توجہ مرکوز کرتے ہوئے ہم نے اپنے ملازمین کے لیے متعدد آگاہی اقدامات کا انعقاد کیا۔ ان میں شوکت خانم اسپتال کے بریسٹ کیمنرس سے متعلق آگاہی سیشن اور تعلیم میں رضا کارانہ خدمات سے متعلق سٹیٹرز فاؤنڈیشن شامل ہے، جس میں جی ایس کے کے بہت سے ملازمین شریک ہیں۔ 2019 میں دیگر سٹیٹرز ایس آر (CSR) اقدامات کے حوالے سے گلوبل وارمنگ میں کمی کے لیے شجر کاری اور ساحل سمندر کی صفائی کے ساتھ ساتھ رمضان ڈرائیو کی سرگرمیاں شامل ہیں جس میں معاشرے کے ہمسامانہ افراد کو فوڈ باکس تقسیم کیے گئے۔ ہمارے، جی ایس کے آر (CSR) اقدامات کی مزید تفصیلات کے لیے صفحہ نمبر --- ملاحظہ کریں۔

ہمارے لوگ

جی ایس کے اپنے آجر ہونے پر بہت فخر محسوس کرتا ہے، جو نہ صرف اپنے لوگوں کو کلیدی اثناؤں کے طور پر تسلیم کرتا ہے بلکہ اس بات کو بھی یقینی بناتا ہے کہ اس عزم کی ترجمانی ایک ایسے کام کرنے والے ماحول میں ہو جو ترقی کے مواقع، احترام، بااختیاری اور اثر پذیری فراہم کرتا ہو۔ ایک کمپنی کی حیثیت سے جو لوگوں کو زیادہ کام کریں، بہتر محسوس کریں، زیادہ جیشن' کی جانب راغب کرنے میں مدد دے، ہم اس بات کو یقینی بناتے ہیں کہ ہمارے ملازمین نہ صرف انتہائی جذبے اور خلوص کے ساتھ اس سوچ پر کاربند رہیں بلکہ وہ اپنی بہترین صلاحیت کی انجام دہی کے لیے پوری طرح مستعد بھی رہیں۔ اس کے علاوہ، ہمارا پرفارمنس سسٹم، کاروباری کارکردگی پر ہماری توانائیاں مرکوز کرنے، مضبوط لیڈر شپ کے ذریعے اپنے مقصد کے لیے جدوجہد کرنے، ملازمین کی ترقی، اور ایک جدید آجر بننے کے لیے ہماری مسلسل توجہ کے حوالے سے، مدد کرتا ہے۔

وہی رہیں جو آپ ہیں، اچھا محسوس کریں، ترقی کرتے رہیں

مذکورہ بالا کو مدنظر رکھتے ہوئے، ہماری انسانی وسائل کی ٹیم مصروف رہتی ہے اور پالیسی تیار کرتی ہے جن میں تربیت، معاوضہ، کارکردگی کی تشخیص اور بعد کی منصوبہ بندی شامل ہے۔ اس میں مواقع کی ایک وسیع رینج کی نمائندگی سمیت انٹرنل ٹیلنٹ ڈیولپمنٹ سسٹم پر عمل درآمد کے ذریعے حمایت یافتہ بین الاقوامی اسٹیمٹس شامل ہیں جو رہنماؤں کی حکمت عملی کے حوالے سے صف بندی اور فیصلہ سازی کے لیے درکار اعداد و شمار فراہم کرنے میں مدد کرتے ہیں۔ اس کے ساتھ مل کر، ہماری مستقل آراء، جانچ اور ابلاغ کا طریقہ کار اس بات کو یقینی بناتا ہے کہ ہمارے ملازمین صبر و تحمل پر توجہ رکھنے، لوگوں کا احترام کرنے اور ایمان داری اور شفافیت کے ساتھ کام کرنے کی ہماری بنیادی اقدار کے ساتھ بھرپور انداز میں جوئے ہوئے ہیں اور اس پر واقعتاً یقین رکھتے ہیں۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

مطابق پلانٹ کی اپ گریڈیشن میں سرمایہ کاری جاری رکھی ہوئی ہے۔ اس سال ہونے والے مجموعی سرمایہ جاتی اخراجات 1.4 ارب روپے تھے۔ سال کے دوران کمپنی نے تین مینوفیکچرنگ سائنس میں کامیابی کے ساتھ SAP (ERP) کا نفاذ کیا۔

اس سال معاشی اتار چڑھاؤ کی وجہ سے کیش فلو، ورکنگ کپٹل اور غیر ملکی کرنسی کی ذمہ داریوں کے انتظام کی نگرانی پر خاص توجہ دی گئی۔ کیش اور کیش ایکویولینٹس میں 0.74 ارب روپے کی کمی واقع ہوئی ہے، جو SAP کے نفاذ کے لیے، بنیادی طور پر رنگ فیسٹی کے ذریعے، پلانٹ شٹ ڈاؤن کو کو کرنے کے حوالے سے اسٹاک ہلڈ کے لیے حاصل کی گئی تھی۔ اب کمپنی، رنگ فیسٹی کی سہولت سے فائدہ نہیں اٹھا رہی ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز، خوشی کے ساتھ فی شیئر 6.0 روپے کے حساب سے 1.91 ارب روپے کے حتمی منافع منقسمہ کا اعلان کرتے ہیں، جو 21 مئی 2020 کو منعقد ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

ہولڈنگ کمپنی

31 دسمبر 2019 کو، ایس۔ آر۔ آن انٹرنیشنل بی۔ وی، نیدر لینڈ، 10 روپے فی شیئر کے حساب سے 263,029,794 شیئرز کی حالت تھی۔ کمپنی کے حتمی پیرنٹ کا، گلیکو اسمتھ کلائن پی ایل سی، یو کے، بننا جاری ہے۔

شیئر ہولڈنگ کا نمونہ

کمپنی کے شیئرز کا کاروبار پاکستان اسٹاک ایکسچینج لمیٹڈ میں ہوتا ہے۔ 31 دسمبر 2019 تک شیئر ہولڈنگ اور دیگر متعلق معلومات صفحہ نمبر 139 سے 141 پر موجود ہیں۔ سال کے دوران، ڈائریکٹرز ہی ای او، سی ایف او، کمپنی سیکریٹری، ایکزیکیٹو اور ایوان کے شریک حیات اور نابالغ بچوں نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی۔

بنیادی آمدنی فی شیئر

جاری آپریشنز سے، بعد از ٹیکس فی شیئر بنیادی نفع 9.55 روپے تھا (روپے: 2018) 10.15

کارپوریٹ سماجی ذمہ داری (CSR)

پاکستان کی دواسازی کی صنعت میں بحیثیت مارکیٹ لیڈر، جی ایس کے بڑے پیمانے پر اپنی سماجی ذمہ داری کو تسلیم کرتا ہے اور اس کی حمایت کرنے والے اسباب کو ترجیح دیتا ہے جو

گلیکو اسمتھ کلائن پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز سمرٹ کے ساتھ 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی گوشواروں کے ساتھ ساتھ آپ کو سالانہ رپورٹ پیش کرتے ہیں۔

ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ، 2017 کی دفعہ 227 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہء اخلاق) ریگولیشنز 2019 کے مطابق تیار کی گئی ہے اور 21 مئی 2020 کو منعقد ہونے والے کمپنی کے ہتبر (73) ویں سالانہ اجلاس عام میں ممبران کو پیش کی جائے گی۔

آپریٹنگ نتائج کا جائزہ

جی ایس کے پاکستان نے 2019 میں عمدہ کارکردگی پیش کی اور ایک دشوار معاشی ماحول کے باوجود 36.58 ارب روپے کی خالص فروخت حاصل کی۔ اس میں گلیکو اسمتھ کلائن کنزرویٹو ہیلتھ پاکستان لمیٹڈ کی جانب سے تیار کردہ مصنوعات کے حوالے سے 14.71 ارب روپے کی فروخت شامل ہے، جس کی مارکیٹنگ کی اجازت کی منتقلی زیر التوا ہے۔ کمپنی نے ہمارے تجارتی کاروبار میں 10 فیصد کی بنیادی ترقی کے ساتھ مجموعی طور پر 8 فیصد کا اضافہ کیا اور مارکیٹ شیئر کو برقرار رکھتے ہوئے چیک کا مظاہرہ کیا۔ جنہوں نے اس اضافے میں اپنا کردار ادا کیا وہ ہم پورٹ فولیوز، اینٹی بائیوٹکس، ڈرماٹالوجی اور اینٹی جینکس تھراپی تھے۔

سال 2019 کے لیے آپ کی کمپنی کا مجموعی منافع 21.08 فیصد رہ گیا جو گزشتہ سال 24.74 فیصد تھا۔ جیسا کہ 2019 کی ابتدائی سہ ماہی رپورٹس میں بھی ظاہر ہوتا ہے، کہ منافع میں کمی، بنیادی طور پر روپے کی قدر میں کمی کی وجہ سے ہوئی جس نے درآمد شدہ اور مقامی اشیاء و نوں کی خریداری کی قیمت کو براہ راست متاثر کیا۔ طویل عرصے کے بعد حکومت کی جانب سے دواسازی کی صنعت کو قیمتوں میں کمی کے حوالے سے ایڈجسٹمنٹ دی گئی، جس سے منافع کے اندر گراؤت میں کچھ کمی ہوئی۔ مہنگائی کے اثرات کو کم کرنے کے لیے کمپنی نے پوری آرگنائزیشن میں اندرونی لاگت کی بچت اور آپریشنل کارکردگی پر بھی اپنی توجہ مرکوز کی ہوئی ہے۔

فروخت، مارکیٹنگ اور ڈسٹری بیوٹن کے اخراجات 13.32 ارب روپے ریکارڈ کیے گئے جو گزشتہ سال سے 0.25 ارب روپے کم ہیں، جو بنیادی طور پر خرچ اور ایک دفعہ علیحدگی لاگت سے منسوب ہے جو گزشتہ سال میں ظاہر ہوتی ہے۔ انتظامی اخراجات 1.10 ارب روپے، سالانہ افراط زر میں دگنے اعداد کے اندر کمی کے باوجود صرف 2.07 فیصد کا اضافہ۔

دیگر مجموعی آپریٹنگ آمدنی 1.99 ارب روپے، جو بنیادی طور پر ہمارے برانڈز میں پائیدار سرمایہ کاری کی حمایت کرنے کے لیے پیرنٹ کمپنی کی جانب سے 1.51 ارب روپے کے پروموشنل الاؤنس کی وجہ سے ہے۔

جیسا کہ اوپر بیان کیا گیا ہے، معاشی چیلنجز اور مارکیٹ میں سست روی کے باوجود، آپ کی کمپنی نے مجموعی طور پر 3.04 ارب روپے کا منافع بعد از ٹیکس پوسٹ کیا ہے جو گزشتہ سال اسی عرصے کے مقابلے میں 6.66 فیصد کم ہے۔ کمپنی نے موجودہ عمدہ پیداواری طریقوں (CGMP) کے

Chairman's Review



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

Despite a challenging economic environment GSK Pakistan delivered a healthy sales growth. Profit for the year remained under pressure and declined from last year mainly due to significant rupee devaluation. This was partly mitigated through a general price increase and cost saving initiatives by the Company. 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.

In accordance with Code of Corporate Governance, during 2019, the Board carried out an evaluation of performance of its individual members, the Board and the performance of its Committees.

Board evaluation process is conducted internally by the Company Secretary who prepared 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.

As part of good governance, following the discussion with the Board as a whole, areas of focus and improvement are identified by the Board. Currently, the areas of focus as identified by the Board are risk management, business growth and opportunities and providing oversight to the management.

Committees annual evaluation process is also conducted internally by the Secretaries of each respective Committee. The evaluation was conducted through an annual evaluation

questionnaire which was circulated amongst the Committee Members to provide clarifications and further insights and perspectives on the performance of the Committee.

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 ensured compliance with the disclosure requirement of the Companies Act.

During the year, SAP deployment took place in our Pharma Supply Chain. This was a fast-paced deployment which the GSK Pakistan team managed successfully through their hard work, dedication and without any business interruption.

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 was pleased with these initiatives, the result of which was reflected in the employee engagement score of the GSK survey.

Board Member Appointment:

On March 1, 2020, Ms. Erum Shakir Rahim was appointed Chief Executive Officer of the Company. She succeeded Mr. Mohammed Azizul Huq who retired after a successful career with GSK that spanned 22 years, including 4 years as CEO of GSK Pakistan Limited. During his assignment, GSK Pakistan continued to lead the pharmaceutical industry, both in terms of maintaining the largest prescription, volume and value market share amongst 600+ companies. I would like to thank Aziz for his significant contribution and wish him a wonderful retirement.

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 2019 and I look forward to continue working with them to attain success in 2020.



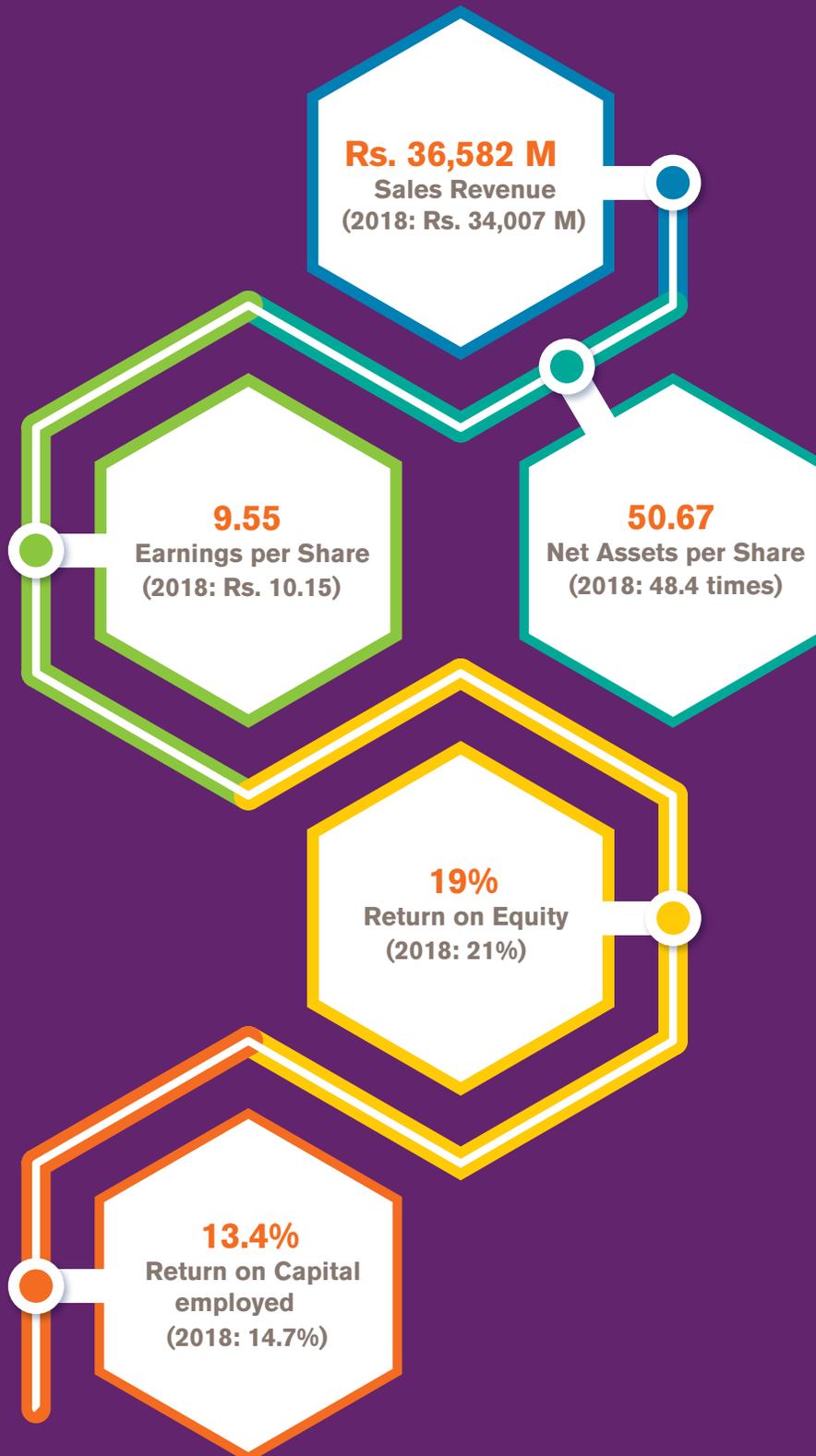
Dmytro Oliinyk

Chairman

March 11, 2020

Financial Highlights

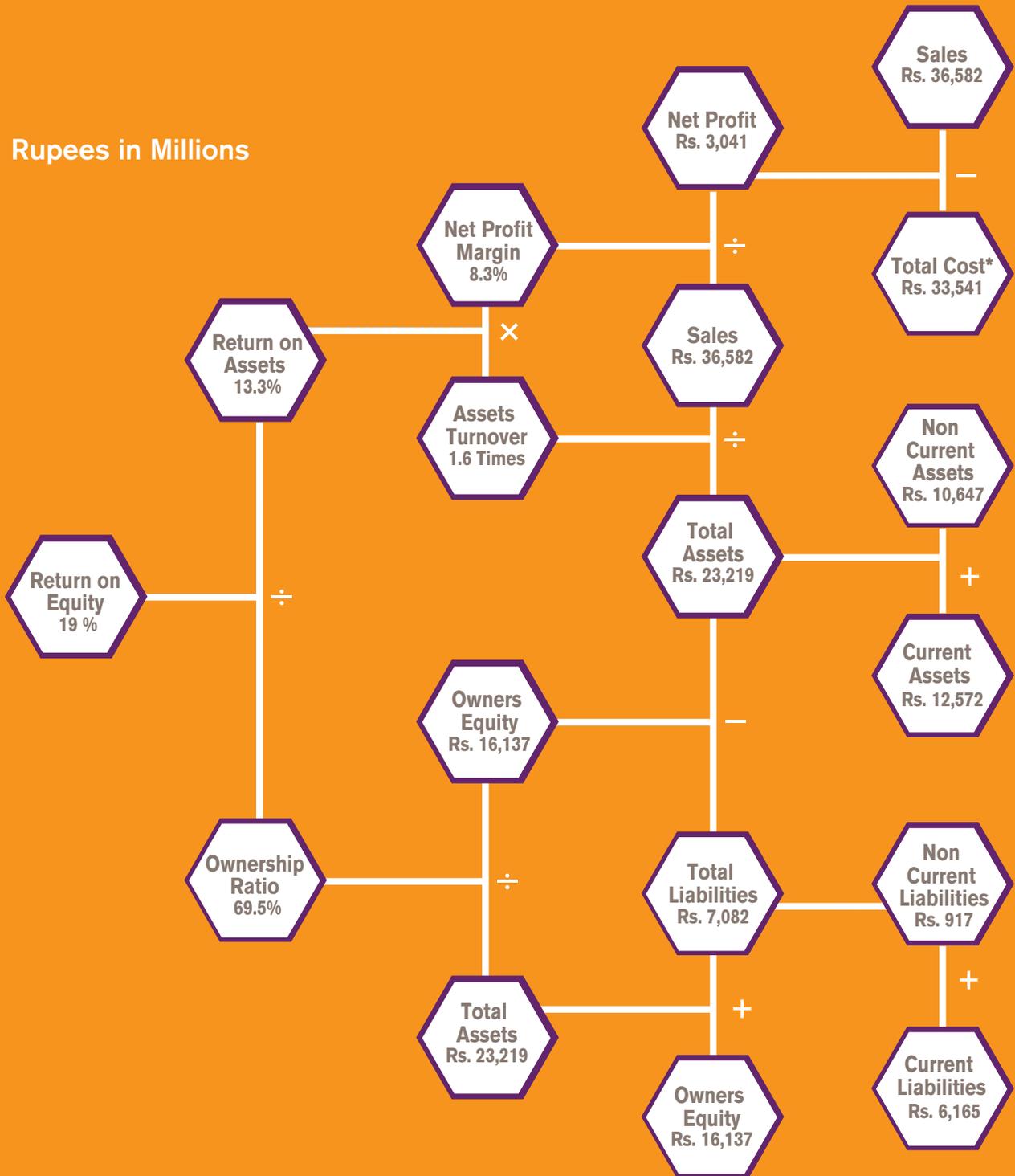
Continuing Operations



DUPONT Analysis

For the year ended December 31, 2019

Rupees in Millions



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

Financial Commentaries

COMMENTS ON PROFIT OR LOSS

Sales

Net sales for the year increased by 7.6% over previous year. Trade business contributed Rs. 29.4 billion, with a growth of 10% as compared to last year. The key portfolios which contributed towards this growth were Antibiotics, Dermatology and Analgesics therapy areas.

Cost of Sales

Cost of sales of the Company increased mainly on account of rupee devaluation and inflation.

Other Income

Increase in other income versus last year by 35% is mainly on account of promotional allowance from GSK group for sustainable investment in our brands and financial assistance from the Group against recall of Zantac products (tablets and injections).

Financial Charges

Financial charges increased due to rupee devaluation vs. last year by an average of 24%. The Company also availed running finance facility during the year to cater stock built on account of MERPs implementation. Consequently, markup on running finance facility amounting to Rs. 88 million was also part of financial charges.

Taxation

Taxation expense increased by 7% on account of decrease in BMR Tax credit % from 10% to 5% retrospectively.

COMMENTS ON STATEMENT OF FINANCIAL POSITION

Non-current Assets

Property, plant and equipment have witnessed an increase over prior year due to investment in production facilities and infrastructure to support growing scale of business. Major capital expenditure incurred during the year was on derma line and tablet blistering area.

Current Assets

The increase in current assets is mainly attributable to upside in taxation payments less provision due to the tax collected at source on Imports and tax deduction on sales partially offset by increase in tax provision. Furthermore, promotional allowance receivable also added to the increase in current assets. However, the overall increase has been negatively off set by decrease in trade debts mainly on account of strong collection and working capital management of the Company.

Current Liabilities

Increase in trade and other payables is on account of increase in accrued liabilities and contract liability which represents upside in provision for non-inventory purchases, freight accruals and accruals for returns and allowances respectively.

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

There has been a decrease in net cash flows from operating activities mainly due to lower profitability and unfavourable working capital changes versus last year.

Cashflows From Investing Activities

Net cash outflows from investing activities have increased from prior year primarily due to increase in capital expenditure during the year.

Cashflows From Financing Activities

Cash outflow from financing activities increased during the current year primarily on account of increase in dividend payout during the year versus last year.

COMMENTS ON FINANCIAL RATIOS

Profitability Ratios

Profitability ratios of the Company, in general, have declined versus last year, mainly on account of rupee devaluation, which directly impacted the price of both imported and locally purchased materials.

The pharmaceutical industry was given a devaluation price adjustment by the authorities, which helped to mitigate some erosion in the margins.

Profit after tax decreased by 5.9% compared to prior year. Gross profit margin declined to 21.1% versus 24.7% last year. Net profit margin decreased to 8.3% versus 9.5% last year which is in line with the reasons mentioned above.

Liquidity Ratios

Cash inflows from operating activities have been impacted as compared to last year primarily on account of working capital changes. However, the Company remains sufficiently liquid and has Rs. 2.7 billion of cash and cash equivalents as at December 31, 2019 to meet its operational cash requirements.

Current ratio declined by 2.4% versus last year. This was mainly on account of decrease in trade debts and increase in payable balances, the decrease was partially off-set by increase in inventories as at December 31, 2019. Quick / acid test ratio remained constant at 1.02 times and cash to current liabilities stand at 0.44 times.

Activity / Turnover Ratios

Operating cycle has decreased to 68 days in 2019 from 84 days in 2018 mainly due to lower trade debts and higher payable balances as compared to last year. Total assets turnover ratio (average assets) increased to 1.6 in 2019 from 1.5 in 2018 mainly due to increase in net sales which has been partially offset by the capital expenditure during the year.

Fixed assets turnover ratio (average assets) climbed to 3.9 in 2019 from 3.8 in 2018 mainly due to significant increase in net sales. However, the increase has been partially offset by increase in capital expenditure during the year.

Investment / Market Ratios

Earnings per share decreased to Rs. 9.6 in 2019 from Rs. 10.15 in 2018 as a result of decline in profit after tax by 5.9% as mentioned above.

Price Earnings ratio climbed to 16.8 in 2019 from 11.1 in 2018, mainly due to increase in market value per share of the Company.

Dividend yield ratio declined to 3.7% as compared to 6.2% in 2018, mainly due to increase in market value per share.

Dividend pay-out ratio decreased to 0.63 (times) in 2019 from 0.69 (times) in 2018, on account of decrease in profit after tax by 5.9% as mentioned above.

Break-up value per share has increased to Rs. 50.7 in 2019 from Rs. 48.4 in 2018 due to increase in total equity by Rs. 717.9 million as compared to prior year .

Market capitalisation has increased to Rs. 51.06 billion in 2019 from Rs. 35.8 billion in 2018 due to increase in market price per share to Rs. 160.6 in 2019 from Rs. 112.4 in 2018.

Market Share and Share Price Sensitivity Analysis

The market capitalisation of GSK Pakistan at the end of the year was Rs. 51 billion. The Company is highly successful business with almost 11% of the value and over 17% of the volume share of Pakistan's pharma market. There are many factors which may affect GSK market share price. Some of these factors have been discussed below:

Profit Margins

Increasing production costs can lead to low profit margins which will impact our earnings negatively. This in turn would have a negative impact on our share price.

Cost of Production

Spike in our costs of productions could negatively impact our earnings which would then cause pressure on our share price to fall.

Government Policies

Changing government policies which impact the pharmaceutical sector could impact our share prices as well depending on whether the policies are favourable or unfavourable.

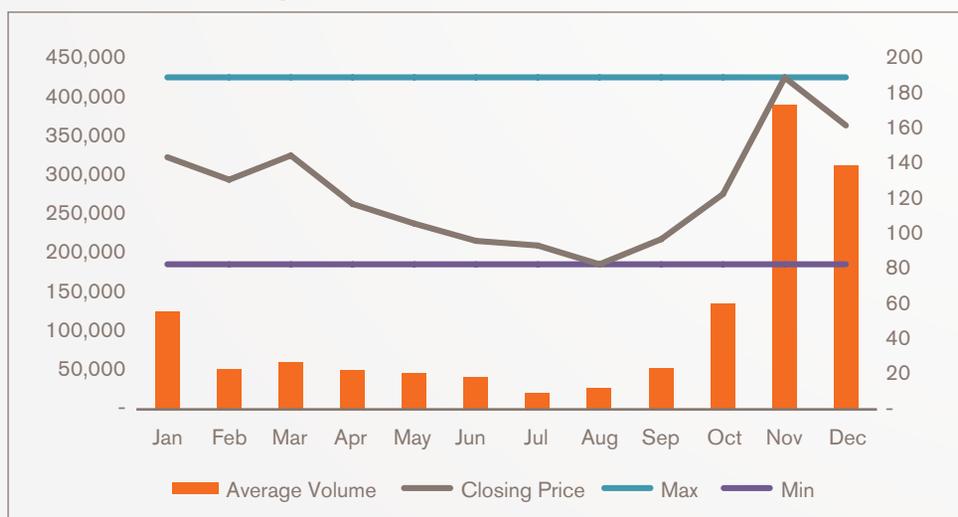
Foreign Currency fluctuations

The Company imports its raw material, hence, devaluations in local currency could negatively impact its margins and earnings. This would negatively impact the share price of the Company.

Goodwill

Based on the news about the Company in the market, the market sentiment may be positive or negative. Based on the market sentiment, the Company share price may increase or decrease.

Share Price Sensitivity



Major Capital Expenditure

GlaxoSmithKline Pakistan Limited evaluates its capital expenditure requirements on an annual basis. It takes approvals on the capital expenditure amounts during the year from the board.

Major Capital Expenditures during the year included the Norden Derma Line. This capital expenditure was undertaken to increase the sites derma capacity. It is one of the highest speed tube filling lines in Pakistan Pharma industry with top of the line quality detection sensors and control. The line encompasses a state-of-the-art robotic arm; a step towards automation and robotics in the production process for tube feeding. In the future, the Company plans to spend on ERP implementation and a smart office plan in its premises.

Financial Performance at a glance

| | 2019 | 2018 |
|-----------------------|--------------------|---------|
| | Rupees in millions | |
| Net Sales | 36,582 | 34,007 |
| Gross Profit | 7,712 | 8,414 |
| Operating Profit | 4,890 | 4,840 |
| Profit Before Tax | 4,600 | 4,692 |
| Taxation | (1,559) | (1,460) |
| Profit after taxation | 3,041 | 3,232 |
| Dividend - cash* | 1,911 | 2,229 |
| - per share - Rs. | 6 | 7 |
| Paid-up Capital | 3,185 | 3,185 |

* Includes final cash dividend of Rs. 6 per share, proposed by the Board of Directors subsequent to the year end.

Note: FY 2019 & 2018 representing continuing operations for meaningful comparison.

Gross and Operating Profit (Rupees in million)



Payout to Shareholders (Rupees in million)



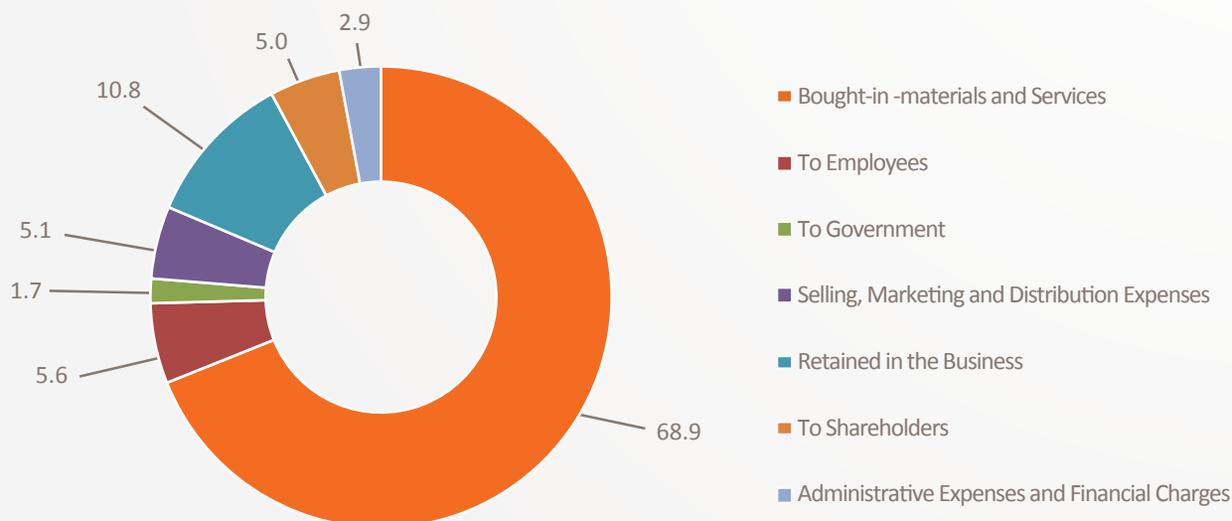
Key Performance Indicators

| | Unit | 2019 | 2018 |
|-----------------------------|----------------|--------|--------|
| Sales Revenue | Rs. in million | 36,582 | 34,007 |
| Return on Equity | % | 18.8% | 21.0% |
| Earnings per Share | Rs. | 9.6 | 10.2 |
| Shareholders' Equity | Rs. in million | 16,138 | 15,420 |
| Total Assets Turnover Ratio | Times | 1.6 | 1.5 |
| Current Ratio | Times | 2.0 | 2.1 |
| Market Capitalisation | Rs. in million | 51,061 | 35,832 |

Statement of Value Added

| | 2019 | | 2018 | |
|---|-------------|-------|-------------|-------|
| | Rupees '000 | % | Rupees '000 | % |
| Revenue Generated | | | | |
| Total revenue | 38,573,211 | 100.0 | 35,478,474 | 100.0 |
| Revenue distributed | | | | |
| Bought-in -materials and Services | 26,593,060 | 68.9 | 23,522,079 | 66.3 |
| Selling, Marketing and Distribution Expenses | 2,170,791 | 5.6 | 2,158,188 | 6.1 |
| Administrative Expenses and Financial Charges | 661,355 | 1.7 | 544,723 | 1.5 |
| Income tax | 1,559,173 | 4.0 | 1,460,195 | 4.1 |
| Worker's funds and Central Research Fund | 393,563 | 1.0 | 397,582 | 1.1 |
| Sales tax | 6915 | 0.0 | 3,793 | 0.0 |
| To Government | 1,959,651 | 5.1 | 1,861,570 | 5.2 |
| Salaries,Wages and other benefits | 4,152,065 | 10.8 | 4,162,802 | 11.7 |
| To Employees | 4,152,065 | 10.8 | 4,162,802 | 11.7 |
| Donations | 2,081 | 0.0 | 983 | 0.0 |
| To Society | 2,081 | 0.0 | 983 | 0.0 |
| Cash dividend* | 1,910,804 | 5.0 | 2,229,271 | 6.3 |
| To Shareholders | 1,910,804 | 5.0 | 2,229,271 | 6.3 |
| Retained in the Business | 1,123,404 | 2.9 | 998,858 | 2.8 |
| | 38,573,211 | 100.0 | 35,478,474 | 100.0 |

* Includes final cash dividend of Rs. 6 per share, proposed by the Board of Directors subsequent to the year end.
Note: FY 2019 & 2018 representing continuing operations for meaningful comparison.



Key Operating and Financial Data

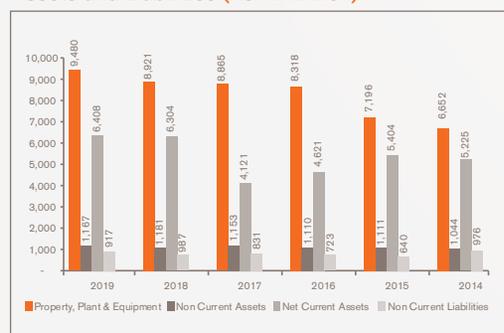
Statement of Financial Position

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Rupees in Millions | | | | | | |
| Assets employed | | | | | | |
| <i>Fixed Assets - tangible</i> | | | | | | |
| - property, plant and equipment | 9,480 | 8,921 | 8,865 | 8,318 | 7,196 | 6,652 |
| <i>Assets - intangible</i> | | | | | | |
| - Goodwill | 1,042 | 1,082 | 1,039 | 1,039 | 1,039 | 956 |
| Long term Investments | - | - | - | - | - | - |
| Long-term loans and deposits | 125 | 99 | 114 | 71 | 72 | 88 |
| Net current assets | 6,408 | 6,304 | 4,121 | 4,621 | 5,404 | 5,198 |
| Non Current Asset Held For Sale | - | - | - | - | - | 27 |
| | <u>17,055</u> | <u>16,406</u> | <u>14,139</u> | <u>14,049</u> | <u>13,711</u> | <u>12,921</u> |
| Less: Non-Current Liabilities | | | | | | |
| Staff retirement benefits - Staff gratuity | 228 | 371 | 294 | 78 | 16 | 382 |
| Long-term portion of lease liabilities | 43 | - | - | - | - | - |
| Deferred taxation | 646 | 616 | 537 | 645 | 624 | 594 |
| | <u>917</u> | <u>987</u> | <u>831</u> | <u>723</u> | <u>640</u> | <u>976</u> |
| Net assets employed | <u>16,138</u> | <u>15,420</u> | <u>13,308</u> | <u>13,326</u> | <u>13,071</u> | <u>11,945</u> |
| Financed by | | | | | | |
| Issued, subscribed and paid-up capital | 3,185 | 3185 | 3,185 | 3,185 | 3,185 | 3,185 |
| Reserves | 12,953 | 12,235 | 10,123 | 10,142 | 9,886 | 8,760 |
| Shareholders' Equity | <u>16,138</u> | <u>15,420</u> | <u>13,308</u> | <u>13,327</u> | <u>13,071</u> | <u>11,945</u> |

Turnover and profit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Rupees in Millions | | | | | | |
| Net sales | 36,582 | 34,007 | 32,774 | 27,564 | 29,583 | 27,883 |
| Gross profit | 7,712 | 8,414 | 8,678 | 7,464 | 8,092 | 7,346 |
| Operating profit | 4,890 | 4,840 | 5,014 | 4,372 | 3,901 | 2,869 |
| Profit before taxation | 4,600 | 4,692 | 4,925 | 4,353 | 3,846 | 2,849 |
| Taxation | (1,559) | (1,460) | (1,898) | (1,708) | (1,203) | (1,162) |
| Profit after taxation | 3,041 | 3,232 | 3,027 | 2,645 | 2,643 | 1,687 |
| EBTIDA | 5,458 | 5,396 | 5,739 | 4,929 | 4,349 | 3,293 |
| Cash Dividend including bonus shares | 1,911 | 2,229 | 2,229 | 1,911 | 1,274 | 1,592 |
| Sales per employees | 18,532 | 17,201 | 15,467 | 11,865 | 12,472 | 11,091 |

Assets and Liabilities (Rs. In Million)



Return on Equity



Share Price Sensitivity



| | | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------|----------------|---------|---------|---------|---------|---------|-------|
| Cashflows | | | | | | | |
| Operating Activities | Rs. in million | 2,566 | 3,001 | 2,135 | 4,256 | 3,044 | 2,432 |
| Investing Activities | Rs. in million | (1,081) | (479) | (1,348) | (1,623) | (249) | (920) |
| Financing Activities | Rs. in million | (2,228) | (1,257) | (2,929) | (1,197) | (1,805) | (957) |
| Changes in Cash equivalents | Rs. in million | (743) | 1,265 | (2,142) | 1,436 | 990 | 555 |
| Cash & equivalents - Year end | Rs. in million | 2,690 | 3,433 | 2,168 | 4,310 | 3,642 | 2,652 |

Financial Highlights

| | | | | | | | |
|---|----------------|--------|--------|--------|--------|--------|--------|
| Cash dividend per share | Rupees | 6.0 | 7.0 | 7.0 | 6.0 | 4.0 | 5.0 |
| Market value per share - year end | Rupees | 160.6 | 112.7 | 167.9 | 233.3 | 220.0 | 219.3 |
| Market value per share - high | Rupees | 187.7 | 219.8 | 274 | 252 | 244.8 | 254.0 |
| Market value per share - low | Rupees | 82.0 | 109.4 | 153 | 194 | 161.0 | 136.3 |
| Market price to Book value with surplus | Times | 3.2 | 2.3 | 4.0 | 5.6 | 5.4 | 5.8 |
| Market capitalization | Rs. in million | 51,061 | 35,832 | 53,424 | 74,189 | 70,069 | 69,843 |

Profitability Ratios

| | | | | | | | |
|-------------------------------|-------|------|------|------|------|------|------|
| Profit before tax ratio | % | 12.6 | 13.8 | 15.0 | 15.8 | 13.0 | 10.2 |
| Gross Yield on Earning Assets | % | 5.1 | 3.8 | 8.2 | 4.0 | 4.9 | 7.1 |
| Gross Spread ratio | Times | 0.4 | 0.4 | 0.3 | 0.4 | 0.3 | 0.2 |
| Cost / Income ratio | Times | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 |
| Return on Equity | % | 18.8 | 21.0 | 22.7 | 19.8 | 20.2 | 14.1 |
| Return on Capital employed | % | 13.4 | 14.7 | 14.2 | 12.9 | 13.5 | 9.1 |
| Gross Profit ratio | % | 21.1 | 24.7 | 26.5 | 28.0 | 27.4 | 26.3 |
| Net Profit to Sales | % | 8.3 | 9.5 | 9.2 | 9.6 | 8.9 | 6.1 |
| EBITDA Margin to Sales | % | 14.9 | 15.9 | 17.5 | 17.9 | 14.7 | 11.8 |
| Operating leverage ratio | Times | 0.0 | -1.3 | 0.7 | -1.9 | 5.7 | 5.5 |

Investment/Market Ratios

| | | | | | | | |
|--------------------------|--------|------|------|------|------|------|------|
| Earnings per share (EPS) | Rupees | 9.5 | 10.1 | 9.5 | 8.3 | 8.3 | 5.3 |
| Price Earnings ratio | Times | 16.8 | 11.1 | 17.7 | 28.1 | 26.5 | 41.4 |
| Price to Book ratio | % | 0.7 | 0.5 | 0.8 | 1.2 | 1.2 | 1.2 |
| Dividend Yield ratio | % | 3.7 | 6.2 | 4.2 | 2.6 | 1.8 | 2.3 |
| Dividend Payout ratio | Times | 0.6 | 0.7 | 0.7 | 0.7 | 0.5 | 0.9 |
| Dividend Cover ratio | Times | 1.6 | 1.5 | 1.4 | 1.4 | 2.1 | 1.1 |
| Break-up Value per share | Rupees | 50.7 | 48.4 | 41.8 | 41.8 | 41.0 | 37.5 |

| | | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------------|-------|------|------|------|-------|------|-------|
| Capital Structure Ratios | | | | | | | |
| Earning assets to total assets ratio | % | 11.6 | 15.5 | 10.0 | 20.6 | 18.1 | 13.9 |
| Net assets per share | Times | 50.7 | 48.4 | 41.8 | 41.8 | 41.0 | 37.5 |
| Debt to Equity ratio | Times | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.1 |
| Financial leverage ratio | Times | 0.4 | 0.4 | 0.6 | 0.6 | 0.5 | 0.6 |
| Interest Cover ratio | Times | 16.2 | 31.8 | 55.8 | 228.7 | 70.8 | 139.9 |

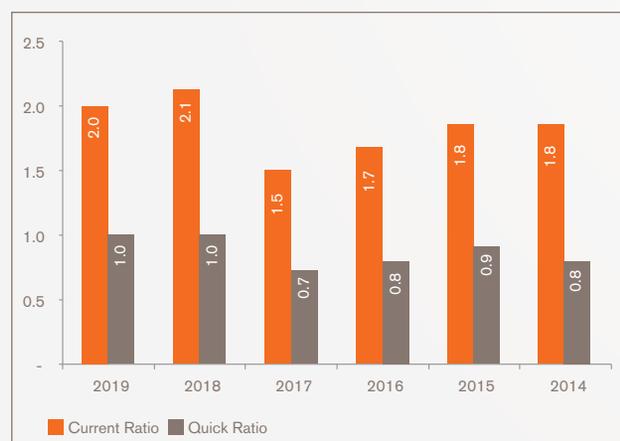
Liquidity Ratios

| | | | | | | | |
|------------------------------------|-------|-----|-----|-----|------|------|-----|
| Advances to Deposits ratio | Times | 1.1 | 1.9 | 3.4 | 1.3 | 3.1 | 2.9 |
| Current ratio | Times | 2.0 | 2.1 | 1.5 | 1.7 | 1.8 | 1.8 |
| Quick / Acid test ratio | Times | 1.0 | 1.0 | 0.7 | 0.8 | 0.9 | 0.8 |
| Cash to Current Liabilities | Times | 0.4 | 0.6 | 0.3 | 0.6 | 0.6 | 0.4 |
| Cash flow from Operations to Sales | % | 7.0 | 8.8 | 6.5 | 15.4 | 10.3 | 8.7 |

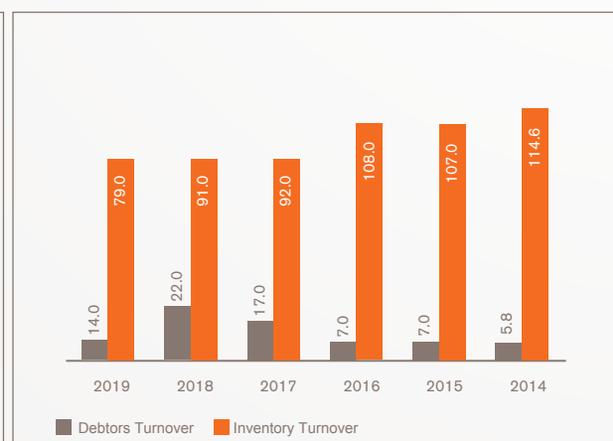
Activity / Turnover Ratios

| | | | | | | | |
|-----------------------------|-------|------|------|------|------|------|------|
| Inventory turnover ratio | Times | 4.7 | 4.0 | 4.0 | 3.4 | 3.4 | 3.2 |
| No. of Days in Inventory | Days | 79 | 91 | 92 | 108 | 107 | 115 |
| Debtor turnover ratio | Times | 26.9 | 17.2 | 22.7 | 52.5 | 56.1 | 63.0 |
| No. of Days in Receivables | Days | 14 | 22 | 17 | 7 | 7 | 6 |
| Creditor turnover ratio | Times | 14.9 | 13.0 | 12.0 | 8.6 | 10.6 | 10.6 |
| No. of Days in Creditors | Days | 25 | 29 | 31 | 43 | 35 | 34 |
| Total Assets turnover ratio | Times | 1.6 | 1.5 | 1.5 | 1.3 | 1.5 | 1.5 |
| Fixed Assets turnover ratio | Times | 3.9 | 3.8 | 3.7 | 3.3 | 4.1 | 4.2 |
| Operating Cycle | Days | 68 | 84 | 77 | 73 | 79 | 86 |

Current Ratio & Quick Ratio (Number of Times)



Debtors Turnover & Inventory Turnover (Number of Days)



Direct Cash Flow Statement

For The Year Ended December 31, 2019

| | 2019 | 2018 |
|--|--------------------|--------------------|
| | Rupees in '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | 37,185,614 | 34,705,152 |
| Cash paid to suppliers / service providers | (26,926,282) | (23,885,554) |
| Cash paid to employees | (4,302,992) | (4,605,700) |
| Payment of indirect taxes and other statutory duties | (236,325) | (374,729) |
| Payment of royalty and technical services fee | (467,602) | (649,728) |
| Payment to Retirement Funds | (447,959) | (107,389) |
| Financial charges paid | (91,526) | (147,392) |
| Income tax paid | (2,120,837) | (1,948,213) |
| Long term deposits (paid) / refunded | (26,189) | 14,581 |
| Net cash generated from operating activities | <u>2,565,902</u> | <u>3,001,028</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed Capital Expenditure | (1,343,386) | (854,547) |
| Proceeds from sale of operating assets | 125,380 | 243,901 |
| Return on investments | 136,952 | 131,613 |
| Net cash used in investing activities | <u>(1,081,054)</u> | <u>(479,033)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (2,219,716) | (1,256,854) |
| Lease rentals paid | (8,087) | - |
| Net cash used in financing activities | <u>(2,227,803)</u> | <u>(1,256,854)</u> |
| Net (decrease) / increase in cash flow | <u>(742,955)</u> | 1,265,141 |
| Cash and cash equivalents at beginning of the year | 3,432,851 | 2,167,710 |
| Cash and cash equivalents at end of the year | <u>2,689,896</u> | <u>3,432,851</u> |

Horizontal Analysis

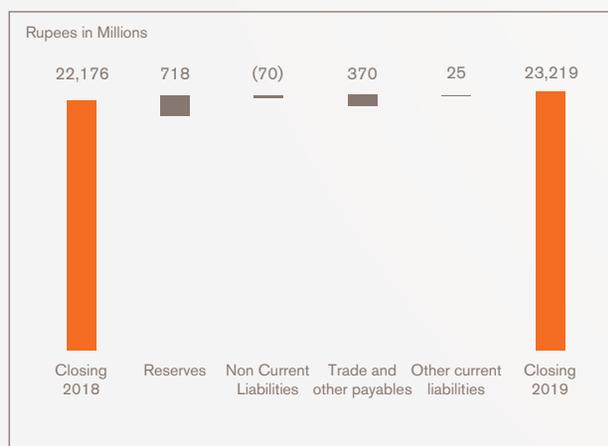
Statement of Financial Position Analysis

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------------------------|---------------------------------|--------|-------|-------|--------|------|
| | Change from preceding year % | | | | | |
| Share Capital and Reserves | 4.7 | 15.9 | (0.1) | 2.0 | 9.4 | 5.2 |
| Non Current Liabilities | (7.1) | 18.7 | 14.9 | 13.0 | (34.4) | 13.0 |
| Current Liabilities | 6.8 | (23.9) | 11.0 | 6.7 | 3.6 | 7.9 |
| Total Equity and Liabilities | 4.7 | 2.1 | 4.0 | 3.8 | 5.3 | 6.5 |
| Non Current Assets | 5.4 | 0.8 | 6.2 | 13.5 | 7.9 | 9.7 |
| Current Assets | 4.1 | 3.2 | 2.2 | (3.0) | 3.8 | 4.2 |
| Total Assets | 4.7 | 2.1 | 4.0 | 3.8 | 5.3 | 6.5 |

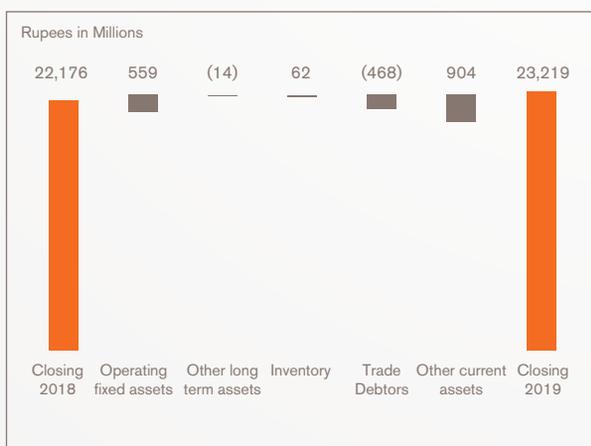
Profit or Loss Analysis

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------------------|--------|-------|--------|-------|--------|
| | Change from preceding year % | | | | | |
| Net sales | 7.6 | 3.8 | 18.9 | 15.7 | 6.1 | 10.5 |
| Cost of sales | 12.8 | 6.2 | 19.9 | 15.5 | 4.6 | 8.1 |
| Gross profit | (8.3) | (3.1) | 16.3 | 16.2 | 10.2 | 17.9 |
| Selling, marketing and distribution expenses | (7.0) | 8.9 | 16.4 | 1.0 | 8.2 | 1.9 |
| Administrative expenses | 2.1 | 9.5 | 4.1 | (2.8) | 4.7 | 9.0 |
| Other operating expenses | (1.0) | (9.5) | 17.9 | 45.8 | 12.0 | 65.4 |
| Other operating income | 35.3 | 42.0 | (0.4) | (10.2) | 135.9 | 8.0 |
| Operating profit | 1.0 | (3.5) | 14.7 | 22.5 | 36.0 | 45.7 |
| Financial charges | 96.5 | 67.0 | 363.9 | (65.0) | 167.0 | (87.2) |
| Profit before taxation | (2.0) | (4.7) | 13.2 | 23.9 | 35.0 | 57.4 |
| Taxation | 6.8 | (23.1) | 11.1 | 70.2 | 3.6 | 55.4 |
| Profit after taxation | (5.9) | 6.8 | 14.5 | 5.3 | 56.7 | 58.8 |

Change in Shareholding and Liability from preceding year



Change in Assets from preceding year



Vertical Analysis

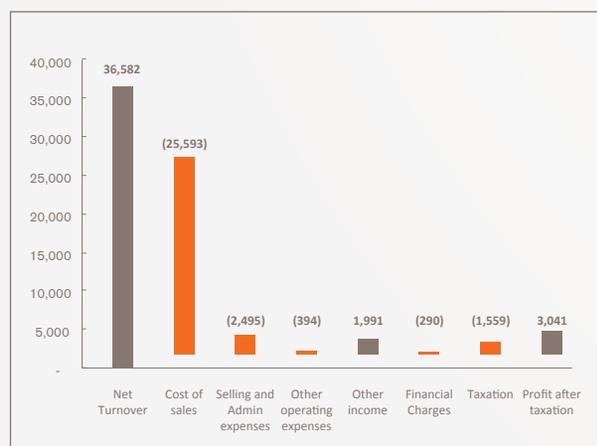
Statement of Financial Position Analysis (%)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------------------------|-------|-------|-------|-------|-------|-------|
| Share Capital and Reserves | 69.5 | 69.5 | 61.3 | 63.8 | 65.0 | 62.5 |
| Non Current Liabilities | 3.9 | 4.4 | 3.8 | 3.5 | 3.2 | 5.1 |
| Current Liabilities | 26.6 | 26.0 | 34.9 | 32.7 | 31.8 | 32.4 |
| Total Equity and Liabilities | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Non Current Assets | 45.9 | 45.6 | 46.1 | 45.2 | 41.3 | 40.3 |
| Current Assets | 54.1 | 54.4 | 53.9 | 54.8 | 58.7 | 59.6 |
| Total Assets | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 99.9 |

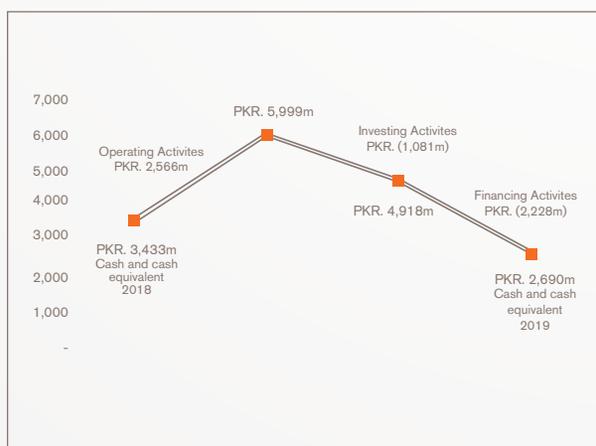
Profit or Loss Analysis (%)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------|-------|-------|-------|-------|-------|
| Net sales | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Cost of sales | 78.9 | 75.3 | 73.5 | 72.9 | 72.6 | 73.7 |
| Gross profit | 21.1 | 24.7 | 26.5 | 27.1 | 27.4 | 26.3 |
| Selling, marketing and distribution expenses | 9.1 | 10.5 | 10.0 | 10.2 | 13.5 | 13.3 |
| Administrative expenses | 3.0 | 3.2 | 3.0 | 3.4 | 3.6 | 3.7 |
| Other operating expenses | 1.1 | 1.2 | 1.3 | 1.4 | 1.0 | 0.9 |
| Other operating income | 5.4 | 4.3 | 3.2 | 3.8 | 3.9 | 1.8 |
| Operating profit | 13.4 | 14.2 | 15.3 | 15.9 | 13.2 | 10.3 |
| Financial charges | 0.8 | 0.4 | 0.3 | 0.1 | 0.2 | 0.1 |
| Profit before taxation | 12.6 | 13.8 | 15.0 | 15.8 | 13.0 | 10.2 |
| Taxation | 4.3 | 4.3 | 5.8 | 6.2 | 4.1 | 4.2 |
| Profit after taxation | 8.3 | 9.5 | 9.2 | 9.6 | 8.9 | 6.1 |

Profit and Loss Statement for the year



Cash Flow Statement



Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Year ended December 31, 2019

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

1. The total number of Directors is 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 • Dmytro Oliinyk • Mark Dawson • Sohail Ahmed |
| Female Director | • Maheen Rahman |

3. The Directors have confirmed that none of them is serving as a Director on more than seven 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. The Board has ensured that complete record of particulars of the significant policies along with the date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 this 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 has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training Programme for the following:

- | | |
|----|---|
| a) | Maheen Rahman – Independent Director |
| b) | Mehar-e-daraksha Ameer – Senior Legal Manager |

10. There was no fresh appointment of CFO, Company secretary and Head of Internal Audit during the year ended December 31, 2019. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

- a) Audit Committee
 - i. Ms. Maheen Rahman - Chairperson
 - ii. Mr. Mark Dawson
 - iii. Mr. Dmytro Oliinyk*
 - iv. Mr. Mehmood Mandviwalla
- b) HR and Remuneration Committee
 - i. Ms. Maheen Rahman - Chairperson
 - ii. Mr. Dmytro Oliinyk*
 - iii. Mr. Mehmood Mandviwalla
 - iv. Mr. M Azizul Huq
- c) Risk Management Committee
 - i. RMCB – consisting of GSK Management Team

{*Mr. Dmytro Oliinyk appointed as Non-Executive Director on 28 August 2019 and elected as the Chairman of the Board with effect from 26 October 2019, replacing Mr. Andrew Aristidou who resigned on 28 August 2019}

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 & 3rd Quarter + 1 special meeting
- 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 programme of the Institute of Chartered Accountants of Pakistan, and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

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 requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Mr. Dmytro Oliinyk
Chairman



Erum Shakir Rahim
Chief Executive Officer

March 11, 2020
Karachi

Independent Auditors' Review Report to the Members

on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of GlaxoSmithKline Pakistan Limited (the Company) for the year ended December 31, 2019 in accordance with the requirements of regulation 36 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. 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.

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, 2019.

Deloitte Yousuf Adil

Deloitte Yousuf Adil & Co.

Chartered Accountants

Karachi

Dated: April 20, 2020

Independent 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, 2019, 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, 2019 and of the profit and other comprehensive loss, 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>Carrying value of intangible asset - goodwill</p> <p>Refer to note 4 to the financial statements.</p> <p>The Company has an intangible asset of goodwill having carrying value of Rs. 955 million (2018: 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">- Obtained understanding and evaluated management's key controls over the impairment assessment process.- Obtained management's future cash flow forecasts and tested arithmetical accuracy of underlying value-in-use calculations.- Assessed the reasonableness of key |

| 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, 2019.</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> | <p>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.</p> <ul style="list-style-type: none"> - 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. |
| 2 | <p>Valuation of Stock-in-trade</p> <p>Refer to note 7 to the financial statements.</p> <p>As at December 31, 2019, the carrying amount of Company's Stock-in-trade amounts to Rs. 6,680.059 million against which adjustment for provision for obsolete slowing / obsolete stock of Rs. 609.806 million has been recorded.</p> <p>We identified valuation of inventories as a key audit matter as it involves significant management judgement with respect to standard costs, determination of net realisable value and determination of obsolescence of stock.</p> | <p>In this respect, we performed the following audit procedures:</p> <ul style="list-style-type: none"> - Obtained an understanding of procedures followed by the Company with respect to valuation of inventories; - Assessed appropriateness of the Company's accounting policies for valuation of inventories and compliance of those policies with accounting and reporting standards as applicable in Pakistan; - On a sample basis, verified supporting documents for purchases of inventories and the production costs; - Obtained working of variances recorded by management, including changes made in the current year and tested the amounts, which were incurred and retained to actualise the standard cost of inventories at year end; - Obtained an understanding and assessed reasonableness of the management's process for determination of net realisable value (NRV) and the key estimates adopted, |

| S. No | Key Audit Matters | How the matter was addressed in our audit |
|-------|---|---|
| | | <p>including future selling prices, future costs to complete and costs necessary to make the sales and their basis;</p> <ul style="list-style-type: none"> - Compared the NRV, on a sample basis, to the carrying value of inventories to assess whether any adjustments were required to carrying value of inventories in accordance with the policy; and - Tested provision recorded for obsolete stock to ensure that whether it was as per the policy of the Company. |
| 3 | <p>Tax related litigations and contingencies</p> <p>Refer to note 22.1 (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"> - Obtained and reviewed details of the pending litigations and discussed the same with the Company's management; - Reviewed correspondences, on a sample basis, relating to 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; - Obtained confirmations from the Company's external legal and tax counsels for their views on open tax assessments and legal cases; - Involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and - Reviewed disclosures made in respect of these litigations in the financial statements. |

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, 2019, but does not include the financial statements, our Auditor's report thereon, and review report issued on statement of compliance with Code of Corporate Governance.

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 when available, 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 is 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.

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: April 20, 2020

Statement of Financial Position

As at December 31, 2019

| | Note | 2019 | 2018 |
|--|------|-------------|------------|
| | | Rupees '000 | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 9,480,061 | 8,921,205 |
| Intangibles | 4 | 1,041,742 | 1,082,072 |
| Long-term loans to employees | 5 | 103,224 | 80,785 |
| Long-term deposits | | 22,010 | 18,260 |
| | | 10,647,037 | 10,102,322 |
| Current assets | | | |
| Stores and spares | 6 | 206,202 | 270,451 |
| Stock-in-trade | 7 | 6,070,253 | 5,944,050 |
| Trade debts | 8 | 1,126,700 | 1,594,900 |
| Loans and advances | 9 | 347,465 | 247,788 |
| Trade deposits and prepayments | 10 | 313,979 | 132,887 |
| Interest accrued | | 1,573 | 1,321 |
| Taxation - payments less provision | | 679,876 | 50,972 |
| Refunds due from Government | 11 | 30,543 | 44,271 |
| Other receivables | 12 | 1,105,578 | 354,534 |
| Investments - at amortised cost | 13 | 342,863 | 247,840 |
| Cash and bank balances | 14 | 2,347,033 | 3,185,011 |
| | | 12,572,065 | 12,074,025 |
| Assets of disposal groups classified as held for sale / disposal | 15 | - | - |
| Total assets | | 23,219,102 | 22,176,347 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 16 | 3,184,672 | 3,184,672 |
| Reserves | 17 | 12,952,724 | 12,234,778 |
| | | 16,137,396 | 15,419,450 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Staff retirement benefits | 18 | 228,437 | 370,799 |
| Deferred taxation | 19 | 645,955 | 615,887 |
| Long-term portion of lease liabilities | | 42,564 | - |
| | | 916,956 | 986,686 |
| Current liabilities | | | |
| Trade and other payables | 20 | 5,977,292 | 5,607,688 |
| Accrued mark-up | | 2,353 | - |
| Provisions | 21 | 78,762 | 74,602 |
| Current portion of lease liabilities | | 8,867 | - |
| Unclaimed dividend | | 97,476 | 87,921 |
| | | 6,164,750 | 5,770,211 |
| Liabilities directly associated with disposal groups classified as held for sale / disposal | 15 | - | - |
| Total liabilities | | 7,081,706 | 6,756,897 |
| Total equity and liabilities | | 23,219,102 | 22,176,347 |
| Contingencies and commitments | | | |
| | 22 | | |

The annexed notes 1 to 47 form an integral part of these financial statements.


Erum Shakir

Chief Executive Officer


Abdul Samad

Chief Financial Officer


Sohail Ahmed Matin

Director

Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2019

| | Note | 2019 | 2018 |
|--|------|------------------|------------------|
| | | Rupees '000 | |
| Continuing operations: | | | |
| Revenue from contracts with customers | 23 | 36,581,749 | 34,006,840 |
| Cost of sales | 24 | (28,870,246) | (25,593,240) |
| Gross profit | | 7,711,503 | 8,413,600 |
| Selling, marketing and distribution expenses | 25 | (3,320,549) | (3,571,512) |
| Administrative expenses | 26 | (1,098,946) | (1,076,631) |
| Other operating expenses | 27 | (393,563) | (397,582) |
| Other income | 28 | 1,991,462 | 1,471,634 |
| Operating profit | | 4,889,907 | 4,839,509 |
| Financial charges | 29 | (289,611) | (147,392) |
| Profit before taxation | | 4,600,296 | 4,692,117 |
| Taxation | 30 | (1,559,173) | (1,460,195) |
| Profit after taxation from continuing operations | | 3,041,123 | 3,231,922 |
| Discontinued operations: | | | |
| Profit after taxation from discontinued operations | 15 | - | 26,029 |
| Profit for the year | | 3,041,123 | 3,257,951 |
| Other comprehensive loss | | | |
| Items that will not be reclassified to statement of profit or loss | | | |
| Remeasurement of staff retirement benefits | | (131,078) | (36,634) |
| Impact of taxation | | 37,172 | 10,145 |
| | | (93,906) | (26,489) |
| Total comprehensive income | | 2,947,217 | 3,231,462 |
| Earnings per share | 31 | | |
| - continuing operations | | Rs. 9.55 | Rs. 10.15 |
| - discontinued operations | | - | Re. 0.08 |
| | | Rs. 9.55 | Rs. 10.23 |

The annexed notes 1 to 47 form an integral part of these financial statements.


Erum Shakir

Chief Executive Officer


Abdul Samad

Chief Financial Officer


Sohail Ahmed Matin

Director

Statement of Changes in Equity

For the year ended December 31, 2019

| | Share capital | Capital reserve Reserve arising on Schemes of Arrangements | Revenue reserves | | Total |
|--|---------------|---|--------------------|--------------------------|-------------|
| | | | General reserve | Unappropriated profit | |
| ----- Rupees '000 ----- | | | | | |
| Balance as at January 1, 2018 | 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 |
| Final dividend for the year ended December 31, 2018 @ Rs. 7 per share | - | - | - | (2,229,271) | (2,229,271) |
| Profit after taxation for the year ended December 31, 2019 | - | - | - | 3,041,123 | 3,041,123 |
| Remeasurement of staff retirement benefits - net of tax | - | - | - | (93,906) | (93,906) |
| Total comprehensive income for the year ended December 31, 2019 | - | - | - | 2,947,217 | 2,947,217 |
| Balance as at December 31, 2019 | 3,184,672 | 1,126,923 | 3,999,970 | 7,825,831 | 16,137,396 |

The annexed notes 1 to 47 form an integral part of these financial statements.


Erum Shakir

Chief Executive Officer


Abdul Samad

Chief Financial Officer


Sohail Ahmed Matin

Director

Statement of Cash Flows

For the year ended December 31, 2019

| | Note | 2019 | 2018 |
|--|------|--------------------|--------------------|
| | | Rupees '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations including discontinued operations | 32 | 5,252,413 | 5,042,058 |
| Mark-up paid | | (91,526) | - |
| Staff retirement benefits paid | | (447,959) | (107,398) |
| Income taxes paid | | (2,120,837) | (1,948,213) |
| Decrease / (increase) in long-term loans to employees and long-term deposits | | (26,189) | 14,581 |
| Net cash generated from operating activities | | 2,565,902 | 3,001,028 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (1,343,386) | (854,547) |
| Proceeds from sale of operating assets | | 125,380 | 243,901 |
| Return received | | 136,952 | 131,613 |
| Net cash used in investing activities | | (1,081,054) | (479,033) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (2,219,716) | (1,256,854) |
| Lease rentals paid | | (8,087) | - |
| Net cash used in financing activities | | (2,227,803) | (1,256,854) |
| Net (decrease) / increase in cash and cash equivalents | | (742,955) | 1,265,141 |
| Cash and cash equivalents at beginning of the year | | 3,432,851 | 2,167,710 |
| Cash and cash equivalents at end of the year | 33 | 2,689,896 | 3,432,851 |

The annexed notes 1 to 47 form an integral part of these financial statements.


Erum Shakir

Chief Executive Officer



Abdul Samad

Chief Financial Officer


Sohail Ahmed Matin

Director

Notes to the Financial Statements

For the year ended December 31, 2019

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. 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. Subsequent to the year end (i.e. with effect from January 17, 2020), the marketing authorisations and permissions for certain OTC products have been transferred to GSK CH and therefore, GSK CH is now involved in procurement, manufacturing, marketing and managing of such inventory items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 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.

2.1.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand.

2.1.3 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:

- Provision for retirement benefits (note 2.4 and 18)
- Depreciation and impairment of non-current assets (note 2.10 and 2.11)

- iii) Provision for obsolete and slow moving stock (note 2.14 and 7)
- iv) Allowance for impairment of trade debts (note 2.15 and 8)
- v) Taxation (note 2.6 and 30)

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 judgements 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 recognised 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.

2.1.4 Change in estimate of variances on cost of Inventories

During the year, the Company in line with the group instructions has implemented the new enterprise resource planning system and accordingly changed the method for deferral of variances between standard cost and actual cost of inventories at the level of statement of financial position to align with the group practices. Net change in net assets and impact on statement of profit or loss and other comprehensive income were assessed to be immaterial to the financial statements.

2.2 Application of new standards, amendments and interpretations to the published approved accounting standard

2.2.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2019

The following standards, amendments and interpretation are effective for the year ended December 31, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures except for the impact of IFRS 16 (refer 2.2.1.1).

| | Effective from accounting period beginning on or after |
|---|---|
| - Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities. | January 01, 2019 |
| - Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements. | January 01, 2019 |
| - Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. | 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 |

2.2.1.1 Adoption of IFRS 16 - Leases

IFRS 16 replaces the previous lease standard: IAS 17 'Leases'. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. As allowed by the aforesaid standard, the Company has adopted IFRS 16 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From January 01, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are either based on an index or a consistent rate or a rate expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

On adoption of IFRS 16, the Company, with effect from January 01, 2019, recognised lease liabilities in relation to leases which had previously been classified as 'operating lease' under the principles of IAS 17 Leases.

These liabilities, are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 01, 2019, was 12.41%. Subsequently, lease payments made are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

| | December 31, 2019 | January 01, 2019 |
|---|------------------------------|---------------------|
| | Rupees '000 | |
| The total lease liability recognised was as follows: | | |
| Long term portion of lease liabilities | 42,564 | 30,907 |
| Current portion of lease liabilities | 8,867 | 4,873 |
| | 51,431 | 35,780 |

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at December 31, 2018. With effect from January 01, 2019, the right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

**December 31,
2019** January 01,
2019
..... Rupees '000

The total right-of-use assets recognised was as follows;

| | | |
|---------------------|--------|--------|
| Right-of-use assets | 52,011 | 42,620 |
|---------------------|--------|--------|

Net change in net assets and impact on statement of profit or loss and other comprehensive income were assessed to be immaterial to the financial statements.

2.2.2 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:

| | Effective from accounting period beginning on or after |
|---|---|
| - IFRS 14 'Regulatory Deferral Accounts' | January 01, 2020 |
| - Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business | January 01, 2020 |
| - Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture | January 01, 2020 |
| - Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued, requiring additional disclosures around uncertainty arising from the interest rate benchmark reform | January 01, 2020 |
| - Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material | January 01, 2020 |
| - Amendments to References to the Conceptual Framework in IFRS Standards | January 01, 2020 |

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

- IFRS 1 – 'First Time Adoption of International Financial Reporting Standards'
- IFRS 17 – 'Insurance Contracts'

2.3 Basis of measurement

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

2.4 Staff retirement benefits

2.4.1 The Company operates 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 obligation 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.

2.4.2 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.

2.5 Compensated absences

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

2.6 Taxation

2.6.1 Current

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

2.6.2 Deferred

Deferred tax is recognised using balance sheet liability method for all major temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits and taxable temporary differences will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits and taxable temporary differences will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. The effect of deferred taxation of the portion of the income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of The Institute of Chartered Accountants of Pakistan.

2.7 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.

2.8 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.

2.9 Share Capital

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

2.10 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.

2.11 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.

2.12 Intangibles

2.12.1 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.

2.12.2 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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 is met.
- Promotional allowance is recognised when the right to receive the allowance is established.

2.21 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 or amortised cost as the case may be.

b) Classification

(i) 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) 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

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised 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).

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.

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. Realized and unrealized 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 recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive (loss)/income. Currently, there are no financial liabilities designated at FVTPL.

d) Impairment of financial assets at amortised cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortised cost. Loss allowance are measured considering all possible default over the expected life of financial instrument.

e) Derecognition

(i) Financial assets

The Company derecognizes 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 derecognizes 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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.

3. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2019 | 2018 |
|---|------|------------------|------------------|
| | | Rupees '000 | |
| Operating assets | 3.1 | 8,673,011 | 8,308,401 |
| Major spare parts and stand-by equipments | 3.3 | 155,728 | 111,407 |
| Capital work-in-progress | 3.4 | 599,311 | 501,397 |
| Right-of-use assets | 3.5 | 52,011 | - |
| | | <u>9,480,061</u> | <u>8,921,205</u> |

3.1 Operating assets

| | Leasehold land | Building on leasehold land | Plant & machinery | Furniture & fixtures | Vehicles | Office equipment | Total |
|-------------------------------------|----------------|----------------------------|-------------------|----------------------|----------------|------------------|------------------|
| Rupees '000 | | | | | | | |
| Net carrying value basis | | | | | | | |
| Year ended December 31, 2019 | | | | | | | |
| Opening net book value (NBV) | 275,513 | 2,119,441 | 4,960,477 | 150,948 | 408,080 | 393,942 | 8,308,401 |
| Additions (at cost) | - | 194,296 | 623,851 | 17,057 | 227,144 | 145,036 | 1,207,384 |
| Disposals | | | | | | | |
| - Cost | - | (2,733) | (21,645) | (40,471) | (158,043) | (52,906) | (275,798) |
| - Accumulated depreciation | - | 624 | 10,445 | 33,143 | 97,381 | 43,924 | 185,517 |
| - Accumulated impairment | - | - | 9,001 | - | - | - | 9,001 |
| Disposals (at NBV) | - | (2,109) | (2,199) | (7,328) | (60,662) | (8,982) | (81,280) |
| Depreciation charge | (5,069) | (78,351) | (429,294) | (25,363) | (128,679) | (94,738) | (761,494) |
| Closing net book value | <u>270,444</u> | <u>2,233,277</u> | <u>5,152,835</u> | <u>135,314</u> | <u>445,883</u> | <u>435,258</u> | <u>8,673,011</u> |
| Gross carrying value basis | | | | | | | |
| At December 31, 2019 | | | | | | | |
| Cost | 331,167 | 2,905,434 | 8,888,621 | 333,815 | 808,802 | 1,116,253 | 14,384,092 |
| Accumulated depreciation | (60,723) | (661,533) | (3,478,424) | (197,554) | (362,919) | (679,279) | (5,440,432) |
| Accumulated impairment | - | (10,624) | (257,362) | (947) | - | (1,716) | (270,649) |
| Net book value | <u>270,444</u> | <u>2,233,277</u> | <u>5,152,835</u> | <u>135,314</u> | <u>445,883</u> | <u>435,258</u> | <u>8,673,011</u> |
| Depreciation rate | | | | | | | |
| % per annum | 1 to 2.5 | 2.5 | 5 to 6.67 | 10 | 25 | 10 to 33.33 | |
| Net carrying value basis | | | | | | | |
| Year ended December 31, 2018 | | | | | | | |
| 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) |
| Closing net book value | <u>275,513</u> | <u>2,119,441</u> | <u>4,960,477</u> | <u>150,948</u> | <u>408,080</u> | <u>393,942</u> | <u>8,308,401</u> |
| Gross carrying value basis | | | | | | | |
| At December 31, 2018 | | | | | | | |
| 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) |
| Net book value | <u>275,513</u> | <u>2,119,441</u> | <u>4,960,477</u> | <u>150,948</u> | <u>408,080</u> | <u>393,942</u> | <u>8,308,401</u> |
| Depreciation rate | | | | | | | |
| % per annum | 1 to 2.5 | 2.5 | 5 to 6.67 | 10 | 25 | 10 to 33.33 | |

3.2 Details of assets sold, having net book value in excess of Rs. 500,000 where the aggregate book value of class of assets exceeds Rs. 5,000,000 are as follows:

| Description | Cost | Accumulated depreciation and impairment | Book value | Sale proceeds | Gain / (Loss) | Mode of disposal | Particulars of purchaser |
|-------------------------|---------|---|------------|---------------|---------------|------------------|---|
| ----- Rupees '000 ----- | | | | | | | |
| Furniture and Fixtures | 17,201 | 11,321 | 5,880 | 4,827 | (1,053) | Tender | Ms. Decent Packages Pvt Ltd - F-135 & F-394, S.I.T.E, Karachi |
| " | 1,755 | 439 | 1,316 | 317 | (999) | " | Ms. Ali Scrap Dealer - Near Green Park City, Khuldabad, Karachi |
| Motor vehicles | 2,564 | 1,923 | 641 | 1,466 | 825 | Company Policy | Mr. Ziaullah Sheikh - Ex - Executive |
| " | 2,564 | 1,923 | 641 | 641 | - | " | Mr. Anwer Mukhtar - Ex - Executive |
| " | 2,647 | 1,365 | 1,282 | 1,323 | 41 | " | Mr. Munir Ahmed - Ex - Executive |
| " | 1,787 | 977 | 810 | 380 | (430) | " | Ms. Saba Masti Khan - Ex - Executive |
| " | 1,787 | 698 | 1,089 | 1,734 | 645 | " | Mr. Hassan Ejaz - Executive |
| " | 1,864 | 495 | 1,369 | 1,876 | 507 | " | Mr. Rafay Ahmed - Executive |
| " | 1,753 | 1,041 | 712 | 1,666 | 954 | Tender | Mr. Syed Riaz Ahmed - Block-3, Gulshan-e-Iqbal, Karachi. |
| " | 1,643 | 950 | 693 | 1,523 | 830 | " | Mr. Adnan Ahmed Bhatti - E-148, Defence View, Phase II, Karachi. |
| " | 5,800 | 2,991 | 2,809 | 5,382 | 2,573 | " | Mr. Waqas Younus - Yousuf Grand Square, Block.8, Clifton, Karachi |
| " | 6,820 | 1,918 | 4,902 | 6,923 | 2,021 | " | Mr. Waqas Younus - Yousuf Grand Square, Block.8, Clifton, Karachi |
| " | 1,250 | 469 | 781 | 1,145 | 364 | " | Mr. Jawaid - Al-Meher Society, Flat No. 9, Garden East, Karachi. |
| " | 2,519 | 1,889 | 630 | 634 | 4 | Company Policy | Mr. Talal Ahmed Javed - Ex - Executive |
| " | 1,655 | 1,138 | 517 | 1,500 | 983 | " | Mr. Abdul Samad - Director |
| " | 1,787 | 893 | 894 | 1,553 | 659 | " | Ms. Saeeda Roshan Ali - Executive |
| " | 1,535 | 959 | 576 | 440 | (136) | " | Mr. M Shakil Ekram Khan - Ex - Executive |
| " | 1,530 | 885 | 645 | 406 | (239) | " | Mr. M Saleem Shahid - Ex - Executive |
| " | 1,787 | 893 | 894 | 1,710 | 816 | " | Mr. Muhammad Ali Munir - Ex - Executive |
| " | 1,250 | 599 | 651 | 654 | 3 | " | Mr. S Irfan Ali - Ex - Executive |
| " | 1,250 | 599 | 651 | 525 | (126) | " | Mr. Muhammad Iqbal - Ex - Executive |
| " | 1,250 | 573 | 677 | 636 | (41) | " | Mr. Mian Nadeem Hussain - Ex - Executive |
| " | 1,563 | 651 | 912 | 1,020 | 108 | " | Mr. Lutfullah Amin - Ex - Executive |
| " | 1,250 | 312 | 938 | 726 | (212) | " | Mr. M Zubair Sadiq - Ex - Executive |
| " | 1,240 | 311 | 929 | 476 | (453) | " | Mr. Mohammad Adil - Ex - Executive |
| " | 2,229 | 279 | 1,950 | 810 | (1,140) | " | Mr. Aqeel Ahmed - Ex - Executive |
| " | 2,229 | 279 | 1,950 | 800 | (1,150) | " | Mr. Sajid Ali - Ex - Executive |
| " | 1,787 | 922 | 865 | 1,800 | 935 | " | Ms. Maryam Tariq - Executive |
| " | 2,647 | 1,034 | 1,613 | 2,660 | 1,047 | " | Mr. Hasham Baber - Executive |
| " | 2,647 | 1,034 | 1,613 | 2,612 | 999 | " | Mr. Haris Jabbar - Executive |
| " | 1,894 | 710 | 1,184 | 1,890 | 706 | " | Ms. Sania Aftab - Ex - Executive |
| " | 2,797 | 612 | 2,185 | 2,601 | 416 | " | Ms. Mashal Mohammad - Ex - Executive |
| " | 2,797 | 656 | 2,141 | 1,830 | (311) | " | Mr. Umar Farooq Hashmi - Ex - Executive |
| " | 2,573 | 1,930 | 643 | 643 | - | " | Mr. Malik Muhammad Rehan - Executive |
| " | 1,787 | 1,145 | 642 | 1,530 | 888 | " | Mr. Salman Farooq - Ex - Executive |
| " | 2,647 | 1,324 | 1,323 | 2,800 | 1,477 | " | Mr. Faisal Bin Suleman - Ex - Executive |
| " | 1,735 | 1,111 | 624 | 1,684 | 1,060 | Tender | Mr. Wasim Mirza - Block-10 A, Gulshan-e-Iqbal, Karachi |
| " | 1,250 | 703 | 547 | 1,096 | 549 | " | Ms. Suzuki South - 25/1, Sector 23, Korangi Industrial Area Karachi |
| " | 1,250 | 703 | 547 | 1,276 | 729 | " | Mr. Numeri Abrar - Block-3, Gulistan-e-Johar, Karachi. |
| " | 1,894 | 769 | 1,125 | 1,983 | 858 | " | Mr. Maaz Saleem - Scheme 33, Madras Society Gulzar-e-Hijri, Karachi |
| " | 1,894 | 474 | 1,420 | 1,885 | 465 | " | Mr. Adnan Ahmed Bhatti - Defence View, Phase II, Karachi. |
| " | 1,894 | 326 | 1,568 | 1,964 | 396 | " | Mr. Syed Riaz Ahmed - Block-3, Gulshan e Iqbal, Karachi. |
| " | 1,712 | 1,016 | 696 | 1,455 | 759 | " | Mr. Muhammad Yasin - 151- P, Block.2, PECHS, Karachi. |
| " | 1,894 | 503 | 1,391 | 1,826 | 435 | " | Ms. Toyota Western Motors - C-38, Estate Avenue, S.I.T.E, Karachi |
| " | 1,735 | 759 | 976 | 1,700 | 724 | Company Policy | Mr. Adeel Farooq - Executive |
| " | 1,753 | 1,013 | 740 | 700 | (40) | " | Mr. Mumtaz Ali - Ex - Executive |
| " | 1,712 | 989 | 723 | 1,518 | 795 | Tender | Mr. Amjad Hussain - Block 7/8 Hussaini Society, Hill Park, Karachi |
| " | 1,735 | 732 | 1,003 | 1,602 | 599 | " | Mr. Muhammad Umer - BMCHS, Karachi. |
| Office Equipment | 6,416 | 2,085 | 4,331 | 1,159 | (3,172) | " | Ms. Ali Scrap Dealer - Near Green Park City, Khuldabad, Karachi |
| " | 2,100 | 525 | 1,575 | 380 | (1,195) | " | Ms. Haji Wala Traders - Plot No. D-185, St No. 16/17-B, General Godown, Shershah S.I.T.E. Karachi |
| | 123,059 | 57,845 | 65,214 | 79,687 | 14,473 | | |

2019 2018
 ----- Rupees '000 -----

3.3 Major spare parts and stand-by equipments

| | | |
|----------------------------------|----------|----------|
| Balance at beginning of the year | 111,407 | 107,860 |
| Additions during the year | 118,388 | 26,036 |
| Transfers made during the year | (74,067) | (22,489) |
| Balance at end of the year | 155,728 | 111,407 |

3.4 Capital work-in-progress

| | | |
|------------------------------------|---------|---------|
| Civil work | 77,001 | 35,609 |
| Plant and machinery | 363,740 | 293,906 |
| Furniture and fixtures | 9,590 | 5,677 |
| Office equipments | 108,700 | 87,044 |
| Advances to suppliers - note 3.4.2 | 40,280 | 79,161 |
| | 599,311 | 501,397 |

3.4.1 Capital work-in-progress is net off of accumulated impairment of Rs. 12.15 million (2018: Rs. 12.15 million).

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

2019 2018
 ----- Rupees '000 -----

3.5 Right-of-use assets

| | | |
|----------------------------------|----------|---|
| Right-of-use assets | 66,358 | - |
| Depreciation for the year | (14,347) | - |
| Net book value as at December 31 | 52,011 | - |

3.6 Particulars of immovable properties 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 |

2019
2018
 ----- Rupees '000 -----

4. INTANGIBLES

Market authorisation rights - notes 4.1, 4.2 & 4.3
 Goodwill - note 4.3

| | |
|-----------|-----------|
| 86,000 | 126,330 |
| 955,742 | 955,742 |
| 1,041,742 | 1,082,072 |

4.1 This includes Rs. Nil (2018: 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 (2018: Rs. 86 million) paid as consideration for acquiring market authorisation rights of Traxon from Akhai Pharmaceuticals (Private) Limited.

4.2 During the year, the Company has written off Rs. 40.3 million in respect of marketing authorisation rights paid to NPPL.

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

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

| | |
|--|--|
| Valuation basis | Value in use |
| Key assumptions | Sales growth rates |
| | Discount rate |
| Determination of assumptions | Growth rates are internal forecasts based on both internal and external market information and past performance. |
| | Cost reflects past experience, adjusted for inflation and expected changes. |
| | Discount rate is primarily based on weighted average cost of capital. |
| Terminal growth rate | 4% |
| Period of specific projected cash flows | 5 years |
| Discount rate | 18% |

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.

2019
2018
 ----- Rupees '000 -----

5. LONG - TERM LOANS TO EMPLOYEES

Secured - considered good - note 5.1
 Less: Recoverable within one year - note 9

| | |
|----------|----------|
| 162,829 | 135,341 |
| (59,605) | (54,556) |
| 103,224 | 80,785 |

- 5.1** These loans have been given in accordance with the terms of employment for purchase of house, motor car, motor cycle, computer and for the purpose of staff welfare and are repayable in 12 to 60 equal monthly installments depending upon the type of the loan. These loans are interest free except certain loans which carry interest ranging from 5% to 8% per annum (2018: 5% to 8% per annum). All loans are secured against the retirement fund balances.

2019 2018
----- Rupees '000 -----

6. STORES AND SPARES

| | | |
|--|----------|----------|
| Stores and spares | 223,090 | 287,598 |
| Less: Provision for slow moving and obsolete stores and spares | (16,888) | (17,147) |
| | 206,202 | 270,451 |

7. STOCK-IN-TRADE

| | | |
|--|-----------|-----------|
| Raw and packing materials including in transit Rs. 252.96 million (2018: Rs. 476.6 million) | 3,311,520 | 2,908,577 |
| Work-in-process | 480,587 | 535,881 |
| Finished goods including in transit Rs. 250.37 million (2018: Rs. 487.37 million) | 2,887,952 | 2,877,193 |
| | 6,680,059 | 6,321,651 |
| Less: Provision for slow moving, obsolete and damaged items - note 7.3 | (609,806) | (377,601) |
| | 6,070,253 | 5,944,050 |

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

For use in third party manufacturing

| | | |
|---|---------|---------|
| - Akhai Pharmaceuticals (Private) Limited | 28,345 | 30,642 |
| - Pharmatec Pakistan (Private) Limited | 248,976 | 295,602 |

Stock held with distributors and at third party warehouses

| | | |
|--|-----------|-----------|
| - Emirates Supply Chain Services (Private) Limited | 491,525 | 638,547 |
| - Connect Logistics (Private) Limited | 1,431,966 | 1,493,725 |

- 7.2** Finished goods include items costing Rs. 1.17 billion (2018: Rs. 2.2 billion) valued at net realisable value of Rs. 0.85 billion (2018: Rs. 1.88 billion). Raw and packing materials have been lowered by Rs. 85.9 million (2018: Rs. 167.4 million) and WIP has been lowered by Rs. 13.5 million (2018: Rs. 33.3 million) respectively to recognise them at Net Realizable Value.

- 7.3** During the year, stock-in-trade of Rs. 161.06 million (2018: Rs. 124.02 million) have been written off against provision.

2019 2018
----- Rupees '000 -----

8. TRADE DEBTS

Trade debts

| | | |
|---|-----------|-----------|
| - Export receivables - note 8.1 | 8,107 | 3,779 |
| - Others | 1,365,585 | 1,794,786 |
| | 1,373,692 | 1,798,565 |
| Less: Allowance for impairment of trade debts | (246,992) | (203,665) |
| | 1,126,700 | 1,594,900 |

8.1 This represents exports 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.

8.2 The ageing analysis of trade debts past due but not impaired as follows:

| | 2019 | 2018 |
|----------------|-------------------------|------------------|
| | ----- Rupees '000 ----- | |
| Upto 3 months | 49,108 | 429,033 |
| 3 to 6 months | 215,664 | 177,507 |
| 6 to 12 months | 186,291 | 120,501 |
| Over 1 year | 352,476 | 316,584 |
| | <u>803,539</u> | <u>1,043,625</u> |

8.3 The maximum aggregate amount due from GSK CH at the end of any month during the year was Rs. 141.63 million (2018: Rs. 668.52 million).

| | 2019 | 2018 |
|--|-------------------------|----------------|
| | ----- Rupees '000 ----- | |
| 9. LOANS AND ADVANCES | | |
| Considered good | | |
| Current portion of long-term loans to employees - note 5 | 59,605 | 54,556 |
| Advances: | | |
| - to employees - note 9.1 | 31,899 | 38,296 |
| - to suppliers | 214,623 | 70,580 |
| - against letter of credit | 41,338 | 84,356 |
| | <u>347,465</u> | <u>247,788</u> |
| Considered doubtful | | |
| Advances to suppliers | 6,387 | 6,387 |
| | <u>353,852</u> | <u>254,175</u> |
| Provision for doubtful advances | (6,387) | (6,387) |
| | <u>347,465</u> | <u>247,788</u> |

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

| | 2019 | 2018 |
|---|-------------------------|-----------------|
| | ----- Rupees '000 ----- | |
| 10. TRADE DEPOSITS AND PREPAYMENTS | | |
| Trade deposits | 176,120 | 118,182 |
| - considered good | 56,070 | 50,122 |
| - considered doubtful | 232,190 | 168,304 |
| | <u>(56,070)</u> | <u>(50,122)</u> |
| Provision for doubtful deposits | 176,120 | 118,182 |
| | <u>137,859</u> | <u>14,705</u> |
| Prepayments | 313,979 | 132,887 |

11. REFUNDS DUE FROM GOVERNMENT

| | | |
|------------------------------------|---------------|----------------|
| Custom duty and sales tax | | |
| - considered good | 30,543 | 44,271 |
| - considered doubtful | 65,556 | 65,556 |
| | <u>96,099</u> | <u>109,827</u> |
| Provision for doubtful refundables | (65,556) | (65,556) |
| | <u>30,543</u> | <u>44,271</u> |

| | 2019 | 2018 |
|---|------------------|----------------|
| | Rupees '000 | |
| 12. OTHER RECEIVABLES | | |
| Considered good | | |
| Due from related parties | | |
| - Associated companies - note 12.1, 12.2 and 12.3 | 1,070,515 | 321,285 |
| Others | | |
| - Considered good | 35,063 | 33,249 |
| - Considered doubtful | 20,775 | 20,775 |
| | <u>1,126,353</u> | <u>375,309</u> |
| Provision for doubtful receivables | (20,775) | (20,775) |
| | <u>1,105,578</u> | <u>354,534</u> |
| 12.1 Due from associated companies | | |
| GlaxoSmithKline Services Unlimited, UK | 11,406 | 3,548 |
| GlaxoSmithKline Trading Services Limited | 826,490 | 43,608 |
| GlaxoSmithKline Biologicals, S.A. | - | 88,902 |
| Stiefel Laboratories (Pte) Limited, Singapore - note 12.1.1 | 194,007 | 172,455 |
| GlaxoSmithKline Pte Limited, Singapore | 15,840 | 1,352 |
| Glaxo Operations UK Limited | - | 1,991 |
| GSK Australia Pty Ltd | 15,677 | - |
| P.T. SmithKline Beecham Pharmaceuticals | 7,095 | 3,435 |
| GlaxoSmithKline South Africa (Pty) Limited | - | 3,539 |
| GlaxoSmithKline Saudi Arabia Limited | - | 2,455 |
| | <u>1,070,515</u> | <u>321,285</u> |

12.1.1 The Company also has Rs. 194.01 million (2018: Rs. 172.46 million) payable to the same entity that has been classified in trade and other payables.

12.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 1.07 billion (2018: Rs. 0.32 billion).

12.3 As at December 31, 2019, the age analysis of these related party receivables is as follows:

| | 2019 | 2018 |
|---------------|------------------|----------------|
| | Rupees '000 | |
| Not yet due | - | - |
| Upto 3 months | 1,070,515 | 148,830 |
| Over 3 months | - | 172,455 |
| | <u>1,070,515</u> | <u>321,285</u> |

13. INVESTMENTS - AT AMORTISED COST

These represent two treasury bills (2018: two treasury bills) which are held with Company's banker for safe custody yielding 13.34% to 13.53% per annum (2018: 8.79% to 10.27% per annum) with maturity by February 2020 (2018: by February 2019).

| | 2019 | 2018 |
|---|------------------|------------------|
| | Rupees '000 | |
| 14. CASH AND BANK BALANCES | | |
| With banks | | |
| on deposit accounts - note 14.1 | 2,200,000 | 2,400,000 |
| on PLS savings accounts - notes 14.1 and 14.2 | 3,247 | 583,054 |
| on current accounts | | |
| [including foreign currency account | | |
| Rs. 40.78 million (2018: Rs. 36.52 million)] | 143,605 | 201,754 |
| Cash and cheques in hand | 181 | 203 |
| | <u>2,347,033</u> | <u>3,185,011</u> |

14.1 At December 31, 2019 the rates of mark-up on PLS savings accounts and on term deposit accounts were 5.01% to 11.85% (2018: 4% to 8.6%) per annum and 13.05% (2018: 9.5%) per annum respectively.

14.2 These include Rs. 1.45 million (2018: Rs. 1.45 million) under lien with bank against bank guarantee issued on behalf of the Company.

15. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

| | 2019 | 2018 |
|---|-------------|---------------|
| | Rupees '000 | |
| 15.1 Profit after taxation from discontinued operations: | | |
| Net sales | - | - |
| Cost of sales | - | - |
| Gross loss | - | - |
| Selling, marketing and distribution expenses | - | - |
| Other income - note 15.1.1 | - | 10,000 |
| Profit before taxation | - | 10,000 |
| Taxation | - | 16,029 |
| Profit after taxation | <u>-</u> | <u>26,029</u> |

15.1.1 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.

15.2 Net cash flows relating to discontinued operations for the year:

| | 2019 | 2018 |
|--|-------------|----------------|
| | Rupees '000 | |
| Net cash generated from operating activities | <u>-</u> | <u>-</u> |
| Net cash generated from investing activities | <u>-</u> | <u>164,000</u> |

16. SHARE CAPITAL

Authorised share capital

| 2019 | 2018 | | 2019 | 2018 |
|---------------|-------------|-------------------------------|-------------|-----------|
| No. of shares | | | Rupees '000 | |
| 500,000,000 | 500,000,000 | Ordinary shares of Rs.10 each | 5,000,000 | 5,000,000 |

Issued, subscribed and paid up capital

| 2019 | 2018 | | 2019 | 2018 |
|---------------|-------------|---|-------------|-----------|
| No. of shares | | | Rupees '000 | |
| 5,386,825 | 5,386,825 | Ordinary shares of Rs. 10 each fully paid in cash | 53,868 | 53,868 |
| 64,339,835 | 64,339,835 | Ordinary shares of Rs. 10 each fully paid for consideration other than cash | 643,398 | 643,398 |
| 248,740,618 | 248,740,618 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | 2,487,406 | 2,487,406 |
| 318,467,278 | 318,467,278 | | 3,184,672 | 3,184,672 |

16.1 As at December 31, 2019 S.R. One International B.V., Netherlands and its nominees held 263,029,794 shares (2018: 263,029,794 shares).

16.2 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.

17. RESERVES

Capital reserve - note 17.1

2019
Rupees '000

| | |
|------------|------------|
| 1,126,923 | 1,126,923 |
| 3,999,970 | 3,999,970 |
| 7,825,831 | 7,107,885 |
| 11,825,801 | 11,107,855 |
| 12,952,724 | 12,234,778 |

Revenue reserves

General reserve
Unappropriated profit

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

2019
Rupees '000

18. STAFF RETIREMENT BENEFITS

18.1 Staff retirement benefit plans

GlaxoSmithKline Pakistan Limited
Employees' Gratuity Fund - note 18.1.3

| | |
|---------|---------|
| 228,437 | 370,799 |
|---------|---------|

18.1.1 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, 2019.

18.1.2 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.

18.1.3 The latest actuarial valuation of the Plan as at December 31, 2019 was carried out using the Projected Unit Credit Method. Details of the Plan as per the actuarial valuation are as follows:

| | Gratuity plans | | Pension plan | |
|--|----------------|-------------|--------------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | Rupees '000 | | Rupees '000 | |
| 18.1.4 Statement of financial position - Reconciliation | | | | |
| Present value of defined benefit obligation at December 31 - note 18.1.5 | 1,990,687 | 1,844,848 | - | - |
| Fair value of plan assets at December 31 - note 18.1.6 | (1,762,250) | (1,474,049) | - | - |
| Deficit | 228,437 | 370,799 | - | - |
| 18.1.5 Movement in the present value of defined benefit obligation | | | | |
| Balance at January 1 | 1,844,848 | 1,880,479 | - | 23,407 |
| Benefits paid by the Plans | (282,227) | (282,020) | - | - |
| Transfer to / from GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund due to / from transfer of employees | (745) | (7,801) | - | - |
| Current service cost | 125,603 | 120,886 | - | 2,175 |
| Liability settled in respect of harmonisation | - | - | - | (26,561) |
| Interest cost | 240,516 | 153,285 | - | 979 |
| Remeasurement (gain) / loss on obligation | 62,692 | (19,981) | - | - |
| Balance at December 31 | 1,990,687 | 1,844,848 | - | - |
| 18.1.6 Movement in the fair value of plan assets | | | | |
| Balance at January 1 | 1,474,049 | 1,586,448 | - | 23,407 |
| Contributions made to the Plans | 447,959 | 105,223 | - | 2,175 |
| Benefits paid by the Plans | (282,227) | (282,020) | - | - |
| Compensation paid in respect of harmonisation | - | - | - | (26,561) |
| Transfer to / from GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund due to / from transfer of employees | (745) | (7,801) | - | - |
| Interest income | 191,600 | 128,814 | - | 979 |
| Remeasurement loss on plan assets | (68,386) | (56,615) | - | - |
| Balance at December 31 | 1,762,250 | 1,474,049 | - | - |

| | Gratuity plans | | Pension plan | |
|---|----------------|-----------|--------------|---------|
| | 2019 | 2018 | 2019 | 2018 |
| | Rupees '000 | | Rupees '000 | |
| 18.1.7 Expense recognised in profit or loss account | | | | |
| Current service cost | 125,603 | 120,886 | - | 2,175 |
| Net interest cost | 48,916 | 24,471 | - | - |
| Expense recognised in profit or loss account | 174,519 | 145,357 | - | 2,175 |
| 18.1.8 Remeasurements recognised in Other Comprehensive Income | | | | |
| Loss / (gain) from changes in actuarial assumptions | 128,065 | (102,725) | - | - |
| Experience loss | (65,373) | 82,744 | - | - |
| Remeasurement of fair value of plan assets | 68,386 | 56,615 | - | - |
| | 131,078 | 36,634 | - | - |
| 18.1.9 Net recognised liability | | | | |
| Net liability at the beginning of year | 370,799 | 294,031 | - | - |
| Expense recognised in profit or loss account | 174,519 | 145,357 | - | 2,175 |
| Contribution made to the plan during the year | (447,959) | (105,223) | - | (2,175) |
| Remeasurements recognised in other comprehensive income | 131,078 | 36,634 | - | - |
| Recognised liability as at December 31 | 228,437 | 370,799 | - | - |

| | Gratuity plans | | Pension plan | |
|---|----------------|--------|--------------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | % | | % | |
| 18.1.10 Plan assets comprise of the following: | | | | |
| - Equity and mutual funds | 18.66 | 17.78 | - | - |
| - Bonds | 77.54 | 79.10 | - | - |
| - Others | 3.80 | 3.12 | - | - |
| | 100.00 | 100.00 | - | - |
| 18.1.11 Actuarial Assumptions | | | | |
| Discount rate at December 31 | 12.00 | 13.25 | N/A | N/A |
| Future salary increases | 12.00 | 13.25 | N/A | N/A |

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

18.1.13 In case of the funded plans, investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2019 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, 2020 is expected to be Rs. 187 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.

18.2 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:

| | Impact on defined benefit obligation | | |
|------------------------------|---|-------------------------------|-------------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| | | Rupees '000 | |
| Discount rate at December 31 | 1% | (133,831) | 151,926 |
| Future salary increases | 1% | 80,216 | (72,721) |

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.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------|------|------|------|------|
|--|------|------|------|------|------|

Rupees '000

18.3 Historical information

Gratuity plans

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Present value of defined benefit obligation | (1,990,687) | (1,844,848) | (1,880,479) | (1,618,862) | (1,525,156) |
| Fair value of plan assets | 1,762,250 | 1,474,049 | 1,586,448 | 1,677,349 | 1,626,654 |
| (Deficit) / surplus in the plan | (228,437) | (370,799) | (294,031) | 58,487 | 101,498 |

Experience adjustments

| | | | | | |
|--|---------|---------|---------|---------|-------|
| (Loss) / gain on obligation (as percentage of plan obligation) | (3.15)% | 1.08% | (9.43)% | (3.79)% | 5.93% |
| (Loss) / gain on plan assets (as percentage of plan assets) | (3.88)% | (3.84)% | (5.71)% | 6.67% | 1.79% |

Pension plan

| | | | | | |
|---|---|---|----------|-----------|-----------|
| Present value of defined benefit obligation | - | - | (23,407) | (123,308) | (168,569) |
| Fair value of plan assets | - | - | 23,407 | 123,308 | 156,805 |
| Deficit in the plan | - | - | - | - | (11,764) |

Experience adjustments

| | | | | | |
|---|-----|-----|-----|---------|---------|
| Gain on obligation (as percentage of plan obligation) | N/A | N/A | N/A | 7.04% | 7.91% |
| Loss on plan assets (as percentage of plan assets) | N/A | N/A | N/A | (0.34)% | (0.23)% |

18.4 The weighted average duration of approved funded gratuity schemes for its permanent employees is 6.72 years.

18.5 Expected maturity analysis of undiscounted retirement benefit plans.

| | Less than a year | Between 1-2 years | Between 2-5 years | Between 6-10 years | Over 10 years | Total |
|----------------------|------------------|-------------------|-------------------|--------------------|---------------|-----------|
| At December 31, 2019 | 180,747 | 194,910 | 849,107 | 2,293,588 | 5,171,728 | 8,690,080 |
| At December 31, 2018 | 186,777 | 200,267 | 761,021 | 2,262,537 | 4,897,264 | 8,307,866 |

18.6 Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2019.

19. DEFERRED TAXATION

| | December 31, 2019 | | | | December 31, 2018 | | | |
|---|------------------------------|--|--|-----------------------------|------------------------------|--|--|-----------------------------|
| | Opening liability / (assets) | Charged / (reversal) to profit or loss | Charged / (reversal) to other comprehensive income | Closing liability / (asset) | Opening liability / (assets) | Charged / (reversal) to profit or loss | Charged / (reversal) to other comprehensive income | Closing liability / (asset) |
| | Rupees '000 | | | | | | | |
| Credit balance arising in respect of: | | | | | | | | |
| - Accelerated tax depreciation allowances | 909,174 | 89,789 | - | 998,963 | 786,812 | 122,362 | - | 909,174 |
| - Assets under IFRS 16 | - | 14,750 | - | 14,750 | - | - | - | - |
| Debit balances arising in respect of: | | | | | | | | |
| - Allowance for impairment of trade debts, provision for doubtful other receivables and refunds due from government | (74,569) | (18,276) | - | (92,845) | (65,488) | (9,081) | - | (74,569) |
| - Liability under IFRS 16 | - | (14,585) | - | (14,585) | - | - | - | - |
| - Provision for trade deposits and doubtful advances | (14,532) | (3,180) | - | (17,712) | (15,114) | 582 | - | (14,532) |
| - Provision for slow moving & obsolete stocks and stores & spares | (101,505) | (76,328) | - | (177,833) | (90,199) | (11,306) | - | (101,505) |
| - Staff retirement benefits | (102,681) | 75,070 | (37,172) | (64,783) | (79,125) | (13,411) | (10,145) | (102,681) |
| | <u>615,887</u> | <u>67,240</u> | <u>(37,172)</u> | <u>645,955</u> | <u>536,886</u> | <u>89,146</u> | <u>(10,145)</u> | <u>615,887</u> |

20. TRADE AND OTHER PAYABLES

| | 2019 | 2018 |
|---|------------------|------------------|
| | Rupees '000 | |
| Creditors | | |
| - Associated companies | 869,786 | 1,134,192 |
| - Others | 709,770 | 827,909 |
| Bills payable | 119,389 | 217,788 |
| Royalty and technical assistance fee payable - note 20.1.2 | | |
| - Associated companies | 84,737 | 194,956 |
| - Others | 124,914 | 134,600 |
| Accrued liabilities - note 20.1.1 | 2,522,647 | 1,994,354 |
| Contract liability | 784,799 | 547,502 |
| Contractors' retention money | 9,215 | 26,855 |
| Taxes deducted at source and payable to statutory authorities | 103,180 | 47,148 |
| Workers' Welfare Fund | 434,347 | 340,417 |
| Workers' Profits Participation Fund - note 20.2 | 5,693 | 11,313 |
| Central Research Fund | 49,938 | 50,770 |
| Payable to Provident fund - note 20.3 | - | 92 |
| Others | 158,877 | 79,792 |
| | <u>5,977,292</u> | <u>5,607,688</u> |

20.1.1 This includes liability for share based compensation amounting to Rs. 202.21 million (2018: Rs. 138.68 million).

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

2019 2018
----- Rupees '000 -----

20.2 Workers' Profits Participation Fund

| | | |
|--|-----------|-----------|
| Opening balance | 11,313 | (14,881) |
| Allocation for the year | 249,693 | 251,313 |
| Amount paid to the Fund net of refund received amounting to Rs. Nil (2018: Rs. 14.8 million) | (255,313) | (225,119) |
| Closing balance | 5,693 | 11,313 |

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

2019 2018
----- Rupees '000 -----

21. PROVISIONS

| | | |
|---------------------------|-----------|-----------|
| Balance as at January 1 | 74,602 | 411,771 |
| Charge for the year | 452,606 | 260,217 |
| Payments during the year | (448,446) | (597,386) |
| Balance as at December 31 | 78,762 | 74,602 |

21.1 Provisions include restructuring costs and government levies of Rs. 27.53 million and Rs. 51.23 million (2018: Rs. Nil and Rs. 74.6 million) respectively.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

(a) Claims against the Company not acknowledged as debt for reinstatement of employment and other labour cases amount to Rs. 93.65 million (2018: Rs. 103.92 million) as at December 31, 2019.

(b) **Income tax**

- (i) While finalizing income tax assessments in various years, assessing officers (AO) made certain additions to income raising tax demands on the contention that the Company allegedly paid excessive amounts on account of royalty and certain imported raw materials. The Company has been contesting these additions at various appellate forums. Details of such cases are as under:

| S. no. | Tax/ Assessment Year | Description/ Further Comments | Current Appellate Forum |
|---------------|-------------------------------------|--|---|
| a. | 1991-92 to 2002-03 | Proceedings in said assessment years are related to former GlaxoSmithKline Pharmaceutical (Private) Limited [formerly Bristol-Myers Squibb Pakistan (Private) Limited]. These years, having tax demand of Rs. 302.11 million, are still pending adjudication under departmental appeal. | Sindh High Court |
| b. | 1999-2000 to 2002-2003 | Against the demand of Rs. 73.60 million raised by AO, Commissioner Inland Revenue Appeals (CIRA) gave decision in favour of the Company for tax years 2001-02 & 2002-03 whereas against the Company for tax years 1999-2000 & 2000-2001. Both department and the Company filed appeal against the respective orders before Appellate Tribunal Inland Revenue (ATIR). Decision by ATIR, in 2008, was made for fresh assessments of all said years. AO passed the fresh orders with same amount of additions. The Company filed the appeal against fresh orders to CIRA where, through CIRA's order for tax years 2000-01 to 2002-03, certain additions were deleted which resulted in reduction of demand to the extent of Rs. 26.8 million. Subsequently, order for 1999-2000 was also issued by CIRA's whereby tax demand of Rs. 13.01 million was deleted. Appeals against CIRA's order for tax years 2000-01 to 2002-03 were filed both by the Company & the department before ATIR which maintained CIRA's order. Company has filed appeal against ATIR's order which is pending adjudication. | Sindh High Court |
| c. | 2002-03 | Proceedings in said assessment year are related to former SmithKline & French of Pakistan Limited. The initial demand was set aside by ATIR for fresh consideration. AO, however, maintained the same demand which was also confirmed by CIRA's order. The Company has filed appeal, on 21 June 2012, against the order of CIRA which is pending adjudication. Total demand raised is Rs. 4.03 million. | ATIR |
| d. | 2006 | Demand of Rs. 10.04 million raised by the AO was annulled by CIRA. This assessment is related to former GlaxoSmithKline Pharmaceuticals (Private) Limited [formerly Bristol-Myers Squibb Pakistan (Private) Limited]. The department has filed appeal against CIRA's order. | ATIR |
| e. | 2005 to 2008 and 2011 | Against the tax demand of Rs. 153.59 million raised in tax years 2005 to 2008, CIRA has granted certain relief (for tax years 2005 & 2008) while in tax year 2011, having tax demand of Rs. 90.10 million, CIRA maintained the demand raised by AO. Against the remaining additions in tax years 2005 to 2008 and against order of CIRA for tax year 2011 (including addition on account of stock written off), appeal has been filed by the Company, on 19 November 2014, which is pending adjudication. | ATIR & CIRA (for tax years 2006 & 2007) |
| f. | 2009 | CIRA's order confirmed the demand of Rs. 68.23 million raised by AO. Appeal has been filed by the Company, on 19 December 2018, which is pending adjudication. | ATIR |
| g. | 2012 | Against the order of the AO raising tax demand of Rs. 82.50 million, appeal was filed before CIRA which deleted the additions made by AO under section 122(5A) of Income Tax Ordinance, 2001 (Ordinance). The department has filed the appeal against the order of CIRA which is pending adjudication. | ATIR |
| h. | 2014 | Against the order of the AO which raised tax demand of Rs. 124.90 million, CIRA decided the royalty additions in favour of the Company whereas the raw materials' additions in favour of the department. The Company has filed appeal on 05 May 2017 against the decision of CIRA on account of raw materials' addition whereas the department has also filed appeal on account of royalty, which are pending adjudication. Subsequently, further demand of Rs. 21.42 million was also raised against which the Company has filed appeal, on 19 November 2018, which is pending adjudication. | ATIR |
| i. | 2013 to 2016 | Against the tax demands of Rs. 230.50 million raised by AO, the CIRA decided the case in favour of the department. Appeal has been filed, on 19 November 2018, by the Company which is pending adjudication. | ATIR |

- (ii) In case of Stiefel Laboratories Pakistan (Private) Limited (Now GlaxoSmithKline Pakistan Limited) the AO raised demand of Rs. 17.70 million in tax year 2009 under section 161/205 of the Ordinance by applying arbitrary withholding tax rates on the expenses in the audited accounts as compared to tax paid as per monthly withholding statements. The CIRA remanded back the order, against which the Company has filed appeal before ATIR on 04 February 2019 which is pending for hearing. Further remanded back proceedings are yet to be initiated by the department.
- (iii) As a result of monitoring of withholding tax for the tax years 2012 & 2017, AO issued orders raising tax demands amounting to Rs. 80 million (subsequently reduced to Rs. 15.5 million) & Rs. 38.7 million respectively. Such demands have been made on the contention that the company did not deduct tax at the rate of 20% on payments for meetings & symposia and gifts & giveaways under section 156 of the Ordinance. In both years, CIRA issued the decisions in favour of the Company. The department's appeals are pending before ATIR.
- (iv) During year ended December 31, 2018, the AO raised aggregate 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 AO, the Company has filed an appeal before CIRA. The CIRA confirmed the order of AO against which the Company filed appeal before the ATIR on 06 November 2018, decision of which is still pending.

(c) **Sales tax**

- (i) Effective July 1, 2013, Sindh Revenue Board (SRB) has levied Sindh Sales Tax at the rate of 16% 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 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 Sindh High Court (SHC) 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. SHC has issued a stay against the proceedings and restrained Sindh Revenue Board (SRB) from collection of sales tax on toll manufacturing charges which estimates to the amount of Rs. 603.36 million (2018: Rs. 540.02 million).

- (ii) During financial years 2014 and 2016, CIRA raised demands of Rs. 36.4 million and Rs. 48.3 million respectively in respect of few products of the Company on the ground that the products are neither medicines nor drugs which are exempt from the levy of sales tax under SRO 551(I)/ 2008. Company's appeals are pending before ATIR & SHC for financial years 2014 and 2016 respectively.
- (iii) 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 sales tax on royalties entirely with SRB's exchequer. The Company has filed an appeal in Lahore High Court, who granted stay 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.

22.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2019 amount to Rs. 594.37 million (2018: Rs. 205.18 million).

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

| | 2019 | 2018 |
|--|-------------------|-------------------|
| | Rupees '000 | |
| Gross sales | | |
| Local - note 23.1 | 37,630,245 | 34,895,667 |
| Export | 57,716 | 45,136 |
| | <u>37,687,961</u> | <u>34,940,803</u> |
| Less: Commissions, returns and discounts | 1,099,297 | 930,170 |
| Sales tax | 6,915 | 3,793 |
| | <u>36,581,749</u> | <u>34,006,840</u> |

- 23.1** This includes sales of OTC Products amounting to Rs. 4.71 billion (2018: Rs. 4.14 billion) to GSK CH being manufactured by the Company due to pending transfer of marketing authorisations by Drug Regulatory Authority of Pakistan ('DRAP').
- 23.2** Sales of major product categories i.e. antibiotics, dermatologicals and respiratory during the year amounted to Rs. 15.38 billion, Rs. 4.39 billion and Rs. 1.54 billion (2018: Rs. 13.76 billion, Rs. 4.05 billion and Rs. 1.44 billion) respectively.
- 23.3** 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 (2018: two distributors) exceed 10 percent of the net sales during the year, amounting to Rs. 5.15 billion and Rs. 5.95 billion (2018: Rs. 3.56 billion and Rs. 4.61 billion).

| | 2019 | 2018 |
|--|-------------------------|-------------------|
| | ----- Rupees '000 ----- | |
| 24. COST OF SALES | | |
| Raw and packing materials consumed | 19,019,851 | 18,399,570 |
| Manufacturing charges to third parties | 977,079 | 920,838 |
| Stores and spares consumed | 129,322 | 79,375 |
| Salaries, wages and other benefits - note 24.1 | 2,229,837 | 1,912,527 |
| Fuel and power | 649,281 | 575,987 |
| Rent, rates and taxes | 2,722 | 2,886 |
| Royalty and technical assistance fee - note 20.1.2 | 347,697 | 322,105 |
| Insurance | 104,607 | 118,502 |
| Publication and subscriptions | 4,438 | 386 |
| Repairs and maintenance | 319,031 | 355,236 |
| Training expenses | 952 | 94 |
| Travelling and entertainment | 41,635 | 20,030 |
| Vehicle running | 7,678 | 24,693 |
| Depreciation | 610,586 | 512,209 |
| Provision for impairment on fixed assets | - | 41,016 |
| Provision for impairment on intangibles - note 4.2 | 40,330 | - |
| Provision of slow moving, obsolete and damaged stock-in-trade (Reversal) / Provision of slow moving and obsolete stores and spares | 360,749 | 183,716 |
| Canteen expenses | (259) | 4,423 |
| Laboratory expenses | 102,825 | 112,422 |
| Communication and stationery | 39,138 | 50,753 |
| Security expenses | 6,841 | 11,520 |
| Stock written off | 20,195 | 17,485 |
| Stores and spares written off | 5,570 | 8,634 |
| Restructuring cost - note 24.2 | 7,836 | - |
| Other expenses | 47,349 | 158,634 |
| | 61,003 | 72,142 |
| | <u>25,136,293</u> | <u>23,905,183</u> |
| Opening stock of work-in-process | 535,881 | 566,707 |
| Closing stock of work-in-process | (480,587) | (535,881) |
| | <u>25,191,587</u> | <u>23,936,009</u> |
| Opening stock of finished goods | 2,877,193 | 2,304,420 |
| Purchase of finished goods | 3,689,418 | 2,230,004 |
| | <u>31,758,198</u> | <u>28,470,433</u> |
| Closing stock of finished goods | (2,887,952) | (2,877,193) |
| | <u>28,870,246</u> | <u>25,593,240</u> |

- 24.1** Salaries, wages and other benefits include Rs. 79.86 million and Rs. 53.22 million (2018: Rs. 62.25 million and Rs. 55.57 million) in respect of charge for defined benefit plans and contributory provident fund.
- 24.2** This represents charge for severance costs recognised in respect of cost savings initiatives.

| | 2019 | 2018 |
|---|------------------|------------------|
| | Rupees '000 | |
| 25. SELLING, MARKETING AND DISTRIBUTION EXPENSES | | |
| Salaries, wages and other benefits - note 25.1 | 1,130,665 | 1,301,053 |
| Sales promotion and symposiums | 571,948 | 725,348 |
| Advertising | 21,606 | 55,469 |
| Restructuring cost - note 24.2 | 19,093 | 112,271 |
| Handling, freight and transportation | 923,975 | 766,908 |
| Travelling and entertainment | 270,053 | 288,409 |
| Depreciation | 93,982 | 87,887 |
| Vehicle running | 67,744 | 81,522 |
| Publication and subscriptions | 54,187 | 40,342 |
| Fuel and power | 32,232 | 28,712 |
| Communication | 8,589 | 7,371 |
| Allowance for impairment of trade debts | 44,033 | 18,437 |
| Provision for doubtful deposits | - | 347 |
| Repairs and maintenance | 36,953 | 24,062 |
| Insurance | 15,792 | 18,850 |
| Printing and stationery | 9,444 | 13,158 |
| Security expenses | 15,791 | 16,475 |
| Rent, rates and taxes | 514 | 4,474 |
| Canteen expenses | 3,214 | 4,303 |
| Training expenses | 5,169 | 15,885 |
| Other expenses | 47,984 | 44,381 |
| | <u>3,372,968</u> | <u>3,655,664</u> |
| Less: Recovery of expenses - note 25.2 | 52,419 | 84,152 |
| | <u>3,320,549</u> | <u>3,571,512</u> |

25.1 Salaries, wages and other benefits include Rs. 57.91 million and Rs. 44.74 million (2018: Rs. 54.56 million and Rs. 47.26 million) in respect of defined benefit plans and contributory provident fund respectively.

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

| | 2019 | 2018 |
|--|------------------|------------------|
| | Rupees '000 | |
| 26. ADMINISTRATIVE EXPENSES | | |
| Salaries, wages and other benefits - note 26.1 | 723,203 | 674,358 |
| Depreciation | 65,041 | 62,418 |
| Communication | 7,430 | 8,430 |
| Training expenses | 422 | 5,931 |
| Legal and professional charges | 57,853 | 65,119 |
| Travelling and entertainment | 42,603 | 56,002 |
| Repairs and maintenance | 53,938 | 49,284 |
| Printing and stationery | 8,583 | 9,796 |
| Auditors' remuneration - note 26.2 | 10,650 | 11,432 |
| Vehicle running | 21,251 | 16,527 |
| Security expenses | 44,350 | 39,291 |
| Publication and subscriptions | 13,738 | 13,700 |
| Rent, rates and taxes | 1,520 | 9,094 |
| Insurance | 10,570 | 11,308 |
| Canteen expenses | 29,431 | 24,294 |
| Restructuring cost - note 24.2 | 1,918 | 3,959 |
| Donations | 2,081 | 983 |
| Other expenses | 53,261 | 57,343 |
| | <u>1,147,843</u> | <u>1,119,269</u> |
| Less: Recovery of expenses - note 25.2 | 48,897 | 42,638 |
| | <u>1,098,946</u> | <u>1,076,631</u> |

- 26.1** Salaries, wages and other benefits include Rs. 23.83 million and Rs. 17.62 million (2018: Rs. 19.82 million and Rs. 16.30 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

| | 2019 | 2018 |
|---|-------------------------|------------------|
| | ----- Rupees '000 ----- | |
| 26.2 Auditors' remuneration | | |
| Audit fee | 5,736 | 5,736 |
| Fee for review of half yearly financial statements, special certifications and others | 3,996 | 4,753 |
| Out-of-pocket expenses | 918 | 943 |
| | <u>10,650</u> | <u>11,432</u> |
| 27. OTHER OPERATING EXPENSES | | |
| Workers' Profits Participation Fund - note 20.2 | 249,693 | 251,313 |
| Workers' Welfare Fund | 93,931 | 95,499 |
| Central Research Fund | 49,939 | 50,770 |
| | <u>393,563</u> | <u>397,582</u> |
| 28. OTHER INCOME | | |
| Income from financial assets | | |
| Return on Treasury Bills | 13,377 | 13,671 |
| Income on savings and deposit accounts | 123,827 | 116,081 |
| | <u>137,204</u> | <u>129,752</u> |
| Income from non-financial assets | | |
| Gain on disposal of operating assets | 44,101 | 25,655 |
| Others | | |
| Scrap sales | 47,839 | 45,056 |
| Insurance commission | 19,642 | 16,151 |
| Promotional allowance - note 28.1 | 1,513,772 | 1,101,199 |
| Insurance claim recovery | 6,646 | 127,042 |
| Financial support for re-call of Zantac products - note 28.2 | 150,033 | - |
| Service fee - note 1.1 | 12,000 | 12,000 |
| Others | 60,225 | 14,779 |
| | <u>1,991,462</u> | <u>1,471,634</u> |

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

- 28.2** This represents financial support from GSK Group for re-call of Zantac products (tablets and injections).

| | 2019 | 2018 |
|-----------------------------------|-------------------------|----------------|
| | ----- Rupees '000 ----- | |
| 29. FINANCIAL CHARGES | | |
| Exchange loss - net | 191,022 | 137,744 |
| Bank charges | 4,710 | 9,648 |
| Interest on short-term borrowings | 87,648 | - |
| Interest on lease liability | 6,231 | - |
| | <u>289,611</u> | <u>147,392</u> |

| | 2019 | 2018 |
|---------------------|------------------|------------------|
| | Rupees '000 | |
| 30. TAXATION | | |
| Current - note 30.1 | | |
| - for the year | 1,564,797 | 1,222,058 |
| - for prior year | (72,865) | 148,991 |
| Deferred | 67,241 | 89,146 |
| | <u>1,559,173</u> | <u>1,460,195</u> |

- 30.1** This includes current period charge of super tax amounting to Rs. Nil (December 31, 2018: Rs. 82 million) and prior year charge of super tax amounting to Rs. Nil (December 31, 2018: Rs. 149 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).

| | 2019 | 2018 |
|--|------------------|------------------|
| | Rupees '000 | |
| 30.2 Relationship between tax expense and accounting profit | | |
| Profit before taxation including profit from discontinued operations | 4,600,296 | 4,702,117 |
| Applicable tax rate | 29% | 29% |
| Tax calculated at applicable tax rate | 1,334,086 | 1,363,614 |
| Impact of taxability at different rate and Final Tax Regime | 197,305 | 180,447 |
| Effect of prior year charge | (72,865) | 148,991 |
| Effect of tax credits | (8,568) | (184,545) |
| Effect of change in tax rate | - | (23,058) |
| Tax effect of other than temporary differences | 109,215 | (41,283) |
| | <u>1,559,173</u> | <u>1,444,166</u> |

| | | |
|---|-----------------|------------------|
| 31. EARNINGS PER SHARE | | |
| Profit after taxation from continuing operations | 3,041,123 | 3,231,922 |
| Profit after taxation from discontinued operations | - | 26,029 |
| Weighted average number of outstanding shares (in thousand) | 318,467 | 318,467 |
| Earnings per share - continuing operations | Rs. 9.55 | Rs. 10.15 |
| Earnings per share - discontinued operations | Re. 0 | Re. 0.08 |
| Earnings per share - basic | <u>Rs. 9.55</u> | <u>Rs. 10.23</u> |

- 31.1** A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2018 and 2019 which would have any effect on the earnings per share if the option to convert is exercised.

| | 2019 | 2018 |
|---|--|------------------|
| | Rupees '000 | |
| 32. CASH GENERATED FROM OPERATIONS INCLUDING DISCONTINUED OPERATIONS | | |
| Profit before taxation | 4,600,296 | 4,702,117 |
| Add / (less): Adjustments for non-cash charges and other items | | |
| Depreciation and impairment | 809,939 | 703,530 |
| Gain on disposal of assets | (44,101) | (35,655) |
| Interest income | (137,204) | (129,752) |
| Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off | 366,319 | 192,350 |
| Provision for slow moving and obsolete stores and spares | 7,577 | 4,423 |
| Mark-up expense | 93,879 | - |
| Allowance for impairment of trade debts | 44,033 | 18,437 |
| Provision for staff retirement benefits | 174,519 | 147,532 |
| | <u>1,314,961</u> | <u>900,865</u> |
| Profit before working capital changes | 5,915,257 | 5,602,982 |
| Effect on cash flow due to working capital changes | | |
| Decrease / (increase) in current assets | | |
| Stores and spares | 56,672 | (55,261) |
| Stock-in-trade | (492,522) | (54,182) |
| Trade debts | 424,167 | 749,366 |
| Loans and advances | (99,677) | 162,328 |
| Trade deposits and prepayments | (187,932) | (967) |
| Refunds due from Government | 13,728 | (14,158) |
| Other receivables | (751,044) | (103,209) |
| | <u>(1,036,608)</u> | <u>683,917</u> |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 369,604 | (907,672) |
| Provisions | 4,160 | (337,169) |
| | <u>(662,844)</u> | <u>(560,924)</u> |
| | <u>5,252,413</u> | <u>5,042,058</u> |
| 33. CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances - note 14 | 2,347,033 | 3,185,011 |
| Investments - at amortised cost - note 13 | 342,863 | 247,840 |
| | <u>2,689,896</u> | <u>3,432,851</u> |
| 34. SEGMENT INFORMATION | | |
| 34.1 | 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 Consumer Healthcare Pakistan Limited. Accordingly, the figures reported in these financial statements are related to the Company's only reportable segment. | |

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | Chief Executive | | Director | | Executives | |
|-------------------------|-------------------------|---------------|---------------|---------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | ----- Rupees '000 ----- | | | | | |
| Management remuneration | 18,153 | 16,650 | 8,361 | 7,444 | 334,020 | 331,680 |
| Bonus - note 35.1 | 21,407 | 18,874 | 6,003 | 5,697 | 207,017 | 163,501 |
| Retirement benefits * | 3,932 | 3,588 | 1,962 | 1,604 | 72,201 | 67,618 |
| House rent | 8,169 | 7,492 | 3,777 | 3,350 | 142,752 | 141,198 |
| Utilities | 1,815 | 1,665 | 806 | 744 | 31,723 | 31,377 |
| Medical expenses | 164 | 106 | 82 | 66 | 15,425 | 17,556 |
| Others | 401 | 1,927 | 1,747 | 1,671 | 97,027 | 80,015 |
| | <u>54,041</u> | <u>50,302</u> | <u>22,738</u> | <u>20,576</u> | <u>900,165</u> | <u>832,945</u> |
| Number of person(s) | 1 | 1 | 1 | 1 | 153 | 158 |

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

- 35.1** Bonus includes share based payments as Share Appreciation Rights (SARs) given to the Chief Executive, Executive Directors and certain executives amounting to Rs. 182.55 million (2018: Rs. 89.49 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 (2018: two) non-executive Directors during the year amounted to Rs. 1.15 million (2018: Rs. 0.7 million).

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

36. 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:

| Relationship | Nature of transactions | 2019 | 2018 |
|--------------------------------------|---|-------------------------|-----------|
| | | ----- Rupees '000 ----- | |
| Holding Company: | | | |
| | a. Dividend paid | 1,841,209 | 1,052,119 |
| Associated companies / undertakings: | | | |
| | a. Purchase of goods | 6,679,695 | 4,789,141 |
| | b. Sale of goods | 4,762,967 | 4,185,851 |
| | c. Royalty expense charged | 339,301 | 308,195 |
| | d. Recovery of expenses | 1,158,057 | 356,492 |
| | e. Service fee | 12,000 | 12,000 |
| | f. Sales as an agent of GSK CH | 7,057,011 | 6,211,662 |
| | g. Promotional allowance | 1,513,772 | 1,101,199 |
| Staff retirement funds: | | | |
| | a. Expense charged for retirement benefit plans | 279,234 | 255,763 |
| | b. Payments to retirement benefit plans | 580,496 | 233,718 |
| Key management personnel: | | | |
| | a. Salaries and other employee benefits | 254,607 | 218,511 |
| | b. Post employment benefits | 20,511 | 17,889 |
| | c. Sale of assets - sales proceeds | 15,327 | 20,044 |

36.1 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 | Basis of association | Aggregate % of shareholding |
|------|--|--------------------------|----------------------|-----------------------------|
| 1 | S.R. One International B.V.,Netherlands | Netherlands | Holding Company | 82.59% |
| 2 | GlaxoSmithKline Trading Services Limited | Ireland | Associated company | N/A |
| 3 | GlaxoSmithKline Biologicals SA | Belgium | Associated company | N/A |
| 4 | GlaxoSmithKline Intellectual Property (No.2) Limited | England | Associated company | N/A |
| 5 | GlaxoSmithKline Consumer Trading Services Limited | England | Associated company | N/A |
| 6 | Glaxo Operations UK Limited | England | Associated company | N/A |
| 7 | GlaxoSmithKline Pte Ltd | Singapore | Associated company | N/A |
| 8 | GlaxoSmithKline Export Limited | England | Associated company | N/A |
| 9 | P.T. SmithKline Beecham Pharmaceuticals | Indonesia | Associated company | N/A |
| 10 | GlaxoSmithKline Services Unlimited | England | Associated company | N/A |
| 11 | GlaxoSmithKline Inc | Canada | Associated company | N/A |
| 12 | Glaxo Wellcome Production S.A.S | France | Associated company | N/A |
| 13 | GlaxoSmithKline Research & Development Limited | England | Associated company | N/A |
| 14 | Glaxo Saudi Arabia Limited | Saudi Arabia | Associated company | N/A |
| 15 | GlaxoSmithKline South Africa (Pty) Limited | South Africa | Associated company | N/A |
| 16 | GlaxoSmithKline Consumer Healthcare Pakistan Limited * | Pakistan | Associated company | N/A |
| 17 | GlaxoSmithKline Holdings Pty Ltd | Australia | Associated company | N/A |

* 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.

37. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS

The facility for running finance available from banks amounted to Rs. 2.77 billion (2018: Rs. 0.85 billion). Rate of mark-up ranges from one month KIBOR plus 0.3% to one month KIBOR plus 1% (2018: 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, 2019 amounted to Rs. 3.4 billion (2018: Rs. 2.3 billion) of which unutilised balances at the year end amounted to Rs. 3.04 billion (2018: Rs. 1.3 billion).

38. FINANCIAL INSTRUMENTS BY CATEGORY

38.1 Financial assets as per statement of financial position

Financial assets measured at amortised cost

| | 2019 | 2018 |
|--|------------------|------------------|
| | Rupees '000 | |
| - Investments - at amortised cost | 342,863 | 247,840 |
| - Loans to employees | 162,829 | 135,341 |
| - Advances and deposits | 271,367 | 259,094 |
| - Trade debts | 1,126,700 | 1,594,900 |
| - Interest accrued | 1,573 | 1,321 |
| - Other receivables - net of provision | 1,105,578 | 354,534 |
| - Cash and bank balances | 2,347,033 | 3,185,011 |
| | <u>5,357,943</u> | <u>5,778,041</u> |

38.2 Financial liabilities as per statement of financial position

Financial liabilities measured at amortised cost

| | | |
|----------------------------|-----------|-----------|
| - Trade and other payables | 4,599,335 | 4,610,538 |
| - Unclaimed dividend | 97,476 | 87,921 |
| | 4,696,811 | 4,698,459 |

38.3 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. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

- (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, 2019, the Company does not have any financial instruments carried at fair value.

39. Financial Risk Management

39.1 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, 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 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 receivables / payables exposed to foreign currency risk as at December 31, 2019 amount to Rs. 4.71 million (2018: Rs. 1,222 million)

At December 31, 2019, 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. (0.24) million (2018: Rs. 60.09 million), mainly as a result of foreign exchange gains or losses 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.

| | 2019 | 2018 |
|--|-------------|---------|
| | Rupees '000 | |
| Variable rate instruments - carrying amount | | |
| Financial assets | | |
| - profit and loss sharing accounts | 3,247 | 583,054 |

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. 0.03 million (2018: Rs. 5.83 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2018.

(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, 2019, 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.

| | 2019 | 2018 |
|--|------------------|------------------|
| | Rupees '000 | |
| Trade debts | 1,126,700 | 1,594,900 |
| Loans to employees, interest accrued and other receivables | 1,269,980 | 491,196 |
| Advances and deposits | 271,367 | 259,094 |
| Investments - at amortised cost | 342,863 | 247,840 |
| Bank balances | 2,346,852 | 3,184,808 |
| | <u>5,357,762</u> | <u>5,777,838</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. 1.05 billion (2018: Rs. 1.25 billion) are past due of which Rs. 246.99 million (2018: Rs. 203.67 million) have been impaired. Past due but not impaired balances include Rs. 754.43 million (2018: Rs. 614.6 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.

| | 2019 | 2018 |
|---|---------------|---------------|
| | Rupees '000 | |
| 40. NUMBER OF EMPLOYEES | | |
| Number of employees including contractual employees at the end of year | 1974 | 1,977 |
| Average number of employees including contractual employees during the year | 1840 | 1,997 |
| | Rupees '000 | |
| 41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES | | |
| Balance as at January 01 | 87,921 | 70,906 |
| Non cash changes - dividend declared | 2,229,271 | 1,273,869 |
| Financing cash outflows | (2,219,716) | (1,256,854) |
| Balance as on December 31 | <u>97,476</u> | <u>87,921</u> |

42. 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.

43. 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.

44. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

| Business units | Addresses |
|-----------------------------------|---|
| Factories | - 35, Dockyard Road, West Wharf, Karachi - F-268, S.I.T.E., Near Labour Square, Karachi - Plot No. 5, Sector 21, Korangi Industrial Area, Karachi |
| Distribution / Sales offices | - B-63, 65, Estate Avenue, S.I.T.E., Karachi - Islam-ud-din House, Mehmood Kot, Bosan Road, Multan - Cordeiro House, Plot No. 27 - Kot Lakhpat Industrial Estate, Kot Lakhpat, Lahore - Aleem House, Plot No. 409, Sector I - 9, Industrial Area, Islamabad - Peshawar sales office, opposite Grand Hotel, behind ECS Tehkal Payan, University road Peshawar - 3rd Floor, The Enterprise Building, Thokar Niaz Baig, Multan Road, Lahore |
| Warehouses and storage facilities | - Emirates Supply chain services, Head office 46 KM Multan Road, Lahore - Connect Logistics Karachi, Plot No. 73, Block K-28, Hawksbay Road, Karachi - Connect Logistics Warehouse at main multan bahawalpur road, 2 km from motorway interchange, Multan |

45. CORRESPONDING FIGURES

Corresponding figures have been reclassified in these financial statements, wherever necessary to facilitate the comparison and to conform with changes and presentation in the current year. However, no significant reclassifications were made in the financial statements.

46. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on March 11, 2020 proposed a final cash dividend of Rs. 6 per share (2018: Rs. 7 per share) amounting to Rs. 1.91 billion (2018: Rs. 2.23 billion) subject to the approval of the members in the forthcoming annual general meeting of the Company.

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on March 11, 2020.



Erum Shakir

Chief Executive Officer



Abdul Samad

Chief Financial Officer



Sohail Ahmed Matin

Director

Forward Looking Statement

At GSK, our goal is to be one of the world's most innovative, best-performing and trusted healthcare companies. We are continuously investing in scientific and technical excellence to launch medicines which meet the needs of patients in Pakistan. GSK's framework is designed to deliver on its main objectives which include increased growth, delivery of results and long-term value creation for shareholders. The Company faced pressure on its gross margins due to currency devaluation, the impact of which was partially mitigated by the price adjustment given by the government in this regard.

The Drug Regulatory Authority of Pakistan has a crucial role to play in the pharmaceutical industry in ensuring availability of quality medicines to patients at reasonable prices. The authority also has an important responsibility that pragmatic and transparent policies are put in place to allow the industry to offset the impact of inflation and devaluation and thus ensure the availability of essential and life-saving drugs.

The Company made significant investments during the fiscal year 2019. The highlight of the year was the new Norden Derma Line, which has significantly enhanced the derma production capacity. Going forward, the Company's plans include one ERP implementation and transition to Smart Offices to make itself future fit.

The coronavirus outbreak situation is evolving in the country and at this point its potential impact on the Company's financial performance and supply continuity remains uncertain. Up to the date of this Report, the outbreak has not had a material impact on the financial results of the Company. Presently pharmaceutical businesses have been allowed to continue and operate their usual operations by both provincial and federal governments in order to ensure availability of our products in the market. We continue to monitor the situation closely, including the market demand, supply continuity and wellbeing of our employees.

Pakistan continues to be one of the key countries within the GSK Emerging Markets Region. The Company continues to focus on efficiencies across the organization to mitigate the inflationary impact. The management of GSK Pakistan is fully committed to deliver the expectation amidst a volatile and challenging working environment.

Sources of information and assumptions used in Forecasts:

The forecasts are prepared in accordance with the future direction and strategic objectives of the Company. The board of directors review these plans and forecasts and ensures close monitoring of the results.

There are many factors which are considered in preparing these forecasts. This mainly includes trend analysis, macro-economic indicators, inflation rates and future assumptions like expected growth rates are also considered.

Different scenario analyses are conducted to mitigate the risk of any potential impact on the forecast. These assumptions are documented and tracked on an ongoing basis.

Pattern of Shareholding

Form-34

| NUMBER OF SHAREHOLDERS | SHARES HOLDING | | TOTAL SHARES HELD |
|------------------------|----------------|-----------|-------------------|
| | From | To | |
| 2179 | 1 | 100 | 80,358 |
| 1846 | 101 | 500 | 568,374 |
| 1343 | 501 | 1000 | 1,041,619 |
| 1566 | 1001 | 5000 | 3,842,151 |
| 406 | 5001 | 10000 | 3,024,519 |
| 149 | 10001 | 15000 | 1,884,118 |
| 78 | 15001 | 20000 | 1,395,026 |
| 60 | 20001 | 25000 | 1,368,666 |
| 35 | 25001 | 30000 | 990,456 |
| 15 | 30001 | 35000 | 487,324 |
| 20 | 35001 | 40000 | 760,956 |
| 9 | 40001 | 45000 | 377,844 |
| 7 | 45001 | 50000 | 334,010 |
| 16 | 50001 | 55000 | 838,098 |
| 7 | 55001 | 60000 | 404,784 |
| 7 | 60001 | 65000 | 435,105 |
| 1 | 65001 | 70000 | 66,732 |
| 9 | 70001 | 75000 | 654,727 |
| 2 | 75001 | 80000 | 155,800 |
| 4 | 80001 | 85000 | 334,983 |
| 2 | 85001 | 90000 | 173,803 |
| 5 | 90001 | 95000 | 460,255 |
| 5 | 95001 | 100000 | 493,000 |
| 2 | 100001 | 105000 | 204,062 |
| 4 | 105001 | 110000 | 435,376 |
| 1 | 110001 | 115000 | 110,800 |
| 2 | 115001 | 120000 | 233,700 |
| 1 | 120001 | 125000 | 122,987 |
| 1 | 125001 | 130000 | 125,191 |
| 1 | 130001 | 135000 | 130,100 |
| 2 | 140001 | 145000 | 283,248 |
| 1 | 145001 | 150000 | 150,000 |
| 1 | 155001 | 160000 | 156,300 |
| 1 | 160001 | 165000 | 164,930 |
| 1 | 170001 | 175000 | 175,000 |
| 2 | 175001 | 180000 | 354,511 |
| 2 | 180001 | 185000 | 362,975 |
| 1 | 185001 | 190000 | 189,500 |
| 1 | 190001 | 195000 | 191,719 |
| 2 | 195001 | 200000 | 400,000 |
| 1 | 205001 | 210000 | 208,000 |
| 1 | 240001 | 245000 | 244,538 |
| 1 | 250001 | 255000 | 253,800 |
| 1 | 270001 | 275000 | 271,800 |
| 1 | 280001 | 285000 | 283,400 |
| 1 | 295001 | 300000 | 300,000 |
| 2 | 300001 | 305000 | 605,280 |
| 1 | 320001 | 325000 | 321,099 |
| 1 | 325001 | 330000 | 330,000 |
| 1 | 360001 | 365000 | 362,000 |
| 1 | 380001 | 385000 | 382,000 |
| 1 | 640001 | 645000 | 642,800 |
| 1 | 665001 | 670000 | 669,200 |
| 1 | 730001 | 735000 | 732,700 |
| 1 | 845001 | 850000 | 846,818 |
| 1 | 2050001 | 2055000 | 2,052,200 |
| 1 | 2310001 | 2315000 | 2,314,100 |
| 1 | 3545001 | 3550000 | 3,550,000 |
| 1 | 7925001 | 7930000 | 7,927,956 |
| 1 | 9175001 | 9180000 | 9,176,686 |
| 1 | 263025001 | 263030000 | 263,029,794 |
| 7819 | | | 318,467,278 |

Shareholding Information

As at December 31, 2019

| Categories of Shareholders | Shareholders | Shares Held | Percentage |
|--|----------------------------|---------------------------|---------------------|
| Directors and their spouse(s) and minor children | | | |
| MAHEEN RAHMAN | 1 | 1 | 0.00 |
| Associated Companies, undertakings and related parties | | | |
| S.R.ONE INTERNATIONAL B.V. | 1 | 263,029,794 | 82.59 |
| Executives | | | |
| | - | - | - |
| Public Sector Companies and Corporations | | | |
| | 10 | 15,152,962 | 4.76 |
| Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds | | | |
| | 31 | 6,376,366 | 2.00 |
| Mutual Funds | | | |
| MCBFSL - TRUSTEE JS VALUE FUND | 1 | 60,100 | 0.02 |
| CDC - TRUSTEE JS LARGE CAP. FUND | 1 | 65,000 | 0.02 |
| CDC - TRUSTEE ATLAS STOCK MARKET FUND | 1 | 362,000 | 0.11 |
| CDC - TRUSTEE JS ISLAMIC FUND | 1 | 96,000 | 0.03 |
| CDC - TRUSTEE UNIT TRUST OF PAKISTAN | 1 | 98,000 | 0.03 |
| CDC - TRUSTEE AKD INDEX TRACKER FUND | 1 | 12,573 | 0.00 |
| CDC - TRUSTEE AKD OPPORTUNITY FUND | 1 | 175,000 | 0.05 |
| CDC - TRUSTEE AL MEEZAN MUTUAL FUND | 1 | 10,000 | 0.00 |
| CDC - TRUSTEE MEEZAN ISLAMIC FUND | 1 | 5,816 | 0.00 |
| CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND | 1 | 94,800 | 0.03 |
| CDC - TRUSTEE NBP STOCK FUND | 1 | 86,500 | 0.03 |
| CDC - TRUSTEE APF-EQUITY SUB FUND | 1 | 21,100 | 0.01 |
| CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT | 1 | 24,000 | 0.01 |
| CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFAT FUND | 1 | 28,400 | 0.01 |
| CDC - TRUSTEE APIF - EQUITY SUB FUND | 1 | 28,000 | 0.01 |
| MC FSL - TRUSTEE JS GROWTH FUND | 1 | 175,100 | 0.05 |
| CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT | 1 | 15,000 | 0.00 |
| CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 1 | 208,000 | 0.07 |
| MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND | 1 | 2,000 | 0.00 |
| MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND | 1 | 600 | 0.00 |
| CDC - TRUSTEE AWT ISLAMIC STOCK FUND | 1 | 14,000 | 0.00 |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 1 | 7,927,956 | 2.49 |
| CDC - TRUSTEE NBP ISLAMIC STOCK FUND | 1 | 103,200 | 0.03 |
| CDC - TRUSTEE NIT ISLAMIC EQUITY FUND | 1 | 302,700 | 0.10 |
| CDC-TRUSTEE NITIPF EQUITY SUB-FUND | 1 | 7,500 | 0.00 |
| CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND | 1 | 23,400 | 0.01 |
| CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF) | 1 | 283,400 | 0.09 |
| CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND | 1 | 20,200 | 0.01 |
| General Public | | | |
| a. Local | 7,604 | 20,724,549 | 6.51 |
| b. Foreign | 9 | 701,538 | 0.22 |
| Foreign Companies | 4 | 178,300 | 0.06 |
| Others | 131 | 2,053,423 | 0.64 |
| Total | 7,819 | 318,467,278 | 100.00 |
| Shareholders holding 5% or more | | | |
| S.R.ONE INTERNATIONAL B.V. | | 263,029,794 | 82.59 |
| Shareholding Position / Free Float Shares | | | |
| | No. of Shareholders | No. of Shares Held | Percentage % |
| Shares in Physical Register | 2,033 | 266,735,119 | 83.76 |
| Shares Deposited in Central Depository System | 5,786 | 51,732,159 | 16.24 |
| Total | 7,819 | 318,467,278 | 100.00 |

Free Float Shares of the Company 51,732,158 i.e. (16.24%) Shares out of total 318,467,278 Shares as on December 31, 2019.

Key Shareholding

As at December 31, 2019

| Name of Shareholders | Number of Shares | Percentage |
|--|-------------------|-------------|
| Directors, Spouses and their Childrens | | |
| MRS. MAHEEN RAHMAN | 1 | 0.00 |
| Associates Companies | | |
| S.R.ONE INTERNATIONAL B.V. | 263,029,794 | 82.59 |
| Mutual Fund | | |
| MCBFSL - TRUSTEE JS VALUE FUND | 60,100 | 0.02 |
| CDC - TRUSTEE JS LARGE CAP. FUND | 65,000 | 0.02 |
| CDC - TRUSTEE ATLAS STOCK MARKET FUND | 362,000 | 0.11 |
| CDC - TRUSTEE JS ISLAMIC FUND | 96,000 | 0.03 |
| CDC - TRUSTEE UNIT TRUST OF PAKISTAN | 98,000 | 0.03 |
| CDC - TRUSTEE AKD INDEX TRACKER FUND | 12,573 | 0.00 |
| CDC - TRUSTEE AKD OPPORTUNITY FUND | 175,000 | 0.05 |
| CDC - TRUSTEE AL MEEZAN MUTUAL FUND | 10,000 | 0.00 |
| CDC - TRUSTEE MEEZAN ISLAMIC FUND | 5,816 | 0.00 |
| CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND | 94,800 | 0.03 |
| CDC - TRUSTEE NBP STOCK FUND | 86,500 | 0.03 |
| CDC - TRUSTEE APF-EQUITY SUB FUND | 21,100 | 0.01 |
| CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT | 24,000 | 0.01 |
| CDC - TRUSTEE NBP ISLAMIC SARMAAYA IZAFI FUND | 28,400 | 0.01 |
| CDC - TRUSTEE APIF - EQUITY SUB FUND | 28,000 | 0.01 |
| MC FSL - TRUSTEE JS GROWTH FUND | 175,100 | 0.05 |
| CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT | 15,000 | 0.00 |
| CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 208,000 | 0.07 |
| MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND | 2,000 | 0.00 |
| MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND | 600 | 0.00 |
| CDC - TRUSTEE AWT ISLAMIC STOCK FUND | 14,000 | 0.00 |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 7,927,956 | 2.49 |
| CDC - TRUSTEE NBP ISLAMIC STOCK FUND | 103,200 | 0.03 |
| CDC - TRUSTEE NIT ISLAMIC EQUITY FUND | 302,700 | 0.10 |
| CDC-TRUSTEE NITIPF EQUITY SUB-FUND | 7,500 | 0.00 |
| CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND | 23,400 | 0.01 |
| CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF) | 283,400 | 0.09 |
| CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND | 20,200 | 0.01 |
| Total | 10,250,345 | 3.22 |
| Public Sector Companies and Corporations | | |
| 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 |
| STATE LIFE INSURANCE CORP. OF PAKISTAN | 9,176,686 | 2.88 |
| NATIONAL BANK OF PAKISTAN | 5,198 | 0.00 |
| NATIONAL BANK OF PAKISTAN | 3,550,000 | 1.11 |
| PAIR INVESTMENT COMPANY LIMITED | 52,500 | 0.02 |
| EMPLOYEES OLD AGE BENEFITS INSTITUTION | 2,314,100 | 0.73 |
| NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND | 51,658 | 0.02 |
| Total | 15,152,962 | 4.76 |
| Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds | | |
| | 6,376,366 | 2.00 |
| Foreign Companies | | |
| MIDDLE EAST NORTH AFRICA FINANCIAL INVESTMENTS W.L.L. | 30,000 | 0.01 |
| LAERERNES PENSION FORSIKRINGSAKTIESELSKAB | 90,200 | 0.03 |
| Noor Financial Invest Co. | 2,100 | 0.00 |
| HABIB BANK AG ZURICH, DEIRA DUBAI | 56,000 | 0.02 |
| Total | 178,300 | 0.06 |

DETAIL OF PURCHASE / SALE OF SHARES BY DIRECTORS / COMPANY SECRETARY EXECUTIVES AND THEIR SPOUSES / MINOR CHILDREN DURING THE YEAR 2019: NIL

Notice of Annual General Meeting

Notice is hereby given to the members that the 73rd Annual General Meeting of GlaxoSmithKline Pakistan Limited will be held on Thursday, 21 May 2020 at 12:00 p.m. through/via WEBEX video link from GSK Pakistan Head Office at 35 Dockyard Road West Wharf, Karachi 74000 in compliance with Circular No. 5 of 2020 issued by Corporate Supervision Department of SECP dated March 17, 2020, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements together with the Directors' and Auditor's Report thereon for the year ended 31 December 2019.
2. To consider, approve and declare the dividend on the ordinary shares of the Company. The Directors have recommended a final cash dividend of 60% (Rs. 6.00 per ordinary share of Rs. 10 each), for the year ended 31 December 2019.
3. To appoint External Auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s Deloitte Yousuf Adil Chartered Accountants as external auditors, for the year ending 31 December 2020.
4. To elect 7 (seven) Directors, as the number fixed by the Board in accordance with the provision of Section 159 of the Companies Act, 2017, for a term of 3 (three) years commencing from the date of holding AGM i.e. May 21, 2020. The names of retiring Directors of the Company, also eligible to offer themselves for re-election, are as follows:

- | | |
|----------------------------|---------------------|
| 1) Mr. Dmytro Oliinyk | 5) Mr. Mark Dawson |
| 2) Ms. Erum Shakir | 6) Mr. Abdul Samad |
| 3) Ms. Maheen Rahman | 7) Mr. Muneer Kamal |
| 4) Mr. Mehmood Mandviwalla | |

ANY OTHER BUSINESS

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

Karachi
April 29, 2020

By Order of the Board



SYED AZEEM ABBAS NAQVI
Company Secretary

Notes:

1. In pursuance of SECP Circular No. 5 dated March 17, 2020 and Circular No. 10 dated April 1, 2020 respectively regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector (194), the proceedings of the AGM shall be held online through WEBEX only. The shareholders attending AGM through WEBEX, are requested to post/send their respective questions/comments/suggestions along with their Name and Folio Number on the following link/QR Code OR email address according to their convenience.

For posting your questions, please scan the QR Code or click on the link below:



<https://pigeonhole.at/GSKAGM>
Email Address: PK.Shareinfo@gsk.com

For attending live proceedings of the AGM, the shareholders are requested to log on the following link:

WEBEX Link for meeting:

<https://gskmeeting.webex.com/gskmeeting/onstage/g.php?MTID=ebb507ebae46c0044d37b3d81707b3dd5>

2. The Share Transfer Books of the Company will be closed for determining the entitlement for the payment of Final Dividend from 15 May 2020 to 21 May 2020 (both days inclusive). Transfer requests received at the Office of the Share Registrar of the Company at CDC Share Registrar Services Limited, CDC House, 99-B, Block – B, S.M.C.H. Society, Main Shakra-e-Faisal, Karachi at the close of business on 14 May 2020 (Thursday) will be treated in time for the purposes of Annual General Meeting and entitlement to the transferees.
 - a. 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. The instrument appointing Proxy must be deposited at the Office of the Share Registrar of the Company duly stamped and signed, not later than 48 hours before the time for holding the Meeting. A member cannot appoint more than one Proxy. Attested copy of the shareholder's Computerized National Identity Card (CNIC) must be attached with the Form. For any other relevant aspects, contents of Section 137 of the Companies Act, 2017 will apply. The instrument appointing Proxy is available on the Company's website (<http://www.pk.gsk.com>).
3. Shareholders are requested to notify the Company's Share Registrar if there is any change in their registered postal addresses.
4. Any person who seeks to contest the Election of Directors shall file with the Company at its registered office, not later than fourteen (14) days before the above said meeting, his/her intention to offer himself/herself for the Election of Directors in terms of Section 159(3) of the Companies Act, 2017 together with:
 - Consent to act as Director under Section 167(1) of the Act on a duly filled and signed Form 28
 - Declaration for eligibility to act as Director of listed company and awareness of duties and powers of Directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other relevant laws and regulations
 - Declaration of independence in terms of Section 166(2) of the Companies Act, 2017 as required under Listed Companies (Code of Corporate Governance) Regulations, 2019 (applicable only for person filing consent to act as an Independent Director of the Company)
 - A detailed profile along with office address for placement on the Company's website
 - Detail of other directorship and offices held
 - Copy of valid CNIC (in case of Pakistan national)/Passport (in case of foreign national), and NTN and Folio Number/CDC Investors Account No./CDC Sub-Account No (applicable for person filing consent for the first time)
5. In pursuance of SECP Circular No. 10 dated April 1, 2020 regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector (194), the Annual Report shall be circulated via email to those shareholders whose email addresses are present in the records/database of the CDC/Share Registrar. The Annual Report has also been uploaded at the Company's website and is readily accessible to the shareholders (<http://www.pk.gsk.com>).

For Attending the Meeting:

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 attend live proceedings of the AGM via login on the following link:

WEBEX Link for the Meeting:

<https://gskmeeting.webex.com/gskmeeting/onstage/g.php?MTID=ebb507ebae46c0044d37b3d81707b3dd5>

You will be able to view the Directors and hear the live proceedings of the AGM but your connection will be on mute, to avoid any connectivity disruptions. The shareholders attending AGM through WEBEX, may post/send their respective questions/comments/suggestions along with their Name and Folio Number on the link/QR Code/email address, provided above in this notice.

6. CNIC/NTN Number on Electronic Dividend (Mandatory):

- a. According to the 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 the CNIC number of the registered shareholder or the authorized person, except in the case of minor(s) and Corporate Shareholders.
- b. As per Regulation No. 4 & 6 of the Companies (Distribution of Dividend) Regulations, 2017, the Company shall be constrained to withhold the payment of dividend to the shareholders, in case of non-availability of identification number (CNIC or National Tax Number) of the shareholder or authorized person.
- c. Accordingly, the shareholders, who have not yet submitted copy of their valid CNIC or NTN, are once again requested to immediately submit the same to the Company's Share Registrar at CDC Share Registrar Services Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Corporate entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorized representative's CNIC copy.

7. Payment of Cash Dividend through Electronic Mode (Mandatory):

- a. In accordance with SECP Circular No. 18 of 2017 dated 1st August 2017 and instructions related to distribution of dividend indicated in Companies (Distribution of Dividend) Regulations, 2017 and Section 242 of Companies Act, 2017, all listed companies are required to ensure that with effect from 1st November 2017, the Cash Dividends shall be paid through electronic mode only. Therefore, shareholders are requested to provide the 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. CDC Share Registrar Services Limited. Those shareholders who hold shares with Participants/Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant/CDC.
- b. Please note that as per Section 243(3) of the Companies Act, 2017, Company is entitled to withhold payment of dividend, if necessary information is not provided by the shareholders.
- c. For the convenience of shareholders, e-Dividend Mandate Form is available on the Company's website <http://www.pk.gsk.com>.

Status of IBAN as on December 31st, 2019 of GlaxoSmithKline Pakistan Limited shareholders (Physical & CDS) is as follows:

| Current Total Number of Shareholders as on December 31, 2019 | | | Current Number of IBAN updated as on December 31, 2019 | | | Ratio/Percentage of IBAN updated |
|--|-------|-------|--|-------|-------|----------------------------------|
| Physical | CDS | Total | Physical | CDS | Total | % |
| 2,033 | 5,786 | 7,819 | 506 | 5,308 | 5,814 | 74.36 |

8. Availability of Annual Audited Financial Statements:

- a. In accordance with the provision of Section 223 and 237 of the Companies Act, 2017, the audited financial statements of the Company for December 31, 2019, are available on the Company's website (<http://www.pk.gsk.com>).
- b. Any shareholder who desires to get the hard copy of the Annual Audited Financial Statements 2019, the same shall be provided free of cost within seven working days of receipt of such request.
- c. 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".

d. For convenience of shareholders, a "Standard Request Form" for provision of Annual Audited Financial Statements is available on the Company's website [<http://www.pk.gsk.com>].

9. Deduction of Income Tax from Dividend:

- a. This is with reference to final cash dividend announced by GlaxoSmithKline Pakistan Limited at the rate of Rs. 6.00 per share to the shareholders for the year ended December 31, 2019.
- b. Shareholders whose names are not appearing in the Active Tax-payers List (ATL) are advised to immediately make necessary arrangement to make them active. Otherwise, tax on their cash dividend will be deducted as per law.
- c. Further, according to clarification received from Federal Board of Revenue [FBR], withholding tax will be determined separately on Active/Non-Active Status of Principal Shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.
- d. In this regard, all shareholders who hold shares with joint shareholders are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

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

Notes:

- I. The required information must reach the Company's Share Registrar by 14 May 2020; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s) and tax will be deducted accordingly.
- II. The Corporate Shareholders, having CDC accounts, are requested to have their National Tax Number (NTN) updated with their respective participants. Corporate Physical Shareholders should send a copy of their NTN Certificate to the Company's Share Registrar. The shareholders, while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.
- III. Withholding tax exemption from dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to the Company's Share Registrar by 14 May 2020.

10. Unclaimed Dividend/Shares:

As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017, as prescribed.

11. Postal Ballot/E-Voting:

In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of Election of Directors and for any other agenda item subject to the requirements of Sections 143 and 144 of the Companies Act, 2017, members holding in aggregate 10% or more shareholding as per law, will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to conditions contained in aforesaid Regulations.

12. Consent for Video Conference Facility:

- a. In accordance with Sections 132 and 134 of the Companies Act, 2017, members can also avail video conference facility.
- b. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the Meeting through video conference at least 7 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city. In this regard, please fill the following form and submit the same to the registered address of the Company, 7 days before holding of the Annual General Meeting.
- c. The Company will intimate to members regarding the 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

(ج) کمپنی، سالانہ اجلاس عام سے کم از کم 5 روز قبل ممبرز کو ویڈیو کانفرنس کے مقام اور اس سہولت سے مستفید ہونے کے لیے تمام ضروری معلومات سے آگاہ کرے گی۔ تاکہ وہ اس سہولیات تک رسائی حاصل کر سکیں۔

میں/ہم _____ کے _____ بطور ممبر، گلکسو اسمتھ کلائن پاکستان
لمیٹڈ _____ عمومی شیئر / شیئرز کے مالک کی حیثیت سے برطانیہ رجسٹرڈ فوئیو / CDC اکاؤنٹ
نمبر _____ بذریعہ ہڈ اوئیڈیو کانفرنس منعقدہ بمقام _____
میں شرکت کرنا چاہتا / چاہتی ہوں / چاہتے ہیں۔

دستخط ممبر

9. منافع منقسمہ پراکٹیکس کی کٹوتی:

- (ا) یہ 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے شیئر ہولڈرز کو گلکسو اسمتھ کلائن پاکستان لمیٹڈ کی جانب سے اعلان کردہ فی شیئر 6 روپے حتیٰ کیش منافع منقسمہ کے حوالے سے ہے۔
- (ب) جن شیئر ہولڈرز کے نام فعال ٹیکس دہندگان کی فہرست (ATL) میں موجود نہیں ہیں انہیں فوری طور پر فعال بنانے کے لیے ضروری انتظامات کرنے کا مشورہ دیا جاتا ہے۔ بصورت دیگر، ان کے کیش منافع منقسمہ پر قانون کے مطابق ٹیکس کٹوتی ہوگی۔
- (ج) مزید یہ کہ فیڈرل بورڈ آف ریونیو (FBR) سے موصول شدہ تصدیق کے مطابق، وہ ہولڈنگ ٹیکس کا تعین، پرنسپل شیئر ہولڈرز کے ساتھ ساتھ جو انٹل ہولڈرز، ہولڈرز، جوائنٹ اکاؤنٹ ہونے کی صورت میں (ان کے شیئر ہولڈنگ تناسب کی بنیاد پر)، فعال / غیر فعال حیثیت پر علیحدہ علیحدہ ہوگا۔
- (د) اس حوالے سے وہ تمام شیئر ہولڈرز جن کے شیئر زمشر کہ شیئر ہولڈرز کے ساتھ ہیں، سے درخواست کی جاتی ہے کہ وہ جو شیئر رکھتے ہیں، ان کے بارے میں ہمارے شیئر رجسٹر اکومنڈر جڈیل تحریری طریقہ کار کے ذریعے، پرنسپل شیئر ہولڈرز اور مشر کہ شیئر ہولڈرز کے شیئر ز کے ملکیتی تناسب فراہم کریں:

| مشر کہ شیئر ہولڈرز | | پرنسپل شیئر ہولڈرز | | مجموعی شیئرز | فیڈو / CDS اکاؤنٹ نمبر |
|--|-------------------|--|-------------------|--------------|------------------------|
| شیئر ز کا ملکیتی تناسب (شیئر ز کی تعداد) | نام اور CNIC نمبر | شیئر ز کا ملکیتی تناسب (شیئر ز کی تعداد) | نام اور CNIC نمبر | | |
| | | | | | |

نوٹس:

- i. مطلوبہ معلومات کمپنی کے شیئر رجسٹر اکو 14 مئی 2020 تک لازماً پہنچ جانا چاہئیں، بصورت دیگر یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈرز اور مشر کہ شیئر ہولڈرز دونوں مساوی شیئر ز کے مالک ہیں اور ٹیکس کی کٹوتی اسی مناسبت سے کی جائے گی۔
- ii. سی ڈی سی اکاؤنٹس کے حاملین کارپوریٹ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے متعلقہ شرائط اور ان کے ساتھ اپنے نیشنل ٹیکس نمبر (NTN) اپ ڈیٹ کریں۔
- iii. منافع منقسمہ کی آمدنی پر ٹیکس کٹوتی سے استثنیٰ صرف اسی صورت میں دیا جائے گا اگر 14 مئی 2020 تک کارآمد ٹیکس اتھنٹی سرٹیفیکٹ کی نقل کمپنی شیئر رجسٹر اکو موصول ہو جاتی ہے۔

10. غیر دعویٰ شدہ منافع منقسمہ / شیئرز:

کمپنیز ایکٹ 2017 کے سیکشن 244 کے مطابق، کمپنی کے جاری کردہ کوئی بھی شیئر ز یا اعلان کردہ منافع منقسمہ، جو اپنی واجب الادا تاریخ سے تین سال کی مدت تک غیر دعویٰ شدہ یا ناقابل اداریں تو اس صورت میں کمپنی ایکٹ 2017 کے تحت کارروائی مکمل کرنے کے بعد وفاقی حکومت کے سپرد کر دیے جائیں گے۔ ایکٹ (1) 244، کمپنی سے تقاضہ کرتا ہے کہ وہ ممبرز کو کمپنی میں اپنے دعوے جمع کروانے کے لیے 90 دن کا نوٹس دے۔ مزید برآں SECP کی 7 جولائی 2017 کو جاری کردہ ہدایت نمبر 116/2017 کے تحت تمام لسٹڈ کمپنیوں کو ہدایت کی گئی کہ وہ ایسے نوٹس اراکیں جو جاری کریں اور غیر دعویٰ شدہ شیئر ز یا منافع منقسمہ یا کوئی بھی دیگر اثاثے جن کا واجب الادا تاریخ سے تین سال تک کوئی دعویٰ نہ کیا گیا ہو یا غیر ادا شدہ ہوں اور 30 مئی 2017 کو واجب الادا ہوں کی اسٹیٹمنٹ جمع کروائیں۔

11. پوسٹل بیٹ ای۔ ووٹنگ

کمپنیز (پوسٹل بیٹ) ریگولیشنز، 2018 کے مطابق، ڈائریکٹرز کے انتخاب کے مقصد کے لیے اوکینیٹری ایکٹ، 2017 کے سیکشن 143 اور 144 کے تقاضوں سے مشروط کسی اور ایجنڈے کے آئٹم کے لیے، مذکورہ بالا قواعد و ضوابط میں شامل شرائط کے تحت، قانون کے مطابق مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئر ز رکھنے والے ممبران کو پوسٹل بیٹ کے ذریعے اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی یعنی ڈاک کے ذریعے یا ای۔ ووٹنگ کے ذریعے۔

12. ویڈیو کانفرنس کی سہولت کے لیے رضامندی:

- (ا) کمپنیز ایکٹ 2017 کے سیکشن 132 اور 134 کے تحت، ممبرز ویڈیو کانفرنس کی سہولت سے بھی مستفید ہو سکتے ہیں۔
- (ب) اگر کمپنی کو مجموعی طور پر کسی جغرافیائی علاقے میں رہائش پذیر 10 فیصد یا اس سے زائد شیئر ز 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 اس شہر میں میسر سہولیات کے مطابق اس شہر میں ویڈیو کانفرنس کا انعقاد کرے گی۔ اس کو مد نظر رکھتے ہوئے، براہ مہربانی نیچے موجود فارم پُر کریں اور کمپنی کے رجسٹر ڈپٹ پر سالانہ اجلاس عام سے 7 دن پہلے ارسال کریں۔

6. الیکٹرونک ڈیوڈنڈ پر CNIC/NTN نمبر (لازمی):

- (ا) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ایس آر او، 2012/831(1) مجریہ 5 جولائی 2012 کو ایس آر او، 2014/19(1) مجریہ 10 جنوری 2014 کے ساتھ پڑھیں اور اس کے علاوہ دیگر متعلق قوانین کے مطابق الیکٹرونک ڈیوڈنڈ کو رجسٹرڈ شیئر ہولڈر یا مجاز شخص کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کا حامل بھی ہونا چاہیے، سوائے نابالغ اور کارپوریٹ شیئر ہولڈرز کے۔
- (ب) کمپنیز (منافع کی تقسیم) ریگولیشنز، 2017 کے ریگولیشن نمبر 4 اور 6 کے مطابق، شیئر ہولڈر یا مجاز شخص کے شناختی نمبر (CNIC یا NTN) کی عدم دستیابی کی صورت میں کمپنی شیئر ہولڈرز کی ڈیوڈنڈ کی ادائیگی روکنے پر مجبور ہوگی۔
- (ج) اسی مناسبت سے وہ فراہمی مہرز جنہوں نے ابھی تک اپنے کارڈ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل کمپنی / شیئر رجسٹرار کے پاس جمع نہیں کرائی ہے، ان سے ایک مرتبہ پھر درخواست کی جاتی ہے کہ وہ فوری طور پر اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل کمپنی کے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار اور سرولیمینڈ، سی ڈی سی 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 نمائندگی نمبر (NTN) اور فوٹو نمبر مع کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل فراہم کریں۔

7. نقد منافع منقسمہ الیکٹرونک انداز سے ادائیگی (لازمی)

- (ا) 2017 کے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 18، مورخہ یکم اگست 2017 اوکٹینیز ریگولیشنز (منافع منقسمہ کی تقسیم) 2017 اوکٹینیز ایکٹ 2017 کے سیکشن 242 میں نشان دہی کی گئی ڈیوڈنڈ کی تقسیم سے متعلق ہدایات کی مطابقت میں، تمام لسڈ کمپنیز کو یقینی بنانا ہوگا کہ یکم نومبر 2017 سے لوگوں نے والے کیش ڈیوڈنڈ کی ادائیگی صرف بذریعہ الیکٹرونک انداز سے ہی ہوگی۔ لہذا تمام شیئر ہولڈرز سے 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 شیئر رجسٹرار، میسرز CDC شیئر رجسٹرار اور سرولیمینڈ کو فراہم کریں۔ شراکت داروں / سینڈل ڈیپازٹری کمپنی (CDC) کے حاملین شیئر ہولڈرز کو ہدایت دی جاتی ہے کہ وہ یہ تفصیلات اپنے متعلقہ شراکت دار / CDC کو فراہم کریں۔

- (ب) براہ کرم نوٹ کریں کہ کمپنیز ایکٹ، 2017 کے سیکشن (3) 243 کے مطابق، اگر شیئر ہولڈرز کی جانب سے ضروری معلومات فراہم نہ کی گئیں، تو کمپنیز ڈیوڈنڈ کی ادائیگی روکنے کا استحقاق رکھتی ہیں۔

- (ج) شیئر ہولڈرز کی آسانی کے لیے ای ڈیوڈنڈ میٹڈ فارم کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر دستیاب ہے۔

31 دسمبر 2019 تک گلیکسو اسمتھ کلائن پاکستان لمیٹڈ کے شیئر ہولڈرز (فزیکل اور سی ڈی ایس) کے IBAN کا اسٹیٹس درج ذیل ہے:

| شرح / اپ ڈیٹ ہونے والے IBAN کا تناسب | 31 دسمبر 2019 تک IBAN کی تازہ ترین موجودہ تعداد | | | 31 دسمبر 2019 تک شیئر ہولڈرز کی موجودہ گھل تعداد | | |
|--------------------------------------|---|-----------|-------|--|-----------|-------|
| | فزیکل | سی ڈی ایس | مُل | فزیکل | سی ڈی ایس | مُل |
| % | 2,033 | 5,786 | 7,819 | 506 | 5,308 | 5,814 |
| 74.36 | | | | | | |

8. سالانہ آڈٹ شدہ مالیاتی گوشواروں کی دستیابی:

- (ا) کمپنیز ایکٹ، 2017 کے سیکشن 223 اور 237 کی شق کے مطابق، 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشوارے، کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر دستیاب ہیں۔

- (ب) اگر کوئی ممبر سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپی کا خواہش مند ہے تو وہ اسے درخواست کی وصولی کے سات (7) کاروباری ایام کے اندر بلا معاوضہ فراہم کر دی جائے گی۔

- (ج) SECP کی جانب سے مؤرخہ 8 ستمبر 2014 کے 2014/787(1) SRO کے تحت دی گئیں ہدایات کے مطابق، ایسے شیئر ہولڈرز جو سالانہ مالیاتی گوشوارے مستقبل میں ڈاک کے بجائے ای میل کے ذریعے وصول کرنے کا خواہش مند ہوں، انہیں ہدایت دی جاتی ہے کہ وہ اپنی باضابطہ رضامندی، مستند ای میل ایڈریس کے ہمراہ "اشیئر ڈیوڈنڈ درخواست فارم" پر دیں۔

- (د) شیئر ہولڈرز کی آسانی کے لیے، سالانہ آڈٹ شدہ مالیاتی گوشواروں کی فراہمی کے لیے کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر "اشیئر ڈیوڈنڈ ریگولیشن فارم" دستیاب ہے۔

- (ه) 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۔

سالانہ اجلاس عام کی براہ راست کارروائی میں شرکت کے لیے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ نیچے دیے گئے لنک پر لاگ آن کریں:

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2. کمپنی کی شیئر منٹلی کتب، حتیٰ منافع منقسمہ کی ادائیگی کے استحقاقی تعین کے مقصد کے لیے 15 مئی 2020 سے 21 مئی 2020 (بشمول دونوں ایام) بند رہیں گی۔ جو منٹلیاں کمپنی کے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار سرور لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی میں 14 مئی 2020 (بروز جمعرات) کو کاروباری اوقات ختم ہونے سے قبل موصول ہوں گی، سالانہ اجلاس عام کے مقاصد اور منتقل کرنے والوں کے استحقاق کے لیے بروقت موصول شدہ تصوری جائیں گی۔

1) 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 تفریق دیتاویز باقاعدہ طور پر دستخط اور مہر لگانے کے بعد کمپنی کے شیئر رجسٹرار کے دفتر میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازمی جمع کرا دی جائے۔ ایک ممبر، ایک سے زیادہ پراسی مقرر نہیں کر سکتا۔ شیئر ہولڈر کے قومی کمپیوٹرائزڈ شناختی کارڈ (CNIC) کی تصدیق شدہ نقل کو فارم کے ساتھ لازماً منسلک کرنا ہوگا۔ دیگر کسی متعلقہ پہلو کے لیے کمپنیز ایکٹ 2017 کی دفعہ 137 کے مندرجات کا اطلاق ہوگا۔ پراسی کا تقرر کرنے والی دستاویز کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر موجود ہے۔

3. شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر ان کے بچوں میں کوئی تبدیلی ہو تو کمپنی کو ضرور آگاہ کریں۔

4. کوئی بھی شخص جو ڈائریکٹرز کا انتخاب لڑنے کا ارادہ رکھتا رکھتی ہے، کمپنیز ایکٹ 2017 کے سیکشن (3) 159 کے مطابق کمپنی کے رجسٹرار آفس کے پتے پر مذکورہ بالا اجلاس عام سے چودہ (14) دن قبل، درج ذیل کے ساتھ کمپنی کو آگاہ کرے گا:

- فارم 28 کو باقاعدہ کر کے اپنے دستخط کے ساتھ رضامندی دینا کہ بطور ڈائریکٹر، ایکٹ کے سیکشن (1) 167 کے تحت کام کروں گا گی
- کمپنیز ایکٹ 2017، کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن، پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور لسٹنگ کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز 2019 اور دیگر متعلق قوانین اور ریگولیشنز کے تحت بطور لسٹڈ کمپنی ڈائریکٹر، کام کرنے کے لیے اہلیت کا اعلان اور ڈائریکٹرز کے فرائض اور اختیارات سے آگاہی
- کمپنیز ایکٹ 2017 کے سیکشن (2) 166 کے مطابق آزادی کا اعلان جیسا کہ لسٹنگ کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز 2019 (اس کا اطلاق صرف اُس شخص پر ہے جو بطور کمپنی کے آزاد ڈائریکٹر کام کرنے کے لیے اپنی رضامندی جمع کر رہا ہے/ رہی ہے) کے تحت مطلوب ہے
- کمپنی کی ویب سائٹ کے لیے دفتر کے پتے کے ساتھ ایک تفصیلی خاکہ
- دیگر ڈائریکٹرز اور جن دفاتر میں رہے ان کی تفصیل
- کارآمد CNIC (پاکستانی شہریت ہونے کی صورت میں) / پاسپورٹ (غیر ملکی شہریت ہونے کی صورت میں) کی نقل، اور این ٹی این اینڈ فوئیو نمبر / سی ڈی سی انویسٹرز کاؤنٹ نمبر / سی ڈی سی ایلی کاؤنٹ نمبر (اس کا اطلاق صرف اُس شخص پر ہے جو اپنی رضامندی پہلی مرتبہ جمع کر رہا ہے/ رہی ہے)

5. کارپوریٹ سیکٹر (194) کے لیے کورونا وائرس (COVID-19) کے اثرات کو ختم کرنے کے لیے باقاعدہ ریلیف کے حوالے سے 1 اپریل 2020 کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 10 کی بیرونی میں، سالانہ رپورٹ آن شیئر ہولڈرز کو ارسال کی جائے گی جن کے ای میل ایڈریس ریکارڈز CDC / شیئر رجسٹرار کے ڈیٹا بیس میں موجود ہیں۔ سالانہ رپورٹ کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر بھی اپ لوڈ کی گئی ہے اور شیئر ہولڈرز کے لیے باآسانی قابل رسائی ہے۔

اجلاس میں شرکت کے لیے:

افراد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور / یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور جس کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈ کی جا چکی ہیں، مندرجہ ذیل پر لاگ ان کے ذریعے سالانہ اجلاس عام کی کارروائی میں براہ راست شرکت کریں گے۔

WEBEX لنک برائے اجلاس:

<https://gskmeeting.webex.com/gskmeeting/onstage/g.php?MTID=ebb507ebae46c0044d37b3d81707b3dd5>

آپ ڈائریکٹرز کو دیکھ سکیں گے اور سالانہ اجلاس عام کی کارروائی براہ راست سن بھی سکیں گے لیکن کسی بھی قسم کی کنٹیکٹو بی بی کی رکارڈوں سے بچنے کے لیے آپ کا کنٹیکٹن خاموش ہوگا۔ WEBEX کے ذریعے سالانہ اجلاس عام میں شریک ہونے والے شیئر ہولڈرز اپنی ہولڈر کے مطابق اوپر دیے گئے لنک / کیو آر کوڈ ای میل ایڈریس پر اپنے نام اور فوئیو کے ساتھ اپنے متعلقہ سوالات / تبصرے پوسٹ کر سکتے / بھیج سکتے ہیں۔

اطلاع عام برائے سالانہ اجلاس عام

بذریعہ بذمہبران کو اطلاع دی جاتی ہے کہ درج ذیل امور کی انجام دہی کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے کارپوریٹ سپروائزر ڈپارٹمنٹ کی جانب سے 17 مارچ 2020 کو جاری کردہ سرکلر نمبر 5 کی تعمیل میں، گلیکسو آسمتھ کلائن پاکستان لمیٹڈ کا تہتر (73) واں سالانہ اجلاس عام مؤرخہ 21 مئی 2020 بروز جمعرات، دوپہر 12:00 بجے بذریعہ ابراہتہ WEBEX ویڈیو لنک، گلیکسو آسمتھ کلائن کے ہیڈ آفس، 35 ڈاکٹریٹ روڈ، ویسٹ وہارف، کراچی-74000 میں منعقد کیا جائے گا:

عمومی کاروباری امور:

1. 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور و خوض اور نفاذ کرنا۔
2. کمپنی کے عام شیئرز پر غور و خوض، منظوری اور منافع منقسمہ کا اعلان۔ 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے، ڈائریکٹرز %60 (ہر 10 روپے والے شیئر پر 6.00 روپے فی عام شیئر) کے حتمی منافع منقسمہ کی سفارش کر چکے ہیں۔
3. آئندہ سال کے لیے ایکسٹرنل آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔ 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے، کمپنی کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز، میسرز ڈی لوائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس کی بطور ایکسٹرنل آڈیٹرز، دوبارہ تقرری کی سفارش کر چکے ہیں۔
4. سالانہ اجلاس عام کے انعقاد کی تاریخ یعنی 21 مئی 2020 سے شروع ہونے والی تین (3) سال کی مدت کے لیے، کمپنی ایکٹ 2017 کے سیکشن 159 کی تعمیل میں، سات (7) ڈائریکٹرز کا انتخاب، جو بورڈ کی جانب سے مقرر کیے گئے ہیں۔ کمپنی سے سبکدوش ہونے والے ان ڈائریکٹرز کے نام بھی، جو خود کو دوبارہ انتخاب کے لیے پیش کرنے کے لیے اہل ہیں، درج ذیل ہیں:

1. جناب ڈیماٹرو آلیکس
2. محترم مدارم شاہ کر
3. محترمہ مایین رحمن
4. جناب محمود ماٹروی والا
5. جناب مارک ڈاؤسن
6. جناب عبدالصمد
7. جناب منیر کمال

دیگر کاروباری امور:

1. صدر اجلاس کی اجازت سے دیگر امور پر کارروائی عمل میں لانا۔

حسب الحکم بورڈ

 سید عظیم عباس نقوی
 کمپنی سیکریٹری

کراچی
 29 اپریل 2020ء

نوٹس:

1. کارپوریٹ ایکٹ (194) کے لیے کورونا وائرس (COVID-19) کے اثرات کو ختم کرنے کے لیے باقاعدہ ریلیف کے حوالے سے بالترتیب 17 مارچ 2020 اور 1 اپریل 2020 کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 5 اور سرکلر نمبر 10 کی پیروی میں، سالانہ اجلاس عام کی کارروائی صرف WEBEX کے ذریعے ہی ہوگی۔ WEBEX کے ذریعے سالانہ اجلاس عام میں شریک ہونے والے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی سہولت کے مطابق مندرجہ ذیل لنک / کیو آر کوڈ یا ای میل ایڈریس پر اپنے نام اور فون نمبر کے ساتھ اپنے متعلقہ سوالات / تبصرے پوسٹ کریں / بھیجیں۔
 اپنے سوالات پوسٹ کرنے کے لیے براہ مہربانی کیو آر کوڈ کو اسکین کریں یا نیچے دیے گئے لنک پر کلک کریں۔



<https://pigeonhole.at/GSKAGM>

ای میل ایڈریس: PK.Shareinfo@gsk.com

Factories and Offices

Offices

FACTORIES

35, Dockyard Road
West Wharf,
Karachi.
Tel: +92 21 32315478 - 82
Fax: +92 21 32311120
UAN: +92 21 111 475 725

F-268, S.I.T.E.,
Karachi.
Tel: +92 21 32570665 – 69
Fax: +92-21 32572613

Plot # 5, Sector 21,
Kornagi Industrial Area,
Karachi.
Fax: +92 21 35015800
UAN: +92 21 111 000 267

DISTRIBUTION/SALES OFFICES

Karachi

GlaxoSmithKline Pakistan Limited
B-63, 65, Estate Avenue, S.I.T.E.,
Karachi.
Tel: +92 21 32561200 – 07
Fax: +92 21 32564908

Sukkur

GlaxoSmithKline Pakistan Limited
Plot No. 77/80, Block B,
Friends Cooperative Housing Society.
Akhuwul Nagar, Airport Road,
Sukkur.
Tel: +92 71 5630668, +92 71 5630144
Fax: +92 71 5631665

Multan

GlaxoSmithKline Pakistan Limited
Islam-ud-din House, Mehmood Kot, Bosan Road,
Multan.
Tel: +92 61 6222061 – 64
Fax: +90 61 6222064

Lahore

GlaxoSmithKline Pakistan Limited
3rd Floor, The Enterprise Building,
Thokar Niaz Baig, Multan Road,
Lahore.
Tel: +92 42 37512755-60

Islamabad

GlaxoSmithKline Pakistan Limited
Aleem House, Plot No. 409, Sector I - 9, Industrial Area,
Islamabad.
Tel: +92 51 4433589, +92 51 4433598
Fax: +92 51 4433706

Peshawar

GlaxoSmithKline Pakistan Limited
Opposite Grand Hotel, Behind ECS, Tehkal Payan,
University Road,
Peshawar.
Tel: +92 91 5703641



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 کھپتی 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 کھپتی کے سالانہ اجلاس عام، GSK پاکستان ہیڈ آفس 35 ڈاکٹر ڈیوڈ ویسٹ
 وارف کراچی 74000، بروز جمعرات، مؤرخہ 21 مئی 2020، 12:00 بجے دوپہر 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 _____ 2020 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: _____ CNIC نمبر: _____
 پتہ: _____ پتہ: _____

_____ (نام بڑے حروف میں) _____
 فونینمبر _____

نوٹس:

- رکن سے درخواست کی جاتی ہے کہ:
 - اوپر نشانہ کی گئی جگہ پر 5 روپے کا ریونیو چسپاں کیا جائے؛
 - ہو، ہودھی دستخط کیے جائیں جو کھپتی میں رجسٹرڈ ہیں؛
 - اپنا فونینمبر درج کیا جائے۔
- درج بالا نمائندہ کی تقرری کا عمل مکمل ہونے کے لیے ضروری ہے کہ نمائندہ بنانے جانے کی یہ دستاویز کھپتی کے شیئرز رجسٹر اے کے دفتر، مقامی شیئرز رجسٹر اے پارٹنٹ، سینٹرل ڈپازٹری کھپتی آف پاکستان لمیٹڈ، 99-B، بلاک B، ایس ایم ای ایچ ایس، مین شاہراہ نیشنل، 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 دستخطی کے منظر دستخط شہادت ہونے چاہئیں۔
- مشترکہ ہولڈرز ہونے کی صورت میں، بیشتر فریق کا دیا گیا ووٹ، خواہ وہ خود سے یا اس کے نمائندہ کی جانب سے دیا جائے، دیگر مشترکہ ہولڈرز کے مقابلے میں قبول کیا جائے گا، اور اس مقدمہ کے لیے بیشتر ہونے کا تعین ارکان کے رجسٹر میں ناموں کی ترتیب سے کیا جائے گا۔
- کوئی بھی شخص پر کسی نہیں ہو سکتا اگر وہ خود کھپتی کا ممبر نہ ہو جو مجھے یہ کارپوریشن کی ایسٹبلشمنٹ کا تقرر کرے جو کھپتی 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 کی CNIC یا پاسپورٹ کی تصدیق شدہ کاپی، فارم برائے نمائندگی کے ساتھ لازماً منسلک کی جائیں گی۔
 - اجلاس کے وقت نمائندہ کے واپس اصل CNIC یا پاسپورٹ 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 شیئرز رجسٹر کے پاس لازماً جمع کروانا ہوں گے (اگر انہیں پہلے جمع نہ کروایا گیا ہو)۔



Standard Request Form

For Annual Financial Statements through Email/Hard Copy

Dear Shareholder(s)

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 has allowed the circulation of Company's annual balance sheet and profit and loss account, auditor's report and directors' report etc. (Audited Annual Financial Statements) to the Shareholders along with notice of Annual General Meeting (AGM) through CD/DVD/USB/Email instead of transmitting the hard copies at their registered address.

Therefore, if you wish to receive Company's (Audited Annual Financial Statements) along with the notice of (AGM) via – email or Hard copy, you are requested to provide this letter duly filled and signed to our Share Registrar at their below address:

Folio / CDC Account Number: _____

Name of the Members / Shareholders: _____

CNIC / Passport #: _____

Valid Email Address: _____

Address : _____

Please tick one:

- Yes, I wish to receive an emailed version of the GSK Annual Financial Statements every year.
- Yes, I wish to receive a printed version of the GSK Annual Financial Statements every year.

Please return this form to:

CDC Share Registrar Services Limited
CDC House, 99-B, Block – B, S.M.C.H. Society,
Main Shahrah-e-Faisal,
Karachi-74400.

*Please note: if you do not respond, we are not required to send copies of our Annual Financial Statements (although you will always be able to access the report at the website specified above). You may change your preference to receive and Financial Statements at any time by notifying us in writing at the above address.

Declaration

- I declare that the above – mentioned information is correct and in case of any change therein, I will immediately intimate to the Company's Share Registrar.

Signature

Date / /

اسٹینڈرڈ درخواست فارم

سالانہ آڈٹ شدہ اکاؤنٹس کا مراسلہ بذریعہ ای میل / دستاویزی نقل

معزز شیئر ہولڈرز

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 بیلنس شیٹ اور پرافٹ اینڈ لوں اکاؤنٹس، آڈیٹور اور ڈائریکٹرز کی رپورٹ وغیرہ اپنے حصص مالکان کو مع نوٹس برائے سالانہ عمومی اجلاس (AGM) دستاویزی نقل کے بجائے بذریعہ ای میل CD/DVD/USB سے ان کے رجسٹرڈ پتے پر ارسال کرنے کی اجازت دی گئی ہے۔

چنانچہ، اگر آپ کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس مع AGM نوٹس بذریعہ ای میل یا دستاویزی نقل وصول کرنا چاہتے ہیں تو آپ سے درخواست ہے کہ درج ذیل فارم پُر کر کے نیچے دیے گئے ہمارے شیئر رجسٹرار کے پتے پر روانہ کریں:

_____ فوٹیو / CDC اکاؤنٹ نمبر:

_____ اراکین / حصص مالکان کا نام:

_____ CNIC / پاسپورٹ نمبر:

_____ فعال ای میل ایڈریس:

_____ پتہ:

براہ مہربانی کسی ایک کا انتخاب کریں:

جی ہاں، میں / ہم ہر سال GSK سالانہ آڈٹ شدہ اکاؤنٹس ای میل کے طور پر وصول کرنا چاہتا / چاہتی ہوں / چاہتے ہیں۔

جی ہاں، میں / ہم ہر سال GSK دستاویزی نقل کے طور پر وصول کرنا چاہتا / چاہتی ہوں / چاہتے ہیں۔

براہ مہربانی یہ فارم درج ذیل پتے پر ارسال کریں:

سی ڈی سی شیئر رجسٹرار سرور ملہینڈ

سی ڈی سی ہاؤس، B-99، بلاک-B، ایس۔ ایم۔ سی۔ ایچ، ہوسائٹی،

مین شاہراہ فیصل، کراچی - 74400

* براہ مہربانی نوٹ فرمائیں: آپ کی جانب سے جواب نہ ملنے کی صورت میں ہم پر لازم نہیں کہ ہم آپ کو سالانہ آڈٹ شدہ اکاؤنٹس کی نقل ارسال کریں (اگرچہ آپ مندرجہ بالا ویب سائٹ پر آپ جب چاہیں رپورٹ تک رسائی حاصل کر سکیں گے)۔ آپ کسی بھی وقت مندرجہ بالا پتے پر تحریری درخواست کے ذریعے اپنی پسند کے طریقے سے سالانہ آڈٹ شدہ اکاؤنٹس وصول کر سکتے ہیں۔

دستبرداری:

- بذریعہ لڈ ایس / 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۔

تاریخ / /

دستخط

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. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, SMCHS, Main Shakra-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 شیئر ہولڈرز کو منافع منقسمہ کی نقد ادائیگی اُن کی جانب سے فراہم کردہ بینک اکاؤنٹ میں براہ راست بذریعہ الیکٹرونک انداز سے کی جائے۔

شیئر ہولڈرز سے گزارش کی جاتی ہے کہ وہ منسلک فارم کو صحیح طریقے سے بھرنے اور اس 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 شیئر 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:

_____ : شیئر ہولڈر کا نام
 _____ : فولیو نمبر / CDC اکاؤنٹ نمبر
 _____ : شیئر 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۔

تاریخ

شیئر ہولڈر کے دستخط

* مشترکہ اکاؤنٹ ہولڈرز کو بشمول شیئر 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

| Term | Definition |
|-------------|--|
| ABAC | Anti-Bribery And Corruption |
| AGM | Annual General Meeting |
| AKUH | Aga Khan University Hospital |
| AMR | Antimicrobial Resistance |
| AOM | Acute Otitis Media |
| ATL | Active Taxpayer List |
| BPH | Benign Prostatic Hyperplasia |
| CDC | Central Depository Company |
| CDC SRSL | Central Depository Company Shares Registrar Services Limited |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CGA | Communication and Government Affairs |
| CIME | Centre of Innovation in Medical Education |
| CoCG | Code of Corporate Governance |
| COPD | Chronic Obstructive Pulmonary Disease |
| CSR | Corporate Social Responsibility |
| EAFA | European Aluminum Foil Association |
| EOGM | Extra Ordinary General Meeting |
| EMC | Emerging Markets Central |
| EPS | Earning Per Share |
| ERP | Enterprise Resource Planning |
| ICAP | Institute of Chartered Accountants of Pakistan |
| ICMAP | Institute of Cost & Management Accountants of Pakistan |
| ISO | International Organization for Standardization |
| KPI | Key Performance Indicator |
| MENA | Middle East North Africa |
| OICCI | Overseas Investors Chamber of Commerce and Industry |
| PICG | Pakistan Institute of Corporate Governance |
| PKR | Pakistani Rupee |
| PSX | Pakistan Stock Exchange |
| SECP | Securities and Exchange Commission of Pakistan |
| SHKMCH&RC | Shaukat Khanum Memorial Cancer Hospital & Research Centre |
| SOAR | Survey of Antibiotic Resistance |
| SSTI | Selective Serotonin Reuptake Inhibitor |
| TCF | The Citizens Foundation |
| TCS | Topical Corticosteroid |
| WLI | Women Leadership Initiative |



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