



do more
feel better
live longer

Transcending Boundaries

GlaxoSmithKline Pakistan Limited
Annual Report

2016



Transcending Boundaries

***Transcending boundaries** is in our DNA. This is evident in how we continue to discover, develop and bring to market, new medicines and vaccines to address the unmet needs of healthcare providers and their patients.*

As a responsible healthcare company, we drive change by adopting new and innovative methodologies, aligned with our values, so that we can better serve the evolving needs of our society and enable more patients to benefit from our medicines.

We firmly believe that keeping the patient at the heart of everything we do is integral to our success; inspiring us to continue on this journey and transcend boundaries.

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Our Vision, Mission and Values

Our Vision:

GSK's vision is inspiring:

"The opportunity to make a difference to millions of lives every day"

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

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

GSK follows its core values of respect for people, patient focused, transparency and integrity. We stand committed to help enhance the quality of people's lives by providing them with quality products.

Our Mission:

We are a science-led global healthcare company on a mission to help people

"to do more, feel better and live longer"

THE SYKES BUILDING

Our values and Standards

Doing the right thing without having to be told to do it – because you know in your heart and mind, it's the right thing to do.

Our values guide our day-to-day actions. They reflect our belief that it's not just what we achieve that counts, it's also how we achieve it. Operating responsibly and ensuring our values are embedded in our culture and decision-making helps us better meet the expectations of society.



Be patient focused

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



Act with integrity

We are a successful business that acts responsibly with integrity and transparency, living up to the standards that are rightly expected of us.



Demonstrate respect for people

We support and inspire our colleagues to help them be the best they can be and to achieve great things. We listen to the world outside of GSK and use our science and scale to take actions that advance healthcare.



Operate with transparency

We are honest and transparent about what we do, how we do it and the challenges we face. We are open to challenge, to discussion and to improving how we work to reflect our values.

Corporate Information

Board of Directors

Mr. Dylan Jackson
Chairman

Mr. M. Azizul Huq
Chief Executive Officer

Mr. Abdul Samad
Chief Financial Officer

Mr. Husain Lawai
Independent Director

Mr. Mehmood Mandviwalla
Non-Executive Director

Mr. Nicolas Ragot
Non-Executive Director

Mr. Sohail Matin
Non-Executive Director

Audit Committee

Mr. Husain Lawai
Chairman

Mr. Mehmood Mandviwalla
Member

Mr. Nicolas Ragot
Member

Mr. Dylan Jackson
Member

Human Resource & Remuneration Committee

Mr. Mehmood Mandviwalla
Chairman

Mr. Husain Lawai
Member

Mr. M. Azizul Huq
Member

Mr. Dylan Jackson
Member

Management Committee

Mr. M. Azizul Huq
Chief Executive Officer

Mr. Abdul Samad
Chief Financial Officer

Syed Azeem Abbas Naqvi
Cluster Legal Director - Pakistan and Iran

Dr. Naved Masoom Ali
Director Medical Pakistan

Mr. Khalid Mehmood Sethi
Business Unit Director

Dr. Tariq Farooq
Business Unit Director

Ms. Zainab Hameed
Head of IT

Syed Muhammad Salman Haider
Director Commercial Excellence and Speciality Business Unit

Dr. Gohar Nayab Khan
Director Regulatory Affairs

Mr. Abdul Haseeb Pirzada
Head of Corporate Affairs and Administration

Mr. Muhammad Arif Tahir
Director Commercial Trade Channel

Mr. Ahmad Ali Zia
HR Cluster Head - Pakistan and Iran



Company Secretary

Syed Azeem Abbas Naqvi

Chief Financial Officer

Mr. Abdul Samad

Chief Internal Auditor

Mr. Talal Javed Ahmed *

Bankers

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

Auditors

A. F. Ferguson & Co. Chartered Accountants

Legal Advisors

Mandviwalla & Zafar
Vellani & Vellani
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.gsk.com.pk

* Talal Javed Ahmed – Chief Internal Auditor resigned with effect from November 2016

Financial Highlights

Continuing Operations

+15.71%
Rs. 27,564 M

**Sales
Revenue**
(2015: 23,822 M)

+7.11%
41.85 Times

**Net assets
per share**
(2015: 39.07 Times)

+5.46%
Rs. 8.30

**Earnings per
Share**
(2015: Rs. 7.88)

+1.54%
19.53%

**Return on
Equity**
(2015: 19.21%)

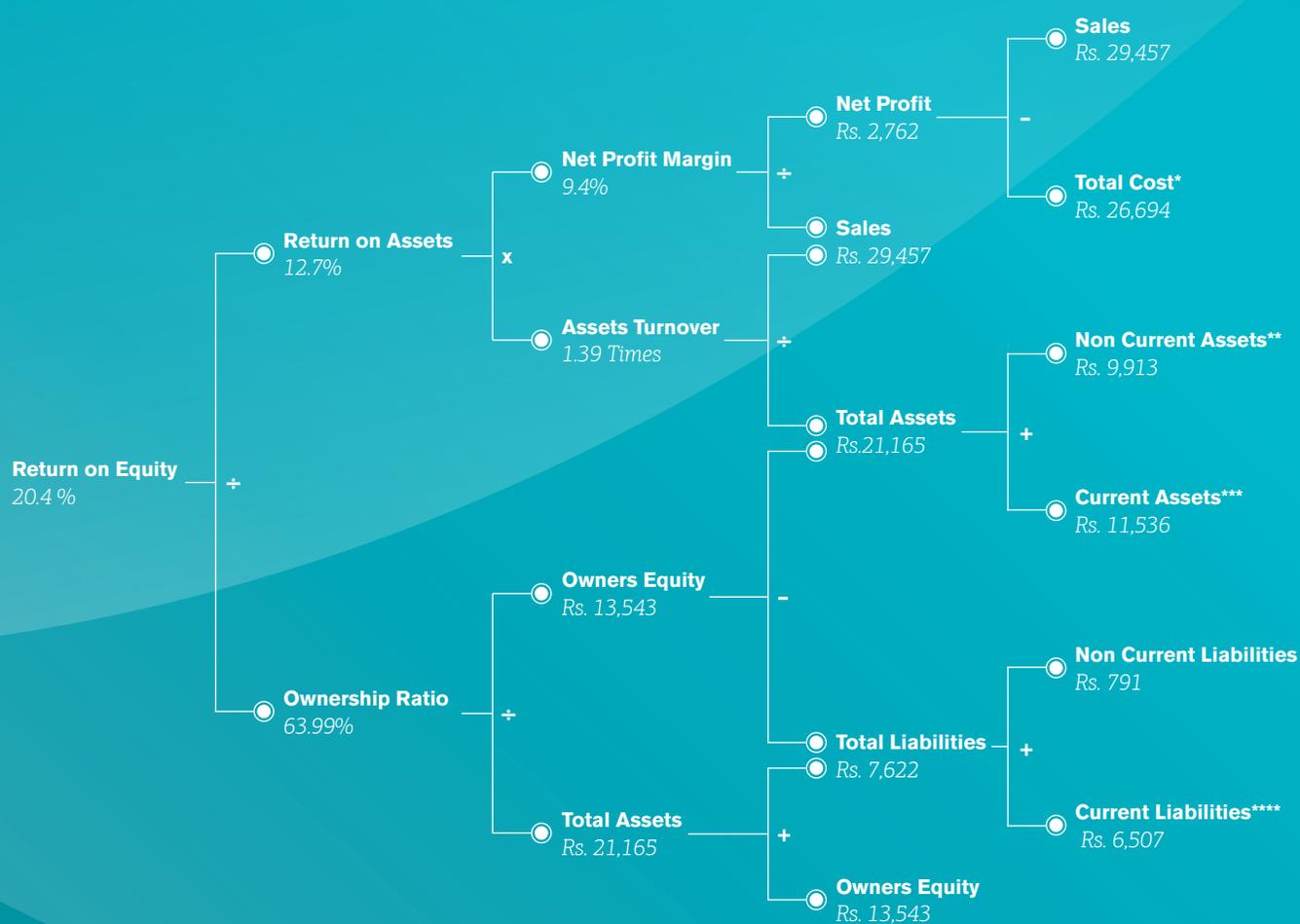
+0.08%
12.82%

**Return on Capital
employed**
(2015: 12.81%)

DUPONT Analysis

for the year ended December 31, 2016

Rs. in million



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

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

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

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

The GSK Story

At GSK, we are on a mission to help people to do more, feel better, live longer.

We research, develop and manufacture innovative pharmaceutical medicines, vaccines and consumer healthcare products and are committed to widening access to our products, so more people can benefit, no matter where they live in the world or what they can afford to pay.



Today there are millions of people without access to basic healthcare, thousands of diseases without adequate treatments and millions of people who suffer from everyday ailments. We want to change this.

- That's why we are harnessing our scientific expertise, our partnerships and our global reach to develop and make products for people who need them.

As a business we have responsibilities to society, and society has expectations of us. Our goal is to meet those responsibilities and expectations – and, where possible, exceed them.

Behaving responsibly does not compromise commercial success, but enables it. By doing what business does best – in our case, developing medicines, vaccines and consumer healthcare products and improving access to them – we can deliver strong, sustainable performance and help improve the lives of people all over the world.

This is a big challenge. It means that we've had to change the way we do things – often quite radically – and we will continue to change, as we look for new ways to improve the lives of patients and consumers.

150 Years
of providing groundbreaking medical solutions

A portfolio of up to
40 new medicines and vaccines
in development

1st every year
in the Access to Medicines Index (ATMI)

Top performer in the
1st Access to Vaccines Index (ATVI)

Delivered more than
833 million doses
of vaccines around the world in 2016



99,300
Employees



150+
Global Markets



87
Manufacturing Sites

GSK Expectations



Set direction and inspire

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

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



Develop capability and talent

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

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



Work across boundaries

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

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



Drive Performance

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

Holding yourself and others accountable for delivering quality results



Release energy

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

Engaging constructively with others and demonstrating a positive mindset



Live our Values

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

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

Legend:

Leadership Expectations 

Individual Expectations 

Strategic Priorities

Our business is focused on the delivery of five strategic priorities established in 2008, which aim to increase growth, reduce risk and improve our long-term financial performance. Everyone at GSK has a role to play in delivering these strategic priorities.



Grow a diversified, global business

We are creating a more balanced set of three global businesses: Pharmaceuticals, Vaccines and Consumer Healthcare.



Deliver more products of value

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



Simplify the operating model

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



Create a culture of individual empowerment

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



Build trust

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

Company Profile & Group Structure

GlaxoSmithKline Pakistan Limited came into being as an entity on January 1st, 2001 through the merger of SmithKline and French of Pakistan Limited, Beecham Pakistan (Private) Limited and Glaxo Wellcome (Pakistan) Limited, and stands today as the largest pharmaceutical company in Pakistan.

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

In Pakistan, the Company deals in Anti-infective, Respiratory, Vaccines, Dermatological, Gastrointestinal, Analgesics, Urology, Central Nervous System, Allergy, Cardiovascular and Vitamins therapy areas.

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

Today GSK Pakistan is highly successful business with almost 8% of the value and over 14% of the volume share of Pakistan's pharma market. Major competitors are multinational pharmaceutical companies such as Abbott, Novartis, Pfizer, Sanofi Aventis, and local companies like Getz and Sami. GSK Pakistan has built a competent commercial capability with a track record of successfully integrating the BMS, UCB, Novartis Vaccines, and Stiefel businesses, and building a diverse and profitable business of over 150 brands.

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

F-268 SITE, Karachi

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

147 SKUs
manufactured at this site

208 million packs
annual volume



Korangi, Karachi

Located in the Korangi Industrial Area, this manufacturing site has a dedicated block for Cephalosporin, both orals and injectables, as well as a small unit for tablets. Major products manufactured at this site are Velosef, Capotin, Fortum, Ceporex and Theragran.

76 SKUs
manufactured at this site

29.7 million packs
annual volume



West Wharf, Karachi

This manufacturing facility is located on the sea shore close to the Karachi Port and city centre. The major manufacturing operations at this site are Dermatological products, Ointments and Creams, including a sterile facility for liquid ampoules. The West Wharf site also has a small unit for manufacturing aerosols and spansules. Major products manufactured at this site include Betnovate, Dermovate, Polyfax, and Fefol Vit.

72 SKUs
manufactured at this site

129.9 million packs
annual volume



Our Behaviour

At GSK Our behaviour and Our values underpin everything we do - from ensuring rigorous safety standards in the development and manufacture of new medicines to interacting ethically with healthcare professionals, patient groups and political stakeholders.

By adopting an industry leading approach to working with healthcare professionals, we have fundamentally changed our commercial practices to ensure our sales and marketing is underpinned by the values in which we operate. Since January 2016, we have stopped paying healthcare professionals to speak on our behalf to other prescribers about our medicines and vaccines.

Commitment on our behaviour:

Ethical Conduct	Continue to strengthen our values-based culture by training our people on the standards expected, encouraging the reporting of any concerns and embedding our values into the way we measure employee performance.
Promoting Values in Sales and Marketing Practices	Continue to drive a values-based approach to sales and marketing practices across the world, with the interests of consumers and patients at its core.
Transparency in Clinical Trial Data	To be as transparent as possible with our clinical trial data, including publishing clinical study reports (without patient-level data) for all outcome trials of medicines conducted by GSK and, within an appropriate process, making available to researchers' access to anonymised patient level data to further scientific enquiry.
Rigorous Patient and Consumer Safety	Continue to ensure the interests and safety of patients and consumers are of paramount importance in the way we design and undertake our clinical trials, our product quality assurance and our monitoring and reporting of adverse events in ongoing product usage.
Minimising Animal Testing	Rigorously challenge the need for animal studies and work to minimise the impact on animal welfare, by investing in the development of alternative studies and sharing animal-based data.
Ensuring Ethical Interactions	Demonstrate that all GSK interactions with patient advocacy groups and political stakeholders are conducted appropriately, ethically and transparently.
Promoting Human Rights	Address the UN Guiding Principles on Business and Human Rights across our own operations and our supplier relationships.
Working with Third Parties	We seek to work with third parties that share our commitment to high ethical standards and operate in a responsible way. If performance gaps are identified, where appropriate we commit to working with the third party to improve performance.

Organogram



Geographical Presence



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

SWOT Analysis



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



- Controversies regarding issue of safety of drugs affects company's image.
- Patent expiry for a number of block-buster products.



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



- Risk of unsuccessful new Products.
- Economic slowdown in European markets.

Finance



Finance at GSK is a key strategic function that supports the organization by providing business partnering and transaction services to the commercial organization and manufacturing sites. Our business partnering team collaborates actively with business functions to provide financial insights for strategic and tactical decisions, while our shared service team is responsible for financial reporting, transaction processing and governance.

Our Finance goals and ambitions, which are aligned with the Company and Global Finance strategy, broadly cover the following areas:

- Deliver the Finance and Commercial Strategy
- Be a world –Class Finance Team
- Balance Risk and Opportunity

In 2016, the Finance team achieved several important milestones while supporting the commercial organization in achieving their business plan. These included the Integration and De-merger of Consumer business which resulted in the formation of a new legal entity, successful implementation of Core Commercial Cycle (CCC) which uses one set of numbers for sales forecasting and manufacturing, and People Development, which resulted in the finance department's talent being recognized and recruited for the setting up of Regional Financial Hubs based in Pakistan.

Commercial Trade Channel (CTC)

As we embed our new commercial model, GSK Pakistan has made great strides by leveraging the Commercial Trade Channel (CTC) function. CTC has become one of the key pillars for driving GSK's patient driven strategy, helping GSK win in the trade and institution channel by realizing the prescription demand generated by Sales and Marketing.

Our vision was to develop a commercial value chain that is efficient, compliant and improves patient access to quality medicines. Our trail of success in trade channels was built upon three key areas within CTC:

- 1) Distribution Management
- 2) Tender and Key Account Management
- 3) Trade Marketing & Pharmacy Channel Development

The driving force behind the CTC team is to ensure that the patient at the end of our value chain receives a high-quality product as prescribed by the doctor. We achieve this by ensuring enhanced access to our medicines in the vast pharmacy universe across Pakistan. We aim to create operational efficiencies through capacity building of our distributors to ensure our products are easily available to patients living near at pharmacies peripheral towns and rural villages. The CTC team ensures high-quality GSK products are stored and delivered to pharmacies under strict quality standards so that all patients irrespective of distance and income levels get access to quality medicines. This is achieved by securing optimum distributor investment in warehousing and transportation areas.



One of the key initiatives undertaken by the CTC team in 2016 was the Patient Focused Pharmacy Program, which aims to educate pharmacists and pharmacy sales staff on pharmacy management, importance of prescription adherence and stock management for correct dispensing of prescribed medicines. This program also aims to promote disease awareness on public health issues, so that patients not only get access to quality medicines but are also better educated on diseases.

The CTC team also achieved breakthrough success by winning an important provincial government tender which focuses on delivering quality medicines across the population strata through public hospitals.

Information Technology

At GSK Pakistan, we have aligned Information Technology with the strategic direction of our business. We save time and travel cost by using state-of-art IT communication tools and technologies to keep connected with our Sales and Marketing teams. Information technology and its solutions are all about enabling our teams to communicate within GSK and externally with our Health Care Professionals.

We have a three pronged IT strategy in GSK to help establish internally efficient, externally productive and overall friendly Information Technology solutions and services. We drive business performance through catalysing the commercial model transformation and enabling global pharmaceuticals and business through our focus on:

- **Basics:** Building confidence in IT basics
- **Change Programmes:** Executing change flawlessly & seamlessly
- **Innovation:** Exploit technology to win in the market place
- **People:** Delivering with passion & expertise

In 2016, GSK Pakistan has further invested in its IT infrastructure to improve connectivity options for its sales force and office based staff. Our new CRM system was launched globally, which integrates all field activities for our medical representatives and gave them an opportunity to enhance their interactions with health care professionals. It also gave our Medical Liaison officers a tool to support their activities.

We have made great strides in our service delivery and engagement with internal customers by redesigning our in house IT engagement programs for both office based and staff field force employees, including IT clinics in National Sales conference, CRM support clinics, on-boarding of field staff and regular online IT clinics. Through these engagements IT support teams have provided virtual and on-site support to more than 750 field force employees. These engagements have also served as a forum to empower business teams with the latest tools introduced by GSK.

In 2016, a distributor management system was introduced to enhance its distributors' productivity and efficiency. After a successful pilot, we plan to roll out this system to additional distributors in 2017. This would further enable management timely access to accurate and consolidated secondary sales information.



We also had the opportunity to success test critical applications and infrastructure for disasters, which strengthened our confidence in our teams and infrastructure.

In 2017, IT at GSK will focus more on innovation, while continuing to facilitate productivity of our people and drive simplification. We aspire to successfully deliver our projects and improve our processes to ensure they are more user-friendly.

2017 will also see the roll out of new tools for enhanced productivity and collaboration including MS Office 2016, Skype Meeting and other end user tools. To bring more efficiency to our field force we will be implementing a single device strategy and support this with appropriate applications and data connectivity to ensure that our colleagues in the field are better supported in their patient focused scientific selling to our customers.

In 2017, there are planned enhancements to the HCP engagement platforms and our CRM application for a 360 customer analytics for our field force. We will further strive to foster local innovation to further create value for our customers and patients. The distributor management system introduced in 2016 will also see further penetration in the distributor network to support GSK management with decision making.

Multi Channel Marketing (MCM)

At the onset of 2016, many initiatives had been planned by the Multi-Channel Marketing (MCM) department, majority of which revolved around introducing new digital platforms and enhancing capabilities. An additional yet important objective was to provide HealthCare Professionals with new and improved digital opportunities. Through proficient planning and execution, MCM was able to launch 6 new platforms which resulted in an additional 186,619 contacts over the year.

One of the first steps in the transformation journey was to communicate the idea of digital transformation to the Sales and Marketing teams. Hence, the National Sales Conference 2016 was used as a forum to float the vision and set the tone for upcoming MCM initiatives. This was followed by the launch of MCM's first initiative Health.gsk in August, simultaneously across 13 different venues in Pakistan. Senior leaders from the Head Office and Sales teams conducted these sessions to enlighten the Sales Force on GSK role in leading the pharmaceutical industry in Pakistan towards digitalization.

In line with our Value of Respect for People, a procedure that MCM religiously follows is to obtain informed consent from Healthcare Professionals before reaching out to them via different channels. While the consent collection process in 2015 was paper based, the MCM team in 2016 successfully migrated to an iPad based application in 2016. This not only resulted in a more cost effective and time efficient process, but also led to a significant increase in the number of consents received.

Other MCM achievement in 2016 included the introduction of mass Email and SMS capability. The MCM team also conducted training sessions for the Sales & Marketing teams as a capability building measure. 2016 also saw the introduction of the new Veeva CRM tool which will further empower our Sales Force by opening a world of opportunities for them.

The success of MCM journey can be witnessed from the fact that GSK Pakistan was able to achieve 186,619 contacts in 2016 as compared to only 1,000 in 2015. This achievement was recognized by the region when the MCM team was nominated as one of three finalists for annual MENA/CIS MCM Awards.



The Pakistan MCM team looks forward to continuing this success into 2017 where it aspires to unlock the true potential of such platform by continuing to accelerate the digital transformation.

Human Resources

Our strategy which revolves around the 5 pillars of HR, is to release the potential of our people and our business. Keeping the first pillar in mind which is talent, GSK mainly focuses on enhancing the quality and improving the diversity of critical roles and early talent. Capabilities and leadership is another essential pillar where HR continuously strives to develop high quality leaders and drive the development of critical business capabilities and skills.

One of the major focus areas in 2016 was optimizing the business' organisation design, leveraging the GSK performance system and promoting employee health and well-being. There has also been a lot of emphasis on championing and supporting employee engagement. And last but not least we have the very important pillar that relates to our Service Delivery Model and focuses on making full use of working days to optimise organisational performance and simplify processes.

HR Service Delivery Model

GSK Pakistan introduced the HR Service Delivery Model (SDM) in 2016 which is strategically aligned with GSK's HR Pillars. The HR SDM, which is a tiered system whereby each tier is responsible for a different set of tasks, aims to improve the delivery of HR services and ensure that world class a HR experience is provided to all GSK employees. The three aspects of the SDM are:

- Workday is an online HR Management System which enables employees to access their personal information and that of their team members.
- Knowledge Management (KM) is a system which enables employees to access a wide range of trainings on various topics .
- GSK HR Support Console provides employees with an opportunity to submit their queries to HR and ensures that they are resolved in a timely manner.

Unique Employment Value Propositions

At GSK our employees are encouraged to extrapolate their potential to the fullest; they are provided with ample career opportunities at GSK. In 2016, there were a total of 10 international transfer cases; employees transferred out to GSK

offices in the UK, Turkey, Belgium, Saudi Arabia amongst other countries. GSK's internal career portal also helps employees to develop and manage their next career shifts. Workday, an online portal, ensures GSK employees data is collated in a talent card which then helps the hiring managers to gain insight of their profile when applied for internal vacancies.

Developing our people

As GSK, we attract and retain our talent by investing in training and development which is tailored to their needs and builds on their strengths. And, through our approach to leadership development, our managers learn how to motivate team members to perform at their best.

We value both deep expertise and broad knowledge and experience. We believe career paths should be flexible and adaptable to meet the future needs of our business and the strengths and aspirations of our employees. To us, career development is about building experience and capability and is not defined solely by promotion and advancement. Diversity & Inclusion.

We aim to create an inclusive workplace to attract and retain the most talented people from across all backgrounds and cultures.



We focus on creating an inclusive organization where all employees feel valued and know that their work makes an important contribution. An inclusive environment welcomes different knowledge, perspectives, experiences and working styles from across our global population. This not only enhances individual creativity and innovation, but creates good business perspective.

Future Leaders Program

GSK Pakistan's Future Leaders Program is our flagship program designed to develop talented, ambitious individuals and aims to enable them to discover their potential to the fullest. This program provides individuals with various opportunities to lead GSK in the future whilst developing their own long term careers. We aspire to select the best talent and facilitate them to hone their technical skills and business acumen and provide them with various learning and development opportunities so that they are able to perform at GSK, whether in Pakistan or overseas.

Succession Planning

We take stringent measures to ensure that potential successors for critical and key positions are identified and developed through extensive trainings and a systematic evaluation process. The potential of employees is gauged in an effective manner and differing expectations of leaders and unique organizational practices are implemented to enable leaders to function at peak efficiency.

Talent Attraction & Retention

We attract and retain the most talented people by investing in training and development tailored to their needs and building on their strengths. Through our approach to leadership development, our managers learn how to motivate team members to perform at their best.

At GSK we value both deep expertise and broad knowledge and experience. We believe career paths should be flexible and adaptable to meet the future needs of our business and the strengths and aspirations of our employees. To us, career development is about building experience and capability and is not defined solely by promotion and advancement.

Dermatology

GSK Pakistan has a revered and long standing experience in dermatology with particular expertise in eczema, acne, psoriasis, atopic dermatitis and superficial skin infections. Our portfolio adds immense value to the currently diversified portfolio of the GSK business and we enjoy being in the position of undisputed leaders in the dermatology market both locally and globally.

The Dermatology portfolio carries a range of products from daily skincare to prescription products, all of which are science-backed, quality products that facilitate users with their individual treatment needs and advance the overall quality of life of people suffering from skin conditions.

We recognize the significance of healthy skin as it affects our daily lives and this encourages us to continuously produce a diversified portfolio of products ranging from prescription treatments, including Topical Steroids and Antibacterial products to daily skincare products such as soaps and sunscreens.

At GSK, patients are at the heart of every initiative we undertake which is why we strive to raise awareness on multiple skin infections and remain committed to facilitating patients and consumers to attain radiant and healthy skin by using our branded, high quality products. Our commitment in dermatology is based on our long-standing and reliant relationship with both dermatologists, and consumers, and hence we are devoted to developing superior and science-led skin care products so more consumers can enjoy healthy skin.

Key Milestones/achievements:

World Psoriasis Day:

Psoriasis is a non-communicable, chronic, immune-mediated inflammatory disease that affects the skin and joints. More than 125 Million people are globally affected by Psoriasis leading to impaired quality of life. Generally, in Pakistan, awareness related to skin diseases is low and patients often resort to self medication and home remedies which leads to further complications.

One of the focus areas for the Dermatology team at GSK Pakistan is to enhance awareness about skin related diseases, hence, in October 2016; we launched an integrated campaign to mark World Psoriasis Day. The main aim of the campaign was not only to educate doctors of their role in the correct diagnosis and counseling on the appropriate therapy but to also raise public awareness and drive patients to seek doctors for the recommended treatment.

Multiple channels of communication were adopted as part of this national level campaign including:

- Face-to-face interactions with doctors via the sales force teams.
- Case-based medical symposium conducted in 4 major cities.
- Press briefing reaching 4m people nationally.
- Digital engagement for doctors via platforms such as Health.gsk.com.pk, SMS and emails.
- Print materials targeting more than ten thousand doctors.

National Eczema Week

The Dermatology team at GSK Pakistan marked the National Eczema Week from 23rd to 30th November, 2016 in order to raise awareness about the social and psychological burden of this condition. Globally, at least 1 out of every 7 children and 1 out of every 10 adults are effected by atopic dermatitis which is a multifactorial disease resulting from complex interactions between susceptibility genes, environmental factors, skin barrier dysfunction, immunology/allergy and pruritus.

With over 50 years' experience in providing treatments for Eczema, GSK remains focused on addressing the needs of patients with Eczema through continued commitment of delivering quality medicines and educational campaigns.

In 2016, GSK Pakistan furthered this dedication to raise awareness about skin diseases and conducted a holistic Eczema awareness drive both internally and externally. Apart from in-office activations, the Dermatology team also raised awareness by:

- Internal digital engagement campaigns.
- Disease-related advertisements on Health.gsk.com.pk.
- Informative social media campaigns via Youtube, Facebook, Google and various other websites reaching more than 9m people nationally.
- Digital engagement campaigns for doctors via emails and SMS.
- Educational print material for doctors covering more than 15000 doctors.
- Pharmacy level engagement via informative disease-related posters.
- Two press releases and a dedicated radio drive.
- Multiple hospital activities.

Success of Zolanix Access strategy

One of the most promising and upcoming brands in GSK Pakistan's Dermatology-Anti Fungal portfolio is Zolanix. In 2015 Zolanix became the 10th GSK Dermatology brand to achieve Rs. 100 million in annual sales.

However, on account of the high product price, we at GSK felt, Zolanix was not fulfilling its potential and provide benefit to a vast number of patients, as is ultimately the intended goal of every GSK product. Hence, last year we launched Zolanix in a pack of 4 capsules in order to support the complete treatment regimen for the recurrent vaginal candidiasis indication and to increase patient access.

Since the launch of this new pack, we have achieved a growth of 400% in terms of counting units. This by no means was an easy feat and it further strengthens the fact that GSK is and always will be patient focused. This achievement is a true depiction of the trust both doctors and patients place in the quality products provided by GSK.

Successful pack upsizing of Clobevate

The Plain Topical Steroids market holds immense significance for the Dermatology unit at GSK and we excel with almost 72% market share in this category. One of our top brands, Clobevate

has been providing patients with relief from Psoriasis for over a decade. In order to improve patient compliance, in 2015, Clobevate was introduced in a larger pack size, Clobevate 20 grams with the hope of being as well received by both the doctors and patients as the Clobevate 10 grams pack. We are delighted that Clobevate 20 grams continued to be one of the most well performing brands for the Dermatology unit as it showed an exceptional growth rate of more than 20% as compared to Clobevate 10 grams the previous year.

Webinar and Webcast

Furthering our agenda of providing doctors with all relevant information regarding the prevalent skin diseases and also informing them of our trusted, quality products, the Dermatology unit organized a distinct Webinar and a Webcast in 2016, both of which proved to be a massive success.

The live and interactive Webinar addressed the topic of "Management of steroid-responsive dermatoses in general practice" and catered to more than 300 participants in 8 different cities across the country.

Similarly the Webcast, organized in September, was centered on the Management of Eczema and Psoriasis in Clinical Practice. More than 300 doctors participated in this Webcast, held in 8 different cities wherein discussions were held by Dr. Bernadette Baltazar Arcilla, Area Medical Expert for Dermatology of Asia-Pacific, GSK and by Dr. Marcela Cirigliano, Regional Medical Director (Area Medical Lead) for Dermatology, Respiratory & Allergy of Classic & Established Medicines, LATAM.

Going forward, the Dermatology unit will work harder to provide continued education to doctors regarding various skin ailments and how treat them in the best possible manner.



Vaccines

GSK's vaccines business is the largest in the country, providing close to 16 million vaccines in 2016 to the people of Pakistan. Our Vaccines continue to tackle some of the country's most devastating diseases, including pneumococcal disease, rotavirus and hepatitis.

GSK acquisition of the Novartis Vaccines business and its ongoing integration will help us expand our reach in terms of the antigens covered by the vaccines portfolio. This will facilitate us in reinforcing our belief that protection from life-threatening diseases provide greater health opportunities, not just for individuals, but also for the communities in which we live.



World Pneumonia Day

16% of all deaths globally of children under-5 years of age are attributed to pneumonia, which classifies this disease as the leading cause for children's mortality. November 12th each year is marked as World Pneumonia Day. Aligned with GSK's commitment to increase awareness for life-threatening diseases and improving the quality of human life, GSK Vaccines utilized the platform of World Pneumonia Day to generate awareness on Pneumonia. GSK's principal vaccine, Synflorix has the potential of saving thousands of lives each year in Pakistan. We at GSK Pakistan have historically used this day to highlight the importance of vaccination against this deadly disease. With an extensive World Pneumonia Day Campaign in 2016, a range of activities were conducted during this time which included: the airing of disease awareness messages by leading experts in Pediatrics on TV & radio channels, media seminars, press conferences and multiple health programs were held in key metropolitan cities, with renowned pediatricians emphasizing the disease burden of pneumonia and the importance of immunization.



Rotavirus Disease Awareness Campaign

According to medical experts, globally, one in nine child deaths result from diarrheal disease during the first 5 years of life. & diarrhea is the second leading causes of childhood morbidity and mortality. Rotavirus infection is the leading cause of severe diarrhea in young children worldwide and it is estimated that 527,000 deaths (out of 800,000 fatalities annually) occur due to diarrheal disease caused by rotavirus gastroenteritis. A majority of these deaths are reported in low income African and Asian countries.

An estimated 140,000 infants in Pakistan suffer from severe rotavirus gastroenteritis, out of which, nearly 15,000 die each year. GSK Pakistan conducted disease awareness campaigns at the start of 2016, emphasizing the burden of disease carried by Rotavirus Gastroenteritis, the resulting complications and the best method to avoid infection (vaccination). The campaign messaging was conducted in Urdu as well as regional languages such as Pushto, Punjabi and Sindhi, to ensure the greatest possible coverage.

Rotarix Webcast

In April 2016, more than 350 HCPs attended the Rotarix Webcast held simultaneously across 7 cities in Pakistan. The purpose of the webcast was to disseminate information regarding the burden of disease as well as highlight the importance of early protection in newborns. By sensitising the leading HCPs of the country, the aim was to trigger a knock on effect whereby a large number of childhood deaths can be prevented.

RVGE Inclusion in the Pakistan EPI

Following the successful launch of the Pneumococcal vaccine in 2012, the introduction of the Rotavirus Diarrhea vaccine into the Pakistan EPI is another landmark achievement in the global partnership between GSK, GAVI and the Government of Pakistan. Streptococcus pneumonia and Rotavirus Gastroenteritis are attributed to be the two leading vaccine preventable causes for mortality in children under the age of 5. The disease is preventable with free of cost vaccination, courtesy of GAVI support to the Government of Pakistan to fund Rotavirus vaccine in the EPI program in line with WHO recommendations. This ensures coverage & protection for children who are otherwise unable to afford this critical vaccine, saving an estimated 15,000 lives every year.



World Immunization Week

“World Immunization Week”, a global public health campaign based on the objective of “Closing the Immunization Gap” is arranged each year at the end of April by the WHO. GSK Pakistan uses this platform to raise awareness on the importance of vaccination and prevention of deadly diseases such as pneumonia, rotavirus, and cervical cancer and to increase the immunization coverage in the country amongst the general population.

In 2016, the global vaccines team arranged a Webinar to broadcast a combined speaker session by our global internal experts, to healthcare professionals in the entire MENA/CIS region. Within Pakistan, the GSK Vaccines team arranged the broadcast across five venues, Karachi, Lahore, Islamabad, Rawalpindi, and Multan, involving nearly 350 HCP's. The overall campaign was successful in creating a substantial share of voice public awareness messages reaching approximately 4.6 million people across Pakistan in just one week. By continuing such initiatives, the Vaccines team is optimistic about increasing coverage and closing the immunization gap in Pakistan.

Vaccines Summit



The Vaccines Summit was a series of 3 speaker events conducted in Karachi, Lahore, and Islamabad. The purpose of the event was to engage with Key Opinion Leaders in each city and update them on the latest scientific data related to our vaccines, and the diseases they provide protection against. For these events, the GSK Pakistan Vaccines team invited Dr. Serdar Ozturk, Dr. Richard Adegbola, and Susan King to conduct engaging and interactive speaker sessions where they provided the latest updates on pneumococcal disease, RVGE, as well as the complexities of the Vaccine manufacturing process.

Vaccinology Forum

The Vaccinology Forum initiative serves to disseminate our message of immunization awareness across the country, through speaker sessions conducted by our internal experts on Vaccines. The audience for the sessions consisted primarily of Pediatricians, GP's, and even Gynaecologists, to ensure that they have the knowledge and insight to further cascade the message of Vaccine awareness in their communities. The topics of discussion revolved around, Pneumococcal disease, Rotaviral Gastroenteritis, Cervical Cancer, and Vaccine Hesitancy.

Primary Care

A year of Milestones in Pakistan

Augmentin™ (Co-amoxiclav)

2016 was a highly successful year for GSK's flagship brand Augmentin, in which it attained the highly coveted landmark of PKR 5 billion in secondary sales. Augmentin is the only antibiotic in Pakistan's pharma industry to have achieved this distinction. Based on a legacy developed over 30 years, the Augmentin brand proudly stands as the Antibiotic most trusted by healthcare professionals in Pakistan.



Amoxil™ amoxicillin

2016 was a landmark year in Amoxil's 40 year history when this classic and established brand attained the PKR 2 billion landmark in secondary sales across Pakistan. The RxCx collaboration played an integral part in Amoxil's success by allowing us to target major indications such as Acute Tonsilopharyngitis, Dental Abscess and Helicobacter pylori induced infections by putting into practice GSK expectation of working across boundaries.



TRAXON® (Ceftriaxone Sodium)

Traxon (ceftriaxone sodium) was launched in 2015 under the GSK Pakistan's "Value health initiative", which aims to provide access to quality medicines for patients at large at affordable prices. Quality is of the utmost importance when it comes to prescribe injectables for the critically ill patients of Pneumonia and Typhoid fever, and that is precisely what Traxon delivers.

With the objective of increasing the access of quality medicines to a larger patient population, Traxon has won the trust of several healthcare providing institutions of Pakistan and has been included in many tenders and formularies. This is a clear reflection of GSK's commitment towards helping patients to access quality medicines to enable them to do more, feel better and live longer.



Zantac® Ranitidine HCl

Zantac, a trusted choice by doctors across Pakistan for the treatment of Acid-Related Disorders, achieved the Rs 1 billion landmark in 2016 and continues to be the 3rd most prescribed drug in therapy area showing the immense trust doctors have based on the quality, efficacy, and safety of this product.

Coupled with the recent scientific data of anti-ulcerant drugs and the new promotional strategy in place, Zantac was repositioned as the first line treatment of GERD and maintenance therapy for gastric Ulcers. This helped the Zantac team to deliver double-digit growth for this product in the last six months of 2016.



Velosef® (cephradine)

Velosef, which is the second largest GSK anti-infective in Pakistan's cephalosporin market surpassed the Rs. 2 billion milestone in 2016. This was achieved despite facing supply constraint issues throughout the year. In order to augment the levels of scientific discussion between GSK representatives and HCPs, new patient-focused campaigns were launched in the year 2016. The communication strategy of these campaigns was to encourage the rationale use of antibiotics among HCPs as per the latest treatment guidelines. The discussion between HCPs and GSK has resulted in Velosef having achieved double-digit growth in 2016.



FixVal (cefixime)

In a category that contains 150 competitors, Fixval is now the 5th most prescribed brand of GSK in the Cefixime market. This success was achieved by establishing a digital foot print through our Multi-Channel Marketing initiatives (MCM).

Fixval messaging in 2016 centered on a series of digital initiatives such as: iPad detailing and multiple knowledge based forums dedicated to engage HCPs in a scientific dialogue. Such initiatives have not only improved the quality of our interactions with the HCPs but, have also delivered value to patients, who are at the heart of every decision we make.



FefolVit iron & vitamins with folic acid

Fefolvit was introduced in the market in 1981 and to date, continues to be the trusted choice of Doctors for iron deficiency anemia in pregnant women. Adding to GSK's Legacy Fefolvit continue to grow in a highly cluttered market, achieving sales in excess of Rs. 690 Million in 2016. In the coming year Fefolvit aims to strengthen its footprint through ongoing digital campaigns and other multi-channel initiatives.



CALPOL™ (Paracetamol)

One of the GSK's legacy brands, Calpol crossed PKR 1.5 billion in sales value in 2016. It continues to be one of GSK Pakistan's fastest growing brands registering a solid 25% growth and consequently resulting in a greater patient access. 2016 has been a landmark year for Calpol, where the pediatrics' Calpol suspension range has established itself in the trade market and Calpol tablets have now been made a part of several hospital formularies.



Specialty Business Unit

Specialty Webcasts:

In 2016, the Specialty business unit conducted 5 successful webinars engaging over 1,500 HCPs at 24 locations across Pakistan. Amongst these, the Urology portfolio received recognition for having the 2nd highest numbers of registrations globally at a GSK webinar. These webinars, which were conducted at 24 locations across Pakistan, involved international experts as speakers for a variety of disease areas such as Epilepsy, Depression, Anxiety, Bipolar Disorder, Respiratory and Urology.

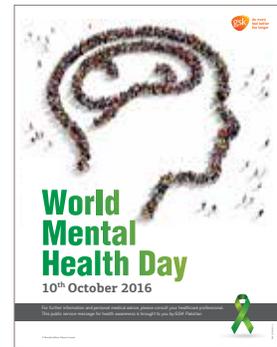
Team Restructuring of CNS and Urology:

The merging of the Central Nervous Systems and Urology teams was a key initiative of the Specialty business unit to increase medical representative productivity and GP coverage over Pakistan for both teams. This merger, which was initiated in July 2016, involved territorial restructuring and analysis followed by employee transfers and relocations. Each team member went through an intensive training program for their new products and therapy areas. By the end of 2016, the new formed Team NeUro was making an additional 200 calls per day, covering 85% more HCPs, enabling us to reach out to smaller territories and improve patient access to our products.

Disease Awareness:

In line with our value of being patient focused, creating awareness of diseases amongst the public is a key priority of the Specialty business unit. Throughout 2016, the team used global awareness days as opportunities to cascade important messages to the public by leveraging events such as World Asthma Day, Urology Week and World Mental Health

Day. Activities such as press briefings, social mobilization, and spot radio messages, helped us reach out to over 5 million people across Pakistan. The Urology team helped educate the general population about the signs and symptoms of Benign Prostatic Hyperplasia, while the CNS team conducted activities on mental health to address the misconceptions and taboos associated with such illnesses.



GSK Pharma Launch 2016

Seretide Diskus



GSK has a deep commitment to improve healthcare by developing new medicines and widening their access across the world. To cater to the needs of 15 million Asthma patients across Pakistan, in 2016 GSK Pakistan introduced Seretide Diskus – a best in class product in a unique and easy to use device. Aligned with our mission to do more for the patients in Pakistan, the price of Seretide Diskus price was reduced to PKR 695 in October 2016, making it more accessible to all eligible Asthma patients.

Medical Affairs

In the Pharmaceutical Industry, GSK has long been considered as a pioneer in setting standards and leading change. In 2016, GSK Pakistan embarked on an unprecedented journey by adopting ways of working that were both challenging and norm-defying. Driven by the intent to keep the patient at the heart of every decision, we explored ways to provide unbiased scientific information to the HCPs that would translate into optimization of patient care.

While 2015 was a year of identifying changes that would bring us closer to our goal, 2016 was devoted to embedding the new ways of working into our very core, thereby making the ambition of evolving into a completely 'Patient-focused' organization a reality.

One aspect that differentiates GSK from the competition is the evolution of its Medical Affairs (MA) team. Where MA was once predominantly an internally-focused support system for the Commercial function for many years, it is now an externally-focused and integral strategic partner for the latter. Having expanded its capability as well as its capacity has resulted in the development of new role in MA, the Medical Scientific Liaison (MSL). The MSL essentially acts as a scientific bridge between the internal GSK community and external customer base. In 2016, a growing team of MSLs together with GSK's Internal Medical Experts and Medical Managers spearheaded many medical educational and disease awareness initiatives for HCPs and the general public, while keeping science and patients at the heart of our focus at all times.

In order to ensure that our scientific dialogue is cascaded to as many HCPs as possible, we explored different channels of communication to maximize our reach. While reinforcing our conventional communication methods, we also deployed new



digital channels to effectively deliver our science to greater number of HCPs in a more impactful manner.

Initially thought to be a challenging journey, GSK's new model of HCP engagement has been successfully implemented with positive acceptance across the HCP universe. Furthermore, the robust Medical platform is now well-established with clearly defined objectives & Key Performance Indicators in place. The Medical Affairs team looks forward to building upon this foundation and achieving even greater heights in 2017 and beyond.

Awards 2016



GPS Award 2016

GSK Pakistan received the "Global Production System Award 2016" from the Vice President of GSK Global Production System, Hichem Jouaber & GMS President, Roger Connor. GSK Pakistan's Karachi site, F-268 was recognized as one of the top 3 sites in the GMS Network for their tremendous contribution in deployment of GSK Production System, resulting in considerable year on year business improvements in all key performance indicators.



EMA-Winning Performance Award

GSK Pakistan's Vaccines & Medical teams were awarded Gold (1st Place) in the GSK Emerging Markets & Asia (EMA) Winning Performance Award 2016. The award was to recognize their contribution in ensuring availability and continuity of Synflorix vaccines for the children of Pakistan through the Expanded Program on Immunization (EPI) of Pakistan which is funded by Global Alliance on Vaccines & Immunization (GAVI). The team members included Dr. Naved Masoom Ali (Director Medical), Dr. Tariq Farooq (Business Unit Director Dermatology and Vaccines), Munir Tahir Sandhu (Key Accounts Manager Public Market), Saroash Khurram (Brand Category Manager Vaccines), Yahya Jan (Country Medical Lead Vaccines), Muhammad Ali Aamir (Project Manager Vaccines Public Market) and Dr. Ali Munir (MSL Vaccines)."



Talent management in Pakistan wins global recognition

In September 2016, GSK's Global Talent Programme (GTP) launched an excellence award with the aim of recognising line managers who have excelled in their role to support and develop early talent in GSK. Graduates were asked to nominate line managers who role-model the GSK values and exemplify the GSK expectation 'Develop capability and talent!'

Following the submission of 190 from across the GSK network, a central judging panel of 16 Programme Managers from all Early Talent Programmes and the GTP team convened and selected 31 winners based on centrally agreed criteria. GSK MENA/CIS Area is very proud that Haseeb Pirzada, Head of Corporate Affairs & Administration in GSK Pakistan, was one of the winners.



Best Corporate and Sustainability Report Award 2015

GSK Pakistan was awarded 5th place in "Other/Miscellaneous" sector of the Best Corporate and Sustainability Awards for 2015. The award was presented to GSK by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). This award has been instrumental in encouraging local companies to follow transparency in preparing their annual reports according to international best practices.



Corporate Sustainability

GlaxoSmithKline Pakistan Limited

Global Manufacturing & Supply (GMS)

At GSK, quality is an essential part of achieving our GMS goal to consistently deliver outstanding products, service and value to patients and consumers through a best-in-class, integrated supply chain. As a function, we comprise of more than 4,000 Quality professionals worldwide: centrally, regionally, in local markets and at each of our 87 manufacturing sites. We strongly believe that whatever work we do has a positive impact on their lives.

This thought helps us maintain a connection with our mission to help people do more, feel better and live longer. GMS in Pakistan is part of Regional Supply Chain model, focusing on delivering high quality products to the patients and consumers, focusing on the four key strategic priorities that are invest in our winning team, deliver products of value at optimal cost, connect across supply chain and work with zero accidents, defects and waste. With these key priorities, we focus to drive continuous improvements for long term business growth and sustainability, aiming towards a best-in-class integrated supply chain.



Warehousing and Distribution (W&D)



Warehousing and Distribution (W&D) is a critical part of the overall supply chain function. At GSK, one of our core values is being “Patient Focused” and we have aligned all our activities accordingly. Our W&D function takes pride in the fact that we are able to reach our respective customers swiftly and efficiently. In doing so we are also committed to improving our operational capabilities and ensure the highest standards of QMS & EHS are adhered to.

In 2016, the following steps were taken to further streamline the distribution of quality products, increase warehouse space utilization, and to improve the overall flow of products. These steps included:

- Implementation of temperature controlled vehicles to ensure products reaching patients are stable, efficacious and of the highest quality.
- These temperature controlled vehicles have also helped us to reduce gaseous emissions and effluent discharge in order to safeguard the environment and reduce the consumption of ozone depleting substances that directly and indirectly adversely impact global temperature.
- Ensuring 100% stock accuracy at our warehouse and product delivery with 98% OTIF (on time Inventory Full).
- Ensuring storage is compliant with Good Warehouse Practices with effective record retention to protect intellectual property.
- Ideation Workshops organized and executed to identify CTS (cost to serve) saving opportunities every year.

Environment, Health & Safety (EHS)

Employees Health & Safety at GSK - "Work With Zero Accidents" (Zap):

At GSK we are responsible for and committed to providing a healthy and injury free environment in which our employees and contractors can help achieve the Company mission in a safe, sustainable and risk free manner.

We strive to achieve this through our "Living Safety" programme, which aims to improve safety culture and behaviours for all our employees, contractors and visitors across our facilities in Pakistan.

Through this programme, we have set robust reporting parameters that minimize the impact of behaviors that could lead to an unfavorable event and which also enhances the sense of responsibility for keeping the workplace safe and without hazards.

In line with our ambition to "Work with Zero accidents", GSK Pakistan proudly finished 2016 without a single injury, which equates to more than a million safe man hours. A summary of initiatives undertaken to help achieve this Milestone include:

- Improvement of Human Behaviour based at safety sites
- Conducting shop floor trainings for employees and imbedding a culture to encourage and escalate issues arising from the shop floor.
- Reporting of "Near Miss" incidents which were then investigated and analysed with the help of Regional Experts.
- Awareness programs conducted throughout the year.
- Emergency Response Drills were held frequently to help prepare emergency staff for unforeseen incidents.
- Increased Risk Identification.
- Fire Risk Assessments were conducted on continual basis to prepare for fire emergencies.



As part of GSK's Health and Wellbeing initiative, awareness events were also conducted at our manufacturing facilities, where as a part of GSK's Partnership For Prevention (P4P) initiative, where stalls for free vaccination, cardiovascular health screenings and basic medical checkups were offered to the employees and their families.



Conservation of Energy and Reduction in Emissions

As Pakistan undergoes an energy crisis, being a socially responsible corporate citizen, GSK has undertaken several initiatives aimed at conserving electricity. In 2016, GSK Pakistan installed an additional 100 KW in Solar Power to reduce the consumption of electricity from the national grid. We further introduced Variable Frequency Drives (VFD) to our systems to optimize the efficiency of high energy consumption equipment such as Air Handling Units. Other small steps such as the Installation of LED lights have also helped GSK reduce its burden on external sources of energy, thus allowing minimize our burden on the environment and communities in which we operate.

In order to safeguard the environment and reduce the consumption of ozone depleting substances that directly and indirectly impact global temperatures, GSK conducts the quarterly monitoring of gaseous emissions and effluent discharge for all our manufacturing facilities. We have also introduced environment friendly gases (407C and 134A) in all Air Conditioning units thus enabling us to play our part in protecting the ozone layer.

One of GSK's aspirations is to achieve its long term "carbon neutral" goal across the value chain by 2050. As part of this objective, we have undertaken the following initiatives in 2016:

- Installation of a 100 KW solar power system that helps combat greenhouse gas emissions. In reducing our dependence on fossil fuels, this initiative alone has resulted in the lowering of carbon footprint by 18tons as compared to fossil fuel power plants. The introduction of variable frequency drives (VFD) on air handling units has reduced the energy consumption on these systems by up to 70%. This has not only resulted in reduction in the elimination of 54 tons of carbon gases, but has also reduced the downtime incurred on account of maintenance issues such as electro thermal overloads, phase protection and over and under voltage.
- GSK has undertaken an initiative to replace its lighting with LED fixtures to not only save energy but to also enhance the lifetime of the lighting systems thus reducing maintenance costs over time. More importantly, the installation of LED light fixtures has reduced the impact of greenhouse gases on the environment by 23 tons, an important contribution to achieving our carbon neutral goal by 2050.

We believe these initiatives will not only help GSK improve its long term sustainability, but will also position the company as a model corporate citizen that contributes to our society.

Quality Management System (QMS)

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

Our objective is to focus on maintaining the highest quality for our products and drive continuous improvement by implementing the latest Global policies and procedures developed for product quality and delivery. The implementation of these QMS practices ensures that the highest quality product reaches our patients timely.

Our long-term sustainability is dependent on the benefit our products give to people to improve quality of life & help them do more, feel better and live longer. Therefore, the responsibility to make, test and ship our products with the highest quality standards will always remain the foremost focus of our attention.

The framework of QMS revolves around nine pillars; management, personnel, documentation, facilities, material and product control, process assurance, analytical controls, incident management, each having a set of policies and procedures that are applicable to the all the functions in GSK. These GSK wide principles create a culture where people are predestined to put quality at the heart of every decision they make.



To augment the implementation of QMS and drive continuous improvement, a Quality Improvement Plan (QIP) is put in place annually that derives key measures to improve the robustness of our existing systems, address key challenges from the Regulatory bodies and meet their expectations on the continuous improvement journey. These initiatives included:

- Strengthening the supply chain through forward and backward integration by building strong relationship with supplier to ensure high quality standards in the whole E2E Supply chain.

THE GSK QMS SYSTEM

Foundations			Governance			Continuous Improvement		
QMS	Personnel & Training		Management Review	Risk Management		Auditing	Deviations	
Data & Documentation			Change Control			RCA / CAPA	Communication (Quality Alert)	
Regulatory Management						Incident Management		
Registered Information Management	Artwork Control		Regulatory Compliance	Regulatory Inspection Management		Complaints	Product Incidents & Recalls	
Product Lifecycle Management						Incident Management		
Product Development	Product / Pack Design	Product Transfer	Product Lifecycle Mgt	Validation	Cleaning	Acquisitions / Divestments		
Buy → Make / Pack → Release → Store → Ship						Technical Terms of Supply		
Sourcing	Printed Packaging	Reprocessing & Reworking	Batch Release	Repacking	Distribution	Supply Chain Traceability		
Make / Pack	Line Clearance	Product / Batch Controls	Trials	Handling & Storage				
Analytica Controls						Facilities / Equipment		
Sampling	Testing		Stability	Out of Specification		Design, Operation & Control	Maintenance & Calibration	Utilities
Third Party Control				Product Specific Requirements				
Supplier Control	Contractor Control	Third Party Customers	Outsourcing	Medical Devices	Steriles	Vaccines / Biopharm	Cosmetics	Food Products

- Optimizing the lead times by simplifying the testing mechanism such as through the use of Raman Spectrophotometer, the Raw materials are testes in shortest span of time with highest accuracy
- Up-gradation of all our ERP systems that ensure data integrity, transparency as per global ITMS Validation requirements.
- Focus on supplier management to comply with GSK QMS standards; we place the highest demands regarding compliance with standards not only for ourselves but also for our suppliers.
- Focusing on overcoming barriers to access to medicines, which involves factors such as development, health policy and health system infrastructure, rational use of drugs, temperature compliant storage, and infrastructure for transport and distribution of drugs.
- Implementation of temperature controlled vehicles to ensure products reaching patients are stable, efficacious and of the highest quality.
- Distributor awareness workshops organized and executed in local languages across Pakistan to disseminate QMS compliant ways of operations.
- Ensuring storage is compliant with Good Warehouse Practices with effective record retention to protect intellectual property.
- Product realization, the process of achieving and maintaining controls to consistently and reliably produce the same product.
- Process of continuous improvement by ensuring that we achieve the right first time delivery with zero defects.

The fundamental purpose of having QMS in place and in use is to ensure that whatever we do at GSK is aligned with our core value of being Patient focused as everything we do is for the person at the end of our supply chain so that they can do more, feel better and live longer.

Corporate Social Responsibility (CSR)

As a socially responsible healthcare company, we at GSK are committed to conduct business in a manner that benefits society and also ensures our long term sustainability. Corporate Social Responsibility is therefore an integral part of the GSK ways of working. We support outreach programs at the grass root level, focusing on health, education and general medical relief. Our employees also participate in skills-based volunteering initiatives that enable them to make a contribution to communities both in Pakistan and around the world.

In 2016, our primary focus remained on improving manufacturing efficiencies and investing in eco-friendly technologies to enable patient access to quality medicines at affordable prices whilst ensuring that we do so with the least amount of burden on the environment.

GSK in the Community: **PULSE Volunteer Partnership**

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

Primarily, PULSE works with global non-profit partners and non-governmental organizations to determine assignments based on the areas of utmost need. These assignments offer the volunteer a chance at significant skill development, insight into new cultures and an overall life-changing experience.

GSK Pakistan's first ever PULSE Volunteer, Nazir Ahmed, embarked on his PULSE journey in 2016. A Sales Manager from Multan, Nazir, worked with Jhpiego, an international NGO affiliated with John Hopkins University, in the Tabora region of Tanzania. Nazir helped develop of demand creation, a comprehensive communication strategy and change management plan, which are all crucial for the prevention of AIDS in Tanzania. Nazir's 6 month placement proved to be a mutually beneficial partnership as this not only created sustainable change for our non-profit partner but also proved to be a valuable learning experience for Nazir himself. Post-completion, Nazir has returned to GSK with fresh insights



and a new perspective that has lead him to change his way of working and improve GSK for the better.

Orange Day 2016:

To achieve GSK's mission to help people do more, feel better, live longer, in both letter and spirit, it is important that as an organization and individuals, we also give back and contribute to our community. Employees are able to accomplish this through activities such as Orange Day, where they are provided



with an opportunity to contribute their time and skills to work with underprivileged societies.

For Orange Day in 2016, GSK Pakistan partnered with SOS Children's Village, an NGO that provides shelter and education to abandoned and orphaned children. Established in 1977, the SOS Children's Village operates in over 14 districts across Pakistan.

In the first of a two part engagement, GSK Pakistan held a Bake Sale to raise funds for the SOS children. This event was held at the GSK's West Wharf premises in Karachi, where employees from across all functions participated with great enthusiasm. Volunteers brought home baked goods along with other gourmet items, which were sold at the event to raise funds for this worthy cause. The event turned out to be immensely successful and by the end of the day GSK Pakistan achieved its objective of raising a handsome amount from which uniforms were provided to the SOS children.

Following the Bake Sale, GSK then hosted the SOS children at a children's arcade in Karachi. Volunteers from across the organization engaged with the children for many fun-filled activities throughout the day. While it was heartening to see the children have a wonderful time, the GSK volunteers thoroughly enjoyed themselves as well.

Orange day is an immensely fulfilling experience as it not only helps light up young faces but also gives us the opportunity to practice the GSK values in everyday life.



Corporate Responsibility:

Conservation of Resources and Reduction in Emissions

At GSK, we actively recognise the need for sustainability and are working towards creating an energy-efficient organization. The carbon footprint we generate is one of our key focus areas as these emissions not only threaten our environment, but form part of GSK's aspirations to achieve a long term "carbon neutral" goal across the value chain by 2050.

Building upon the foundation we laid down last year, GSK Pakistan installed an additional 100 KW in Solar Power to reduce the consumption of electricity from the national grid. We introduced Variable Frequency Drives (VFD) to our systems to further optimize the efficiency of all high energy consumption equipment. Other small but important steps, such as the installation of LED lights across all our facilities also helped GSK reduce its reliance on external sources of energy. As a result of these three initiatives, we were able to further reduce our carbon emissions by 95 tons in 2016.

Furthermore, to safeguard the environment and reduce the consumption of ozone depleting substances that directly and indirectly impact global temperatures, GSK vigilantly conducts the quarterly monitoring of gaseous emissions and effluent discharge for all our manufacturing facilities. We have also introduced environment friendly gases in all air conditioning units thus enabling us to play our part in protecting the ozone layer.

We also remain committed to our responsibility in conserving water in the communities in which we operate. Having set up tertiary treatment plants across all our manufacturing facilities, GSK Pakistan now recycles over 55,000 gallons of waste water every day, contributing to a significant reduction in the scarcity of this resource and saving precious drinking supplies for the inhabitants of neighboring communities. By reducing the amount of pollutants entering the ecosystem, our waste water management system also helps preserve marine life that is being threatened with extinction, thus enabling us to truly place all living species first, in our way of operating.

Directors' Profile



Mr. Dylan Jackson
Chairman

Dylan Jackson is Vice President Finance for the Middle East, North Africa and Russia/CIS unit of GSK's Global Pharmaceuticals business." Dylan joined GSK in 2012 as Head of Strategy for Emerging Markets and Asia-Pacific and as a member of the EMAP Leadership Team. In this role he was a key driver of GSK's Emerging Markets strategy, as well as leading major initiatives including GSK's Africa 2020 investment programme. Dylan went on to hold the role of General Manager of the Kazakhstan and Central Asia cluster, and more recently, led the Novartis transaction on behalf of the Global Pharma business. Dylan is a graduate of Oxford University and a pharmaceutical industry expert with 17 years experience in this sector. Before joining GSK, he held a number of senior Commercial and Corporate Development roles at General Electric (Healthcare) and Takeda Pharmaceuticals; he has also supported a number of global pharmaceutical companies as a Strategy Consultant and led two Pharmaceutical industry start-ups.

M. Azizul Huq is the VP and General Manager of GSK Pakistan. He began his career with Rhone-Poulenc (now Sanofi) in Bangladesh and during the 9 years with the company, moved through different progressive roles in product and marketing management. He then joined the legacy company Glaxo Wellcome in Bangladesh as Marketing Manager in 1998 and also held the positions of Sales & Marketing Manager before being appointed Marketing Director during the merger through which GSK was created. Aziz was appointed General Manager & Managing Director of GSK Bangladesh in 2003 and was appointed VP & GM of GSK Pakistan in November 2015.

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



Mr. M. Azizul Huq
Chief Executive Officer



Mr. Husain Lawai
Independent Director

Husain Lawai is a seasoned banker with vast experience in the banking and financial services industry of this region. His significant career has seen him serve as the President and CEO of MCB Bank, Atlas Bank and has retired in February 2016 as the President and CEO of Summit Bank. He holds a Masters Degree in Business Administration from the Institute of Business Administration, Karachi.

He is currently serving as the Chief Executive Officer at the Institute of Bankers Pakistan, and is the key enabler of the local Islamic banking system through the formation of Faysal Islamic Bank, the first Islamic Sharia Compliant Bank of Pakistan (presently known as Faysal Bank Limited). He has also served as the General Manager, Emirates NBD Bank for Pakistan and Far East. Currently, Mr. Lawai is the Vice Chairman of Summit Bank and Central Depository Company of Pakistan, respectively. He is also on the Board of Directors of Wyeth Pakistan Ltd., GlaxoSmithKline Pakistan Ltd., GlaxoSmithKline Consumer Healthcare Pakistan Ltd., and The Searle Company Ltd. He is on the Board of Governors of Karachi Grammar School and Virtual University of Pakistan. Apart from this he has also served as the Board of Director of PIA & State Life Corporation of Pakistan. The young talent who played for Pakistan's National Team was recruited under Husain's supervision through the MCB Talent Hunt program.



Mr. Abdul Samad
Chief Financial Officer

Abdul Samad is Chief Financial Officer / Finance Director and joined the Board of Directors of GlaxoSmithKline Pakistan Limited on August 1st, 2015. Abdul Samad is a Chartered Accountant and fellow member of ICAP. He joined GSK in 2002 and during 13 years of association with the company, he has obtained diversified multi market experience and worked on various finance roles covering Business Partnering, Shared Services, Compliance/ Internal Audit and Supply Chain. He has also taken secondment assignments in GSK Saudi Arabia and Morocco. Prior to joining GSK, he has also served as Audit Manager at PricewaterCoopers (PwC) Pakistan.

Mehmood Mandviwalla is the Senior Partner of the law firm, Mandviwalla & Zafar. He obtained his LLB (Hons) from the London School of Economics and Political Science and qualified as a Barrister from the Hon'ble Society of Lincoln's Inn. He has been in commercial law practice for over 30 years. He is the President of SAARCLAW (South Asia Association for Regional Co-operation in law). He is also a member of the Board of Governors of the British Overseas School and Trustee of ICI Pension Fund.



Mr. Mehmood Mandviwalla
Non-Executive Director



Mr. Nicolas Ragot
Non-Executive Director

Nicolas Ragot was appointed Regional Pharma Supply Chain Head, MEA/ CIS effective 1 May 2015, replacing Dave Coope, Russia will remain in the scope of his new role in which he will continue to report to Regis Simard, SVP Europe & EMAP Pharma Supply. In this role, Nicolas will lead the GSK end-to end supply chain in MEA and CIS, overseeing Boudouaou (Algeria), El Salam and Giza in Cairo (Egypt), Jeddah (Saudi Arabia) and F268, West Wharf and Korangi (Pakistan) manufacturing sites. He will serve as a member of the Pharma MENA/ CIS Commercial Leadership Team and will also work closely with Rodrigo Becker, SVP Africa & Developing Countries collaborating on the Africa 2020 GSK Strategy. Nicolas joined GSK in 2000 as Penicillin Production Director at Mayenne (France). In 2004, he moved to Evreux (France) taking up the role of Production Director for Inhaled Products. In 2008, Nicolas became Site Director at Mayenne, before moving onto the same position at Evreux in 2011.

Sohail Ahmed Matin started his career in Supply Chain with Glaxo Pakistan Limited in 1986 and then moved to SK&F and Sterling Winthrop. He joined SmithKline Beecham in 1997, and since then worked as Director Quality Assurance & Manufacturing Development in Pakistan and Area Regulatory & Business Development Director Middle East & Africa in Dubai, before moving back to Pakistan in 2007 and taking on his current role. At GSK, his biggest achievement was the turnaround of 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 company's high growth ambition (Vision 4X).

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



Mr. Sohail Matin
Non-Executive Director

Board & Management Committees



The Board of Directors

GSK Pakistan Limited Board of Directors is responsible for the company's system of Corporate Governance and is ultimately accountable for the company's activities, strategy, risk management and financial performance.

The Board is also accountable to the Shareholders for ensuring that GSK is appropriately managed and achieves the strategic objectives it sets.

The Business is focused around delivering of three strategic priorities which aim to increase growth, reduce risk and improve our long term financial performance. These priorities are: grow a balanced global business, deliver more products of value and simplify the operating model.

At GSK we have an extremely capable and dedicated Board of Directors. The Board carries out its responsibilities through meetings held 4-5 times a year, which includes the approval of overall budgetary planning and business strategy.

The Board reviews our internal controls and risk management policies and approves our governance structure and code of conduct. It also appraises and approves major financing, investment and licensing decisions and evaluates and monitors the performance of GSK as a whole. This includes:

- Evaluation of progress towards our financial and business objectives and annual plans
- Scrutinizing the performance of management in meeting these objectives and plans
- Monitoring through reports received from various committee meetings, the key significant risks facing GSK

Board's Performance Review and Continuous Professional Development

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

Membership and Attendance

The names of the members of the Board of Directors, attendance in the Board Meetings held during 2016 are detailed on page 48 and their profiles are detailed on pages 42 to 43.

Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee is a Sub Committee of the Board. It is responsible for making HR policies, reviewing and recommending the selection, evaluation and compensation of the CEO, CFO, Company Secretary, Head of Internal Audit and senior management who are reporting directly to the CEO.

It is also responsible for reviewing and recommending HR Management Policies and the succession planning process of the CEO and his direct reports. It also considers and approves recommendations of the CEO on matters related to key management positions who report directly to the CEO.

This Committee comprises of 4 members; consisting of mainly non-executive directors, including one independent director. The Committee meets at least once a year.

Composition of the Board

The Board consists of Executive and Non-Executive Directors, including Independent Directors with the necessary skills, knowledge, experience and competence, so that the Board as a group includes competencies and diversity considered relevant in the context of Public Sector Company's operations.

The Board comprises of the Chairman and the Chief Executive Officer, which are two separate positions.

Role of the Chairman

The office of the Chairman is to lead and manage the business of the Board to provide direction and focus, while ensuring that there is a clear structure for the effective operation of the Board and its Committees.

The Chairman shall be separate and his responsibilities distinct, from those of the CEO. He sets the Agenda for the Board discussions to promote effective and constructive debate and to support a sound decision making process, ensuring that the Board receives accurate, timely and clear information about the company's performance. He shall also ensure that all the directors are enabled and encouraged to participate in the decisions of the Board. He shall however, not be involved in the day to day operations of the Company.

Role of the Chief Executive Officer (CEO)

The CEO's leadership role entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management, in accordance with the Ordinance.

His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively in accordance with all statutory obligations. His role is also to keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company and to ensure that processes and systems are in place to ensure that the CEO and the management of the Company are adequately informed.

Directors' Report to the Shareholders

The Board of Directors of GlaxoSmithKline Pakistan Limited is pleased to present to you the Annual Report along with the Company's audited financial statements for the year ended December 31, 2016.

The Directors' Report has been prepared in accordance with section 236 of the Companies Ordinance, 1984 and regulation 5.19 of Pakistan Stock Exchange Limited. This report is to be submitted to members at the Seventieth Annual General Meeting of the Company to be held on April 24, 2017.

Operating results

	Rs. in million
Profit for the year before taxation	4,540
Taxation	(1,778)
Profit after taxation	2,762
Un-appropriated profit brought forward	3,701
Other comprehensive income	42
Profit available for appropriation	6,505
Appropriations:	
Final dividend 2016	
Cash	(1,274)
Un-appropriated profit carried forward	5,231

The Board of Directors is pleased to announce a final cash dividend of Rs. 6.00 per share amounting to Rs. 1.9 billion, subject to the approval of the shareholders at the Annual General Meeting to be held on April 24, 2017.

Net sales for the year were Rs. 27.6 billion and our core pharmaceutical business delivered turnover of Rs. 25.1 billion with an underlying growth of 9.6%. Net profitability of the company was Rs. 2.6 billion from continuing operations, an increase of Rs. 134.2 million from last year.

Holding Company

As on December 31, 2016, S.R. One International B.V., Netherlands held 263,029,794 shares of Rs. 10 each. The ultimate parent of the company continues to be GlaxoSmithKline plc, UK.

Pattern of Shareholding

The Company's shares are traded on the Pakistan Stock Exchange Limited. The shareholding information as of December 31, 2016 and other related information is set out on pages 117 to 120.

The Directors, Company Secretary, CFO, Executives, their spouses and minor children did not carry out any trade in the shares of the Company.

Chief Executive's review

The Chief Executive's review on pages 56 to 59 deals with:

- Economic overview and business performance with latest developments in the Pharmaceutical industry

- Performance review of the Company during the year and significant changes from the previous year along with reasons.
- Effective cash management strategy.
- Future outlook and challenges

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

Basic Earnings per Share

Basic Earnings per Share after taxation from continuing operations were Rs. 8.31 (2015: Rs. 7.88).

Corporate Social Responsibility (CSR)

As a socially responsible healthcare company, we at GSK are committed to conduct business in a manner that benefits society and also ensures our long term sustainability. Corporate Social Responsibility is therefore an integral part of the GSK ways of working. We support outreach programs at the grass root level, focusing on health, education and general medical relief. Our employees also participate in skills-based volunteering initiatives that enable them to make a contribution in communities around the world.

In 2016, our primary focus remained on improving manufacturing efficiencies and investing in eco-friendly technologies to enable patient access to quality medicines at affordable prices whilst ensuring that we do so with the least amount of burden on the environment.

Our People

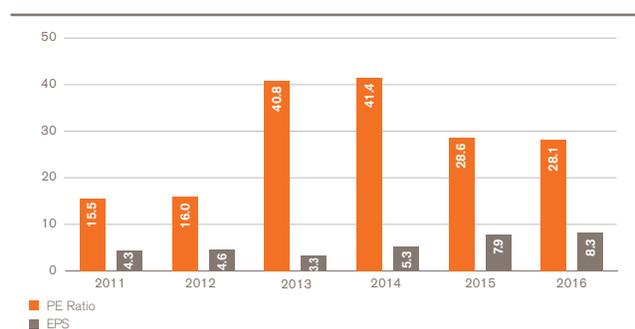
GSK is committed to create a working environment where employees feel valued, respected, empowered and inspired, which drives our vision to “Do More, Feel Better, Live Longer”.

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

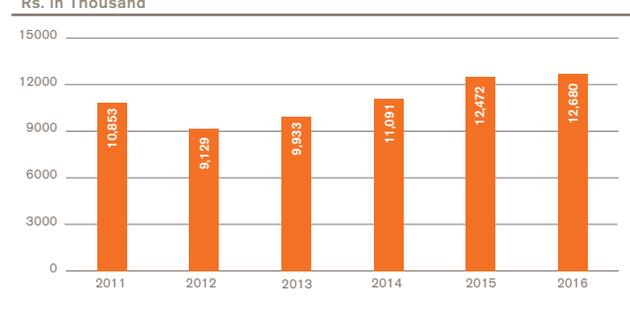
Additionally, our talent management systems encourage honest and frequent feedback to provide our employees with a holistic assessment of their behaviors and its impact, thus ensuring that as teams, we harness the best out of our employees and proactively manage performance. We have been able to build a strong succession pipeline and talent pool by leveraging our robust performance and Talent Management Systems.

We need a talented, motivated and resilient workforce to deliver our strategy and tackle challenges effectively. Our priority is to develop internal talent through a robust talent management process, which provides employees with local and global opportunities to excel and deliver GSK’s strategy. At the same time we also focus on acquiring external talent through

Earning per Share & Price Earning Ratio



Sales Per Employee
Rs. in Thousand



recruitment drives at top universities to ensure that we maintain a rich talent pool to support our succession planning. In order to streamline our HR processes globally, we have implemented state-of-the-art technology that provides our leaders with accurate data for strategic alignment and decision making, as well as empowering employees at all levels.

To further complement employee healthcare benefits, our Partnership for Prevention (P4P) programme aims to provide all our employees and their families with an unprecedented access to preventive healthcare services.

On the whole, our efforts are helping us build a High Performance Culture in GSK to provide a 'Wow' Customer Experience to our internal as well as external customers.

Environment, Health and Safety (EHS)

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

GSK Pakistan is committed to demonstrate EHS leadership by establishing a framework that makes EHS an integral part of the business. In doing so we also provide a safe, injury-free workplace where everyone is healthy, energized and protects the society.

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

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

- Ensure a better understanding of operational risks, their effective management and create a safer workplace for our people, visitors, contractors and the community.
- Enhance the capability of our employees to put safety first while conducting day-to-day operations.
- Ensure Environment, Health & Safety as an integral part of our business processes, planning and decision making.

- Improve on sustainability elements to curtail water and energy consumption and waste generation to promote a sustainable environment for the society.
- Focus on the resilience of employees through GSKs robust resilience programs so that our employee can do more, feel better and live longer.

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

Business Ethics and Anti-Corruption Measures

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

The Board of Directors of the Company has set down the acceptable business practices and behaviors in a "Code of Conduct/Statement of Ethics and Business Practices" which guide our people in applying our values in everyday activities. The Code has been disseminated for signing by all the employees, including the senior management and is also available on the Company's website. Salient features of the Code of Conduct are provided in brief on page 14.

Board of Directors' Meetings and Attendance

The Board of Directors met four times in 2016 and all of these meetings were held in Pakistan; each member's attendance at these meetings is listed below:

Name	Meetings attended
Mr. Husain Lawai	03
Mr. Mehmood Mandviwalla	04
Mr. M Azizul Huq	04
Mr. Dylan Jackson	04
Mr. Abdul Samad	04
Mr. Nicolas Ragot	01
Mr. Sohail Matin	02

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

Syed Azeem Abbas Naqvi was appointed as a Non-Executive Director from 2nd of June 2016 to 6th August 2016 to fill a casual vacancy. Mr. Sohail Matin, GM & CEO of GlaxoSmithKline Consumer Healthcare Pakistan Limited was appointed as Non-Executive Director on 6 August 2016. As per regulation 5.19 of the Pakistan Stock Exchange Limited, Mr. Sohail Matin has completed the mandatory training required under the Directors' training program.

Audit Committee

The Audit Committee consists of four members, all of whom are non-executive directors, including the chairman of the committee. The terms of reference of this Committee have been determined in accordance with the guidelines provided in the Listing Regulations and advised to the Committee for compliance (refer pages 44 to 45). The Committee held four (04) meetings during the year.

An independent Internal Audit function headed by the Chief Internal Auditor reporting to the Board's Audit Committee reviews the corporate accounting and financial reporting process, the effectiveness and adequacy of internal controls, the management of risks and the external and internal audit process. In addition to this, the Internal Audit Function also utilizes the services of independent audit firms to continuously examine company records and operations to ensure fair financial reporting processes, compliance with applicable laws and adherence with internal control systems. The Chief Internal Auditor's position has recently been vacated and the Company is in the process of recruiting.

The attendance of members in the meetings and the terms of reference of the Committee are provided on pages 44 to 45.

Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee comprises of 4 members, the majority of whom are non-executive directors. One meeting was held in the current year. The committee is involved in making recommendations to the board regarding executives' remuneration, performance evaluation and succession planning etc. The terms of reference of the Committee are provided in detail on pages 44 to 45.

Management Committee

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

Risk Management, Governance and Compliance

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

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

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

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

Risks can be largely classified as follows:

Strategic Risks – are those which pose a significant threat to meeting the business objectives and are outside of entity's control. The most important strategic risk being faced by the Company remains the overly restrictive and lack of market oriented regulatory pricing policies. While the Government in March 2015 notified a Drug Pricing Policy through which the prices of products going forward would be allowed a partial inflationary adjustment, the long standing matter of products whose prices had been frozen for many years was not addressed. As a result while the new policy is a step in the right direction, it still falls significantly short of addressing outstanding issues which we hope will be pragmatically addressed by the regulators. The Company is working on mitigating this risk through active discussion with the DRAP on new pricing policy implementation issues, internal cost saving initiatives, various cost rationalization measures and optimum product sales mix.

Operational Risks – are those which hinder the entity from running its operations smoothly. Our main operational risks are the supply issues, inflation 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 direct a threat to the profitability of the entity. In GSK's case, the main threat stems from the acceleration of low cost generics in the market, which we counter through capacity enhancement / plant upgrading, new product launches, R&D and to provide affordable healthcare solutions to maintain the Company's market share.

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

The above risks are categorized using the following grid:

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

Auditors

The present auditors, Messrs A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending December 31, 2017, at a mutually agreed fee.

Subsequent Events

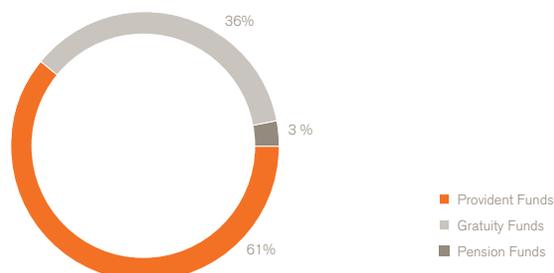
No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Value of Investments of Provident, Gratuity and Pension Funds

The Company maintains retirement benefits plans for its employees. Value of investments of provident, gratuity and pension funds based on un-audited accounts as of December 31, 2016 (audit in progress) is as follows:

Rs. In millions	2016
Provident fund	2,872
Gratuity fund	1,677
Pension fund	123

Value of Investment



Contribution to National Exchequer and Economy

Your Company made a total contribution of Rs 3.5 billion to the National Exchequer by way of Customs duties, income tax, sales tax and employees' tax during the year 2016.

Corporate and Financial Reporting Framework

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of account of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- e. The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.

- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- h. The key operating and financial data for the last six years is set out on pages 60 to 67.

By order of the Board



M. Azizul Huq
Chief Executive Officer



Abdul Samad
Director

Karachi
March 08, 2017

2016	ملین روپے
پروڈیٹ فنڈ	2,872
گریجویٹ فنڈ	1,677
پنشن فنڈ	123

قومی خزانے اور معیشت میں حصہ

آپ کی کمپنی نے سن 2016 میں کسٹم ڈیوٹی، اکم ٹیکس، بیلر ٹیکس اور ملازمین کے ٹیکس کی مدد میں قومی خزانے میں 3.5 بلین روپے کا اضافہ کیا۔

کارپوریٹ اور مالی رپورٹنگ کی ساخت

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشواروں میں اس کے معاملات کی صورت حال، مالی نتائج، نقد کی روانی، اور سرمائے کی تبدیلیوں کو منصفانہ طور پر پیش کیا گیا ہے۔
- کمپنی کے اکاؤنٹس کے ریکارڈ کو درست طور پر برقرار رکھا گیا ہے۔
- مالی گوشواروں کی تیاری کے دوران مناسب اکاؤنٹنگ پالیسیوں کا متوازن طور پر اطلاق کیا گیا ہے، اور اکاؤنٹنگ کے تخمینے مناسب اور بہتر فیصلہ کرنے کی صلاحیت پر مشتمل ہیں۔
- مالی گوشوارے، بین الاقوامی مالی رپورٹنگ کے معیارات کے مطابق تیار کئے گئے ہیں، جس طرح پاکستان میں قابل اطلاق ہیں۔
- یہ کمپنی ایک مضبوط اندرونی کنٹرول کا نظام برقرار رکھتی ہے، جس کے ذریعے کسی بھی قابل ذکر غلط بیانی یا نقصان کے خلاف مناسب یقین دہانی حاصل ہوتی ہے۔ اس اندرونی کنٹرول کے نظام کا باقاعدگی کے ساتھ جائزہ لیا جاتا ہے۔ اسے پورڈ کی آڈٹ کمپنی نے رسمی شکل دی ہے، اور اس کی حسب ضرورت تجدید کی جاتی ہے۔
- کمپنی کی جاری رہنے کی صلاحیت کے بارے میں کسی بھی قسم کے قابل ذکر شبہات نہیں ہیں۔
- listing regulations میں درج کردہ کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی بھی قابل ذکر فرار نہیں ہوا ہے۔
- پچھلے چھ سال کا کلیدی عملیاتی اور مالی اعداد و شمار صفحات 60 سے 67 پر درج ہے۔

بحکم پورڈ

M. J. J. J.

ایم جی جی جی

چیف ایگزیکٹو آفیسر

D. A. A. A.

عبدالصمد

ڈائریکٹر

کراچی

108، راج، 2017

مواد کے متبادل ذرائع تلاش کرنا، کارخانوں کو بہتر بنانا، تجارت اور تخلیق کاری میں مضبوط پیش گوئی عملیاتی ماڈل میں آسانی پیدا کرنا، ذمہ داریوں کی مناسب تقسیم، مضابطہ اخلاقی کی تربیت کی تجدید اور ملازمین کو اختیار فراہم کر کے کیا جاتا ہے۔

تجارتی خطرات - سے مراد وہ خطرات ہیں جو صنعت کی تجارتی نوعیت کی وجہ سے پیش آتے ہیں اور جن کی وجہ سے ادارے کے منافع کو براہ راست خطرہ درپیش ہے۔ GSK کو سب سے زیادہ خطرہ مارکیٹ میں کم قیمت میں دستیاب عمومی مصنوعات کی وجہ سے پیش آتا ہے، جس کا ہم صلاحیت میں اضافہ، پلانٹ کو بہتر بنانے، نئی مصنوعات متعارف کرانے، تحقیق اور ترقی کے ذریعے، اور کمپنی کے مارکیٹ میں حصہ کو برقرار رکھنے کے لئے قابل رسائی ہیتھ کیئر کے طریقہ کار فراہم کر کے مقابلہ کرتے ہیں۔

مالی خطرات - سے مراد وہ خطرات ہیں جو ادارے کے لئے مالی نقصان کا باعث بن سکتے ہیں، اور جن کے بارے میں مالی بیانات کے نوٹ نمبر 38 میں تفصیلات فراہم کی گئی ہیں۔

مذکورہ بالا خطرات کو مندرجہ ذیل خاکے میں درجہ بند کیا گیا ہے:

درجہ	امکان	اثر
۵	تقریباً یقینی	تباہ کن
۴	ممکن	اہم
۳	متوسط	متوسط
۲	معمولی	غیر متوقع
۱	کم	نایاب

آڈیٹرز

موجودہ آڈیٹرز: Messrs A. F. Ferguson & Co. Chartered Accountants (سبک دوش ہو رہے ہیں، اور اہل ہونے کی وجہ سے انہوں نے دوبارہ اپوائنٹمنٹ کے لئے اپنی خدمات پیش کی ہیں۔ پورڈ آف ڈائریکٹرز نے مشترکہ طور پر متفقہ فیصلے کے تحت 31 دسمبر 2017 کو اختتام پذیر ہونے والے مالی سال کے لئے انہیں کمپنی کے آڈیٹرز کے طور پر دوبارہ مامور کرنے کی، آڈٹ کمپنی کی تجویز کی توثیق کی ہے۔

مابعد واقعات

کمپنی کے مالی سال اور اس رپورٹ کی اشاعت کے دوران کمپنی کی مالی حالت کو متاثر کرنے والے کوئی بھی قابل قدر تبدیلیاں یا کاروباری ذمہ داریاں واقع نہیں ہوئی ہیں۔

پروڈیٹ، گریجویٹ اور پنشن فنڈ میں سرمایہ کاری کی قدر

یہ کمپنی اپنے ملازمین کے لئے ریٹائرمنٹ کی مراعات کے منصوبے برقرار رکھتی ہے۔ دسمبر 31، 2016 کو آڈٹ نہ کئے جانے والے اکاؤنٹس کی بنیاد پر (جاری آڈٹ) پروڈیٹ، گریجویٹ اور پنشن فنڈ میں سرمایہ کاری درج ذیل تھی:

جوڈائزیکلٹرز چند بورڈ مینٹنگز میں حاضر رہنے سے قاصر ہے، انہیں غیر حاضری کی اجازت دے دی گئی تھی۔

خطرے کا انتظام، گورننس اور تعمیل

خطرے کا موثر انتظام کاروباری پائیدار کامیابی کے لئے بہت ضروری ہے۔ ہمارے اندرونی کنٹرول کے ساتھ ہمارا قائم کردہ خطرے کے انتظام کے فریم ورک کے ذریعے ہم اپنے کاروبار کو متاثر کرنے والے بنیادی خطرات پر اپنی توجہ قائم رکھ سکتے ہیں۔

ہمارا Risk Management and Compliance Board (RMCB) کاروبار سے وابستہ اہم خطرات کی شناخت، تخمینہ، عمل، نگرانی اور اطلاع کے لئے ذمہ دار ہے۔ RMCB ہمیں لاحق خطرات کا مسلسل جائزہ لیتا ہے، کیونکہ یہ خطرات اندرونی اور بیرونی عناصر کی وجہ سے تبدیل ہو سکتے ہیں۔ RMCB مناسب حکمت عملی اور پالیسیوں کے نفاذ کو بھی یقینی بناتا ہے تاکہ ان کے حصول میں رکاوٹ پیدا کرنے والے خطرات کی شناخت اور دستاویز ممکن ہو۔ اس سال RMCB کی چار (04) مینٹنگز ہوئی تھیں۔

کمپنی کا قائم کردہ اندرونی کنٹرول فریم ورک خطرے کو کم کرنے کے مناسب منصوبہ جات، متعین کردہ جواب دہی اور اہم مسائل اور واقعات سے اعلیٰ انتظامیہ کو باخبر رکھنے کو یقینی بناتا ہے۔ کارپوریٹ اخلاقیات اور تعمیل کے ساتھ خطرے کے انتظام کی ٹیم کمپنی کے اثاثہ جات اور شیئرز ہولڈرز کے سرمائے کو تحفظ اور قابل اطلاق قانونی ضروریات کے ساتھ تعمیل کو یقینی بنانے کے لئے اپنے کنٹرول کا نظام استعمال کرتی ہے۔

اس اعتبار سے RMCB نے ایک ایسا ڈھانچہ قائم کیا ہے جس کے تحت متعین کردہ خطرہ اٹھانے والے افراد قابل قدر خطرات کی شناخت اور عمل کے لئے جواب دہ ہیں، جبکہ تعمیل کا افسر (Compliance officer) GSK میں اندرونی کنٹرول کے نظام کے قیام کے لئے خطرے پڑنی طریقہ کار قائم کرنے میں مدد کرتا ہے تاکہ خطرے کا انتظام فیصلہ کرنے کی صلاحیت کا اہم حصہ بن جائے، اور عام کاروباری عملیات میں شام ہو جائے۔

خطرات کو وسیع طور پر مندرجہ ذیل طریقے سے زمرہ بند کیا جاسکتا ہے:

اسٹریٹجک خطرات سے مراد وہ خطرات ہیں جن کی وجہ سے کاروباری اہداف قابل قدر طور پر متاثر ہوتے ہیں، اور جن پر ادارے کا کوئی اختیار نہیں ہوتا ہے۔ کمپنی کی حکمت عملی کو لاحق سب سے اہم خطرات میں حد سے زیادہ پابندی رکھنے والی اور مارکیٹ پر مرکوز نہ رہنے والے ضابطے کے تحت واضح کردہ پرائسنگ پالیسیاں ہیں۔ مارچ 2015 میں حکومت نے ادویات کی قیمتوں کی پالیسی کے متعلق اطلاع جاری کی تھی، جس کے مطابق آگے چل کر مصنوعات کی قیمتوں میں مہنگائی کو مد نظر رکھتے ہوئے جزوی طور پر تبدیلی لائی جائے گی، لیکن ان مصنوعات کی قیمتوں کے معاملے کو نہیں اٹھایا گیا، جن کی قیمتوں کو نئی سالوں سے محدود کیا گیا تھا۔ چنانچہ نئی پالیسی اچھا قدم تو ہے، لیکن طویل عرصے سے قابل توجہ معاملات کے حل کے لئے کامیابی باقی ہے، اور ہم امید کرتے ہیں کہ ضابطہ کار ان مسائل کا قابل قدر حل نکالنے کے لئے اقدام کریں گے۔ کمپنی اس خطرے کو کم کرنے کے لئے نئی قیمتوں کی پالیسی کو عملدرآمد کرنے کے مسائل سے متعلق DRAP سے فعال مکالمہ، اندرونی اخراجات میں سچت کے اقدام، مختلف اخراجات کے لیے حکمت عملی کی تیاری اور مصنوعات کے بہترین امتزاج پر کام کر رہی ہے۔

آپریٹنگ خطرات سے مراد وہ خطرات ہیں جو ادارے کے معاملات کو آسانی سے چلانے میں رکاوٹ بنتے ہیں۔ ہمارے مرکزی آپریٹنگ خطرات میں رسد رسائی کے مسائل، مہنگائی اور فراڈ اور ملازمین کا چھوڑ کر جانا شامل ہیں۔ ان خطرات کا انتظام

سید عظیم عباس نقوی کو ایک عارضی اسامی پر کام کرنے کے لئے 2 جون 2016 سے 6 اگست 2016 تک نان ایگزیکٹو ڈائریکٹر متعین کیا گیا تھا۔ 6 اگست 2016 کو سہیل مین، GlaxoSmithKline Consumer Healthcare Pakistan Limited کے CEO اور GM، کو نان ایگزیکٹو ڈائریکٹر نامزد کیا گیا۔ پاکستان اسٹاک ایکسچینج لیٹڈ کے ضابطہ 5.19 کے مطابق سہیل مین نے ڈائریکٹرز کے تربیتی پروگرام کے تحت درکار لازمی تربیت مکمل کر لی ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی چار ممبران پر مشتمل ہے، جن میں سے تمام، بشمول کمیٹی کے چیئر مین، نان ایگزیکٹو ڈائریکٹرز ہیں۔ اس کمیٹی کے Terms of Reference کا تین Listing Regulations میں درج رہنما خطوط کے مطابق کیا گیا ہے۔ جو تعمیل کے لئے کمیٹی کو فراہم کر دئے گئے ہیں (صفحہ 44 سے 45 رجوع کریں)۔ سال بھر میں اس کمیٹی کی چار (04) مینٹنگز منعقد ہوئیں۔

بورڈ کی آڈٹ کمیٹی کے ماتحت چیف انٹرنل آڈیٹر کی سربراہی میں ایک آزاد اندرونی آڈٹ کانسٹنٹن ادارے کا ڈیٹنگ اور مالی رپورٹنگ کے طریقہ کار، اندرونی کنٹرول کی اثر اندازی اور مناسبت، خطرات کے انتظام اور بیرونی اور اندرونی آڈٹ کے طریقہ کار کا جائزہ لیتا ہے۔ اس کے علاوہ، اندرونی آڈٹ کانسٹنٹن آزاد آڈٹ کے اداروں کی خدمات استعمال کر کے کمیٹی کے ریکارڈ اور عملیات کا مسلسل معائنہ کرتے ہوئے منصفانہ مالی رپورٹنگ طریقہ کار، قابل اطلاق قوانین اور اندرونی کنٹرول کے نظاموں کی تعمیل کو یقینی بناتا ہے۔ چیف اندرونی آڈیٹر کا عہدہ حال ہی میں خالی ہوا ہے، اور کمیٹی اسے پر کرنے کے عمل سے گزر رہی ہے۔

مینٹنگز میں ممبران کی حاضری اور کمیٹی کے Terms of Reference صفحات 44 تا 45 پر فراہم کئے گئے ہیں۔

انسانی وسائل اور معاوضے کی کمیٹی

انسانی وسائل اور معاوضے کی کمیٹی 4 ممبران پر مشتمل ہے، جن میں سے زیادہ تر نان ایگزیکٹو ڈائریکٹرز ہیں۔ رواں سال میں ایک مینٹنگ منعقد ہوئی تھی۔ یہ کمیٹی بورڈ کو ایگزیکٹوز کے معاوضے، کارکردگی کو پرکھنے، اور چائنسی کی منصوبہ بندی وغیرہ کے متعلق تجاویز پیش کرنے میں حصہ لیتی ہے۔ کمیٹی کے Terms of Reference صفحات 44 تا 45 پر تفصیل سے بیان کئے گئے ہیں۔

انتظامی کمیٹی

انتظامی کمیٹی 12 اعلیٰ ممبران پر مشتمل ہے جو اپنے وقتشنز کے اہم کاروباری منصوبہ جات، مسائل اور پیش رفت کے بارے میں بات کرتے ہیں۔ ضابطہ کار پورٹ گورننس کے مطابق بورڈ میں بتائے جانے والے اہم مسائل پر بھی منظوری سے پہلے بات ہوتی ہے۔

یا شروع کئے جانے والے ہیں تاکہ GSK پاکستان کے تمام آپریشنل شعبہ جات میں EHS کی کارکردگی کو برقرار رکھا جاسکے اور مزید بہتر بنایا جاسکے۔

یہ پروگرام کی مختلف طریقوں سے EHS Systems کو مضبوط بنانے کی کوشش کرتے ہیں، تاکہ:

- آپریشنل خطرات کو بہتر طور پر سمجھا جاسکے، ان کا موثر طور پر انتظام کیا جاسکے، اور ہمارے لوگ، وزٹرز، ٹھیکے دار اور کمیونٹی کے لئے زیادہ محفوظ جانے کا ممکن ہو۔
 - روزمرہ کے کام کے دوران ملازمین کی اپنی حفاظت کو اولین ترجیح دینے کی صلاحیت میں اضافہ کیا جاسکے۔
 - ماحول صحت اور حفاظت کو ہمارے کاروباری طریقہ کار، منصوبہ بندی اور فیصلوں کا کلیدی حصہ بنایا جاسکے۔
 - معاشرے کے لئے پائیدار ماحول کے فروغ کے لئے پانی اور توانائی کے استعمال اور فضلیہ کی تخلیق میں کمی کے لئے پائیداری کے عناصر کو بہتر بنایا جاسکے۔
 - GSK کے مضبوط پلک داری کے پروگراموں کے ذریعے ملازمین کی پلک داری پر توجہ مرکوز رکھی جاسکتی ہے تاکہ ہمارے ملازمین زیادہ کام کر سکیں، بہتر محسوس کر سکیں اور ان کی زندگیوں میں اضافہ ہو سکے۔
- GSK Pakistan پوری سپلائی چین کی کارکردگی کی گہرائی کرتے ہوئے اور نئے چیلنجز اور اہداف متعین کر کے EHS نظام اپناتی رہے گی، اور EHS کی بہترین کارکردگی کے لئے کوشش کرتی رہے گی۔

کاروباری اخلاقیات اور بدعنوانی سے بچاؤ کی تدابیر

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

کمپنی کے بورڈ آف ڈائریکٹرز نے "ضابطہ اخلاقی/ اخلاقیات اور کاروباری طریقہ کار کے بیان" میں قابل قبول کاروباری طریقہ کار درج کئے ہیں، جو ہمارے لوگوں کی روزمرہ سرگرمیوں میں اقدار کا اطلاق کرنے کے سلسلے میں رہنمائی فراہم کرتے ہیں۔ اس ضابطہ کو تمام ملازمین، بشمول اعلیٰ انتظامیہ، کے دستخط کے لئے تقسیم کیا گیا ہے، اور یہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔ ضابطہ اخلاق کے اہم نکات صفحہ 14 پر مختصر آؤرج ہیں۔

بورڈ آف ڈائریکٹرز کی میٹنگ اور حاضری

2016 میں بورڈ آف ڈائریکٹرز کی چار دفعہ میٹنگ ہوئی اور یہ تمام پاکستان میں منعقد ہوئی تھیں؛ ان میٹنگوں میں ہر ممبر کی حاضری مندرجہ ذیل ہے:

نام	میٹنگ میں شرکت
حسین ابوانی	03
محمود ماڈروی والا	04
ایم عزیز الحق	04
ڈولن جنکینس	04
عبدالصمد	04
نکولس ریگوت	01
سہیل متین	02

ان اقدار کو مد نظر رکھتے ہوئے، ہم نے ایسا نظام کارکردگی نافذ کیا ہے جس کے ذریعے انفرادی جواب دہی میں اضافہ ہو، اور اعلیٰ کارکردگی کا مظاہرہ کرنے والوں کو انعام ملے۔ انفرادی اور ریڈرشپ کی سطح پر ملازمین کو GSK کی توقعات کا خاکہ فراہم کرنے اور ان کی وضاحت کے لئے بڑی کوشش کی گئی ہے۔ نیز، ہم اس بات کو یقینی بناتے ہیں کہ ہمارے طرز عمل کے پیچھے ہماری شفافیت، لوگوں کے احترام، ایمان داری اور مرہبش پر توجہ کی اقدار ہمیشہ کارگر ہوں۔

علاوہ ازیں، ہماری ٹیلنٹ مینجمنٹ کے نظام، سچے اور متعدد فیڈ بیک کی حوصلہ افزائی کرتے ہیں تاکہ ہمارے ملازمین کو ان کے اطوار اور ان کے نتائج کے متعلق مجموعی جانچ موصول ہوتی رہے، تاکہ ہمارے ملازمین کی بہترین کارکردگی اور کارکردگی کے انتظام کو یقینیت بنایا جاسکے۔ ہم اپنے مضبوط کارکردگی اور ٹیلنٹ مینجمنٹ کے نظاموں سے فائدہ اٹھا کر ایک مضبوط جانشینی اور ٹیلنٹ پول بنانے میں کامیاب رہے ہیں۔

ہمیں ایک باصلاحیت، محرک اور پلک دار عملے کی ضرورت ہے تاکہ ہم موثر طور پر اپنی حکمت عملی کو تشکیل دے سکیں اور چیلنجز کا مقابلہ کر سکیں۔ ہم ایک مضبوط ٹیلنٹ مینجمنٹ کے طریقے کے ذریعے اندرونی صلاحیت بڑھانے کو ترجیح دے رہے ہیں، جو ملازمین کو بہترین کارکردگی کا مظاہرہ کر کے GSK کی حکمت عملی کو عملی جامہ پہنانے کے لئے مقامی اور عالمی مواقع فراہم کرتا ہے۔ اس کے ساتھ ساتھ، ہم نمایاں یونیورسٹیوں میں ریکروٹمنٹ کی مہمات کے ذریعے بیرونی صلاحیتیں حاصل کرنے پر بھی توجہ دیتے ہیں تاکہ ہمارے پاس اپنی جانشینی کی منصوبہ بندی کے لئے کافی صلاحیت موجود ہو۔ ہمارے انسانی وسائل کے طریقہ کار کو GSK کے عالمی معیار کے مطابق بنانے کے لئے، ہم نے جدید ترین ٹیکنالوجی کو نافذ کیا ہے تاکہ ہمارے ایڈمران کو مساوی حکمت عملی اور فیصلہ کرنے کے ساتھ ساتھ تمام سطحوں پر موجود ملازمین کو بااختیار کرنے کے لئے درست اعداد و شمار میسر ہوں۔

ملازمین کی ہیلتھ ٹیکر کی مراعات کی مزید تقویت کے لئے ہمارے Partnership for Prevention

(P4P) پروگرام کا مقصد تمام ملازمین اور ان کے خاندان کو صحت کی احتیاطی دیکھ بھال کی خدمات تک بے مشکل رسائی کی فراہمی ہے۔

مجموعی طور پر، ہماری کوششیں ہمیں GSK میں اعلیٰ کارکردگی کی ثقافت قائم کرنے میں مددگار ثابت ہو رہی ہیں تاکہ ہم اپنے اندرونی اور بیرونی صارفین کو "زبردست" صارف ہونے کا تجربہ فراہم کر سکیں۔

ماحول، صحت اور تحفظ (EHS)

GSK میں ہم ماحولیاتی تحفظ، پیشہ ورانہ صحت اور کام کی جگہ پر حفاظت کو اتنا ہی ضروری سمجھتے ہیں جتنا کہ معیاری مصنوعات کی فراہمی۔

GSK Pakistan ایک ایسا ماحول قائم کر کے EHS سربراہی کا مظاہرہ کرنے کا عزم رکھتی ہے جس کے ذریعے EHS کاروبار کا ایک اہم حصہ بن جائے۔ ایسا کرنے سے ہم ایک محفوظ اور حادثات سے پاک جائے کار بھی فراہم کرتے ہیں جہاں ہر کوئی صحت مند اور توانا ہو اور معاشرے کی حفاظت کرتا ہو۔

ہمارے طریقہ کار مضبوط اور پائیدار ہیں تاکہ ہم اپنے ملازمین کے تحفظ کو خطرے میں لائے بغیر اپنے صارفین کی ضروریات پوری کر سکیں اور انہیں معیاری مصنوعات فراہم کر سکیں۔ اس مقصد کے حصول کے لئے نئی پروگرام یا تو شروع کر دیئے گئے ہیں

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

GlaxoSmithKline Pakistan Limited کے بورڈ آف ڈائریکٹرز بمسرت آپ کو کمپنی کے 31 دسمبر 2016 کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالی گوشواروں کے ساتھ ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

پیٹرن آف شیئر ہولڈنگ

کمپنی کے حصص کی پاکستان اسٹاک ایکسچینج لمیٹڈ پر لیسن دین کی جاتی ہے۔ 31 دسمبر 2016 تک شیئر ہولڈنگ کی معلومات اور دیگر متعلقہ معلومات کو صفحات 117 تا 120 پر درج کیا گیا ہے۔
ڈائریکٹرز، کمپنی سیکریٹری، CFO اور ایگزیکٹوز، ان کے شرکاء حیات اور نابالغ بچوں نے کمپنی کے حصص کی تجارت نہیں کی۔

کاروباری نتائج

ملین روپے	سالانہ منافع قبل از محصولات
4,540	محصولات
(1,778)	منافع بعد از محصولات
2,762	غیر تقسیم شدہ منافع
3,701	دیگر جامع آمدنی
42	تقسیم کے لئے دستیاب منافع
6,505	

تقسیم:

حتمی تقسیم شدہ منافع 2016	نقدی
(1,274)	غیر تقسیم شدہ منافع
5,231	

بنیادی آمدنی فی حصص

continuing operations سے ٹیکس کے بعد فی حصص بنیادی آمدنی 8.31 روپے رہی۔ (2015: Rs 7.88)

کارپوریٹ سماجی ذمہ داری (CSR)

سماجی طور پر ذمہ دارانہ بلکہ سیکرٹری کی حیثیت سے، ہم GSK میں ایسے طریقے سے کاروبار کرنے کا عزم رکھتے ہیں جس سے نہ صرف معاشرے کا فائدہ ہو، بلکہ ہماری طویل المدتی پائیداری کو بھی یقینی بنایا جاسکے۔ لہذا کارپوریٹ سماجی ذمہ داری GSK کے کام کی انجام دہی کا بہت اہم حصہ ہے۔ ہم بنیادی سطح پر صحت، تعلیم اور عمومی طبی امداد پر مرکوز پروگراموں کے ساتھ تعاون کرتے ہیں۔ ہمارے ملازمین صلاحیت پر مشتمل رضا کارانہ خدمات کے اقدام میں حصہ لے کر دنیا بھر کی کمیونٹیز میں اپنا کردار ادا کرتے ہیں۔

2016 میں ہماری بنیادی توجہ میڈیسیکل پراجیکٹ کی صلاحیت کو بہتر بنانے اور ایگزیکٹوز کی ٹیکنالوجیز میں سرمایہ کاری پر مرکوز رہی تاکہ ہم مریضوں کو مناسب قیمت پر معیاری ادویات کی دستیابی کو اس طرح ممکن بنا سکیں کہ ماحولیات پر کم سے کم بوجھ پڑے۔

ہمارے لوگ

GSK ایک ایسا کام کا ماحول بنانے کا عزم رکھتی ہے جہاں ملازمین کو محسوس ہو کہ ان کی قدر کی جاتی ہے، ان کا احترام کیا جاتا ہے اور انہیں اختیار حاصل ہے، جو ہمارے "Do More, Feel Better, Live Longer" کی سوچ کو آگے بڑھاتا ہو۔

بورڈ آف ڈائریکٹرز بمسرت فی حصص 6.00 روپے کا حتمی نقد ڈیویڈنڈ، جس کی کل رقم 1.9 بلین روپے بنتی ہے، کا اعلان کرتے ہیں، جس کا اٹھارہ 24 اپریل 2017 کو منعقد ہونے والی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری پر ہوگا۔

سال بھر کی خالص فروخت 27.6 بلین روپے تھی، اور ہمارے بنیادی فارماسیوٹیکل کاروبار نے 9.6 فیصد بنیادی اضافے کے ساتھ 25.1 بلین روپے کے ٹرن اوور کا مظاہرہ کیا۔ continuing operations کی وجہ سے کمپنی کا خالص نفع 2.6 بلین روپے تھا، جو پچھلے سال سے 134.2 بلین روپے زیادہ تھا۔

ہولڈنگ کمپنی

31 دسمبر 2016 کو، S.R. One International B.V., Netherlands کے پاس 10 روپے قیمت کے 263,029,794 حصص تھے۔ کمپنی کی بیزنس کمپنی GlaxoSmithKline PLC, UK ہے۔

Chief Executive Officer's Review



I am pleased to present the Annual report of your Company for the financial year ended December 31, 2016.

Overview of Economy & Business

Pakistan economy recorded one of the best performances in the recent past with GDP growth at 4.75% and the promise to accelerate to 5% in FY 2017. Although well behind the regional neighbors and not reflective of the true potential, this positive movement none the less speaks about rising domestic demand and better investment climate. Also, in the run up to the elections in 2018, it is expected that the policymakers will further support growth and investment through mitigating the deterrents such as energy, infrastructure and security situation.

Focusing on our sector, the Pakistan's pharmaceutical industry continues to operate in an environment lacking policy support. This industry, as all others, recognizes very well the need for creating efficiencies within the system to continue to roll out lifesaving medicines for the people of Pakistan at the best cost possible. However, given the poor backward linkage in terms of equipment which need to be imported at progressively higher costs to support the rapid technological advancement; raw material prices that continue to go up with higher quality specifications; inflationary pressures, etc., the cost of products continue to put pressures on the margins for the industry in a fixed price regime. In 2016, a policy to allow partial inflation adjustment has been floated. While this is a step in the right direction, it still falls significantly short of addressing outstanding issues which we hope will be pragmatically addressed by the regulators.

The pharmaceutical sector however, continues to perform its responsibility to develop and provide medicines at appropriate prices to the people of Pakistan. In this year also, your company - GSK Pakistan successfully maintained its position as the leading pharmaceutical company in terms of both volume and value share. To deliver enhanced value to its shareholders, GSK Pakistan has continued to enhance its financial performance through spend management, optimizing portfolio mix, simplifying the operating model and delivering more products of value.

Modernizing our business in the changing market place with rapidly evolving customer expectations required us to bring changes to our commercial model. Our patient centric new model required us to invest significantly in our own medical expertise and developing new digital capabilities to improve our interactions with physicians. I am delighted to note that our approach has been welcomed by our customers and we continue to invest and upskill our people to enable them to excel in our ways of working.

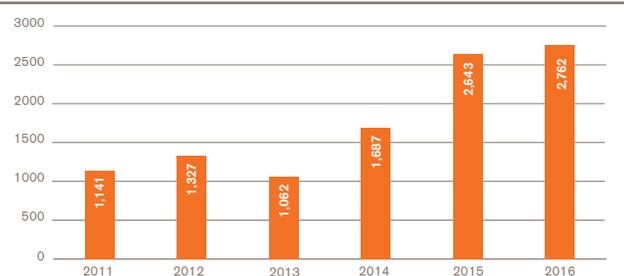
Business Review

The Company delivers continued momentum in 2016 and has achieved credible results. Net sales for the year were Rs.27.6 billion, which includes sales to GlaxoSmithKline Consumer Healthcare Pakistan Ltd. of Rs. 2.5 billion on account of products manufactured by the Company, pending transfer of marketing authorization. Our core pharmaceutical business delivered net sales of Rs. 25.1 billion with an underlying growth of 9.6% (excluding exports sales to Afghanistan, which were discontinued end December 2015). This strong performance is driven mainly from the Antibiotics, Dermatology, Respiratory and Analgesics portfolios. In 2016 we also strengthened our respiratory portfolio with the launch of Seretide Diskus for the treatment of asthma and COPD. We have also achieved significant progress in the implementation of our new sales and marketing model.

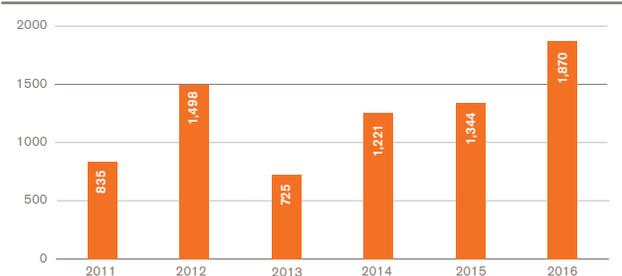
Gross margin for the year at 27.1% is consistent when compared with last year's performance. Excluding the impact of stock write off due to a fire incident in June, the gross margin showed improvement by 1.0% over the corresponding year on account of better sales mix, efficiency projects in the manufacturing area and hardship price increases availed on few products.

Selling, marketing and distribution expenses at Rs.2.8 billion increased only by Rs 28.2 million over last year. Excluding a one off restructuring provision last year, the expense under this head increased by 9.3% mainly due to sustained investment in

Profit After Tax
Rs. in million



Capital Expenditure
Rs. in million



core and new brands, general inflation and increased freight cost. Administrative expenses were recorded at Rs 944.2 million, a decrease of 2.8% over the corresponding period last year, which mainly reflects the benefits of restructuring and controlled spending in 2016.

Other operating income totaled Rs 1.0 billion, which is mainly on account of the insurance claim on stock damaged due to the fire incident in June and promotional allowance for sustainable investment in selling, marketing, and distributing of our products in Pakistan.

Overall, your Company posted a net profit after tax of Rs 2.6 billion from continuing operations and if we exclude Promotional allowance income this year and the gain from sale of Lahore factory last year, the profit shows double digit growth over FY 2015.

Cash Flows & Capital Expenditure

The Company's cash requirements for capital expenditure are managed through internal cash generation without reliance on short term or long term financing. Our cash flow forecasts and funding requirements are monitored on a monthly basis to ensure adequate availability of funds. The investment of surplus funds is managed prudently through a mix of sovereign investments and high credit rated bank deposits to maintain a risk averse optimum interest yielding portfolio.

Cash and cash equivalents increased from last year mainly due to cash generated from operations. Capital investment of Rs. 1.9 billion (2015: Rs. 1.3 billion) was incurred to upgrade our manufacturing facilities and enhance production capacity. Cash out flows mainly includes dividend payment and payment to GlaxoSmithKline Consumer Healthcare Pakistan Ltd.

Dividends

The Company maintained its history of providing reasonable returns to its shareholders. The Board of Directors of the Company, in their meeting held on March 08, 2017, have proposed a cash dividend of Rs. 6.0 (2015: Rs. 4.0) per share.

Demerger of Consumer HealthCare business

Subsequent to the demerger of consumer business from the Company on April 01, 2016 the assets, rights, liabilities and obligations of the Consumer Healthcare business of the Company are transferred to and vested in GlaxoSmithKline Consumer Healthcare Pakistan Limited which will be listed as a separate legal entity on the Pakistan Stock Exchange before the end of first quarter of 2017.

Accordingly the same is presented as discontinued operations for the period January 01, 2016 to March 31, 2016. Relevant disclosures are being made in these financial statements.

Future outlook and Challenges:

As we look forward to 2017, the Company will continue to maintain its focus on executing strategic priorities and to invest in the development of new products as well as building on its diverse portfolio of existing brands.

As we have highlighted on several instances in the past, Pakistan's Pharma Industry is strategically positioned to contribute to the national interest by generating economic value in terms of providing quality medicines at affordable prices, domestic value addition, creating employment as well as significantly enhancing the country's export revenues.

The realization of this potential is greatly dependent on the efficiency of the regulatory authority as well as pragmatic policies supported by both the government and regulators. As a sector that requires high investment in technological upgrades as well as capacity building of human capital, policies and practices that address the sustainability of the industry are critical. Equally important is the fair and consistent application of such policies so that the industry can plan its investments.

In order for the Pharma industry to flourish, it is important that our policymakers pick the best practices and even set new standards that would be adopted by others. For this to happen, industry consultation in an environment of trust and mutual respect is essential. We remain committed to contribute to any such dialogue that will foster the growth of this important sector and realize its economic potential for the country.

Intellectual property

While the use of scientific knowledge and creation of Intellectual property rights is central to our values, the effective legal protection of our intellectual property is equally important to ensure a reasonable return on investment in the research and commercialization of new therapies.

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

Acknowledgment

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

On behalf of the Board, I thank our employees, partners and suppliers for their support and commitment and we look forward to continue working with them to attain success in 2017.

By order of the Board



M. Azizul Huq
Chief Executive Officer

Karachi
March 08, 2017

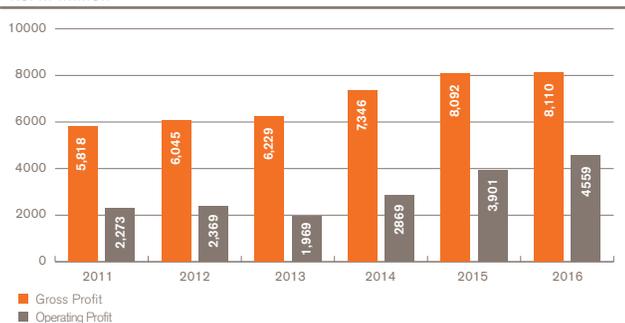
Financial Performance at a Glance

Rupees in million	2016	2015
Net Sales	29,457	29,583
Gross Profit	8,110	8,092
Operating Profit	4,559	3,901
Profit Before Tax	4,540	3,846
Taxation	(1,778)	(1,203)
Profit after taxation	2,762	2,643
Dividend - cash*	1,911.0	1,274.0
- per share - Rs.	6.0	4.0
Paid-up Capital	3,184.7	3,184.7

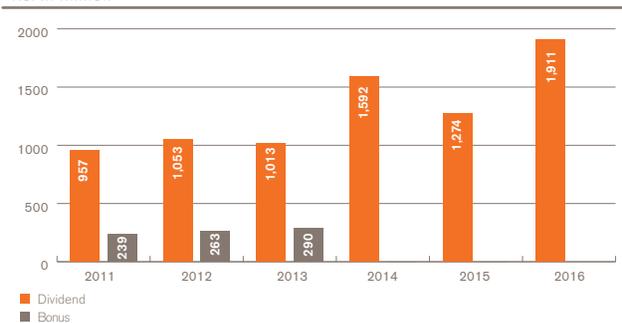
*Represents final cash dividend @ Rs 6.0 per share (2015: Rs. 4.0) proposed by the Board of Directors subsequent to the year end.

Note: Inclusive of discontinued operations for meaningful comparison. Refer note 15.1 for details.

Gross and Operating Profit
Rs. in million



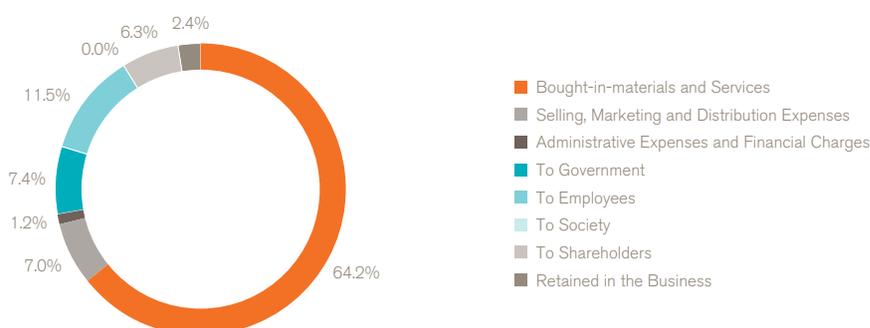
Payout to Shareholders
Rs. in million



Statement of Value Added

	2016		2015	
	Rs. 000	%	Rs. 000	%
Revenue Generated				
Total revenue	30,497,113	100.0	31,129,194	100.0
Revenue distributed				
Bought-in -materials and Services	19,574,475	64.2	19,873,420	63.8
Selling, Marketing and Distribution Expenses	2,136,325	7.0	2,649,647	8.5
Administrative Expenses and Financial Charges	356,212	1.2	440,531	1.4
Income tax	1,777,885	5.8	1,203,188	3.9
Worker's funds and Central research fund	387,427	1.3	283,940	0.9
Sales tax	98,295	0.3	387,133	1.2
To Government	2,263,607	7.4	1,874,261	6.0
Salaries,Wages and other benefits	3,497,223	11.5	3,679,119	11.8
To Employees	3,497,223	11.5	3,679,119	11.8
Donations	–	–	1,290	–
To Society	–	–	1,290	–
Cash dividend*	1,910,804	6.3	1,273,869	4.1
To Shareholders	1,910,804	6.3	1,273,869	4.1
Retained in the Business	758,467	2.4	1,337,057	4.3
	30,497,113	100.0	31,129,194	100.0

* Represents final cash dividend @ Rs 6.0 per share (2015: Rs 4.0) proposed by the Board of Directors subsequent to the year end. Note: Inclusive of discontinued operations for meaningful comparison. Refer note 15.1 for details.

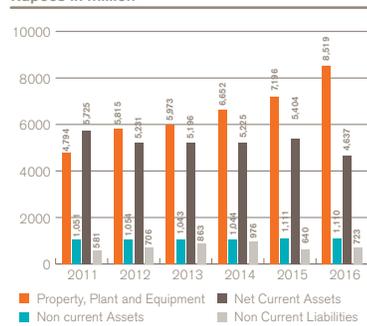


Key Operating and Financial Data

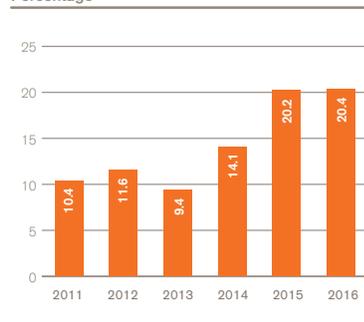
Rupees in million	2016	2015	2014	2013	2012	2011
Balance Sheet						
Assets employed						
Fixed Assets - tangible - property, plant and equipment	8,519	7,196	6,652	5,973	5,815	4,794
Assets - intangible - Goodwill	1,039	1,039	956	956	956	956
Long-term loans and deposits	71	72	88	87	99	94
Net current assets	4,637	5,404	5,198	5,196	5,231	5,725
Non Current Asset Held For Sale	-	-	27			
	14,266	13,711	12,921	12,212	12,101	11,569
Less: Non-Current Liabilities						
Staff retirement benefits - Staff gratuity	78	16	382	251	175	214
Deferred taxation	645	624	594	612	531	367
	723	640	976	863	706	581
Net assets employed	13,543	13,071	11,945	11,349	11,395	10,988
Financed by						
Issued, subscribed and paid-up capital	3,185	3,185	3,185	2,895	2,632	2,393
Reserves	10,358	9,886	8,760	8,454	8,763	8,595
Shareholders' Equity	13,543	13,071	11,945	11,349	11,395	10,988
Turnover and profit						
Net sales	29,457	29,583	27,883	25,231	23,150	21,750
Gross profit	8,110	8,092	7,346	6,229	6,045	5,818
Operating profit	4,559	3,901	2,869	1,969	2,369	2,273
Profit before taxation	4,540	3,846	2,849	1,810	2,322	2,237
Taxation	(1,778)	(1,203)	(1,162)	(748)	(995)	1,096
Profit after taxation	2,762	2,643	1,687	1,062	1,327	1,141
EBTIDA	5,119	4,348	3,293	2,323	2,716	2,599
Cash Dividend including bonus shares	1,911	1,274	1,592	1,303	1,316	1,196
Sales per employees	12,680	12,472	11,091	9,933	9,129	10,853

Note: Inclusive of discontinued operations for meaningful comparison. Refer note 15.1 for details.

Assets & Liabilities
Rupees in million



Return on Equity
Percentage



Share Price Sensitivity
Rupees



		2016	2015	2014	2013	2012	2011
Cashflows							
Operating Activities	Rs. in million	5,015	3,044	2,432	1,057	2,057	127
Investing Activities	Rs. in million	(1,676)	(249)	(920)	(285)	(1,167)	(558)
Financing Activities	Rs. in million	(1,197)	(1,805)	(957)	(990)	(900)	(782)
Changes in Cash equivalents	Rs. in million	1,436	990	555	(218)	(10)	(1,213)
Cash & equivalents - Year end	Rs. in million	4,310	3,642	2,652	2,097	2,316	2,326
Financial Highlights							
Cash dividend per share	Rupees	6.0	4.0	5.0	3.5	4.0	4.0
Bonus shares	%	-	-	-	10.0	10.0	10.0
Market value per share - year end	Rupees	233.3	220.0	219.3	136.2	73.3	67.1
Market value per share - high	Rupees	274.5	244.8	254.0	152.1	81.8	90.0
Market value per share - low	Rupees	196.1	161.0	136.3	68.0	61.0	63.1
Market price to Book value with surplus	Times	5.5	5.4	5.8	3.5	1.7	1.4
Market capitalization	Rs.in million	74,189	70,069	69,843	39,435	19,300	16,050
Stock Dividend per share	Rupees	-	-	-	10.0	10.0	10.0
Profitability Ratios							
Profit before tax ratio	%	15.4	13.0	10.2	7.2	10.0	10.3
Gross Yield on Earning Assets	%	4.0	4.9	7.1	7.6	6.9	14.8
Gross Spread ratio	Times	0.3	0.3	0.2	0.2	0.2	0.2
Cost / Income ratio	Times	0.5	0.6	0.6	0.7	0.6	0.6
Return on Equity	%	20.4	20.2	14.1	9.4	11.6	10.4
Return on Capital employed	%	13.4	13.5	9.1	6.2	8.4	7.5
Gross Profit ratio	%	28.0	27.4	26.3	24.7	26.1	26.8
Net Profit to Sales	%	9.40	8.9	6.1	4.2	5.7	5.2
EBITDA Margin to Sales	%	17.0	14.7	11.8	9.2	11.7	11.9
Operating leverage ratio	Times	(41.9)	5.7	5.5	(2.5)	0.6	1.1
Investment/Market Ratios							
Earnings per share (EPS)	Rupees	8.7	8.3	5.3	3.3	4.6	4.3
Price Earnings ratio	Times	26.9	26.5	41.4	40.8	16.0	15.5
Price to Book ratio	Times	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Yield ratio	%	2.6	1.8	2.3	2.6	5.5	6.0
Dividend Payout ratio	Times	0.7	0.5	0.9	1.0	0.9	0.9
Dividend Cover ratio	Times	1.4	2.1	1.1	1.0	1.1	1.1
Break-up Value per share without Surplus on Revaluation of Fixed Assets	Rupees	42.5	41.0	37.5	39.2	43.3	45.9
Break-up Value per share including the effect of Surplus on Revaluation of Fixed Assets	Rupees	42.5	41.0	37.5	39.2	43.3	45.9

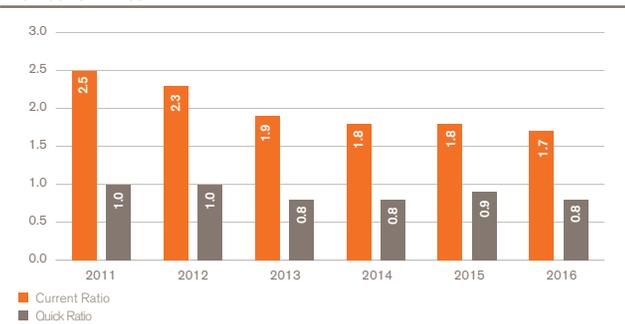
Note: Inclusive of discontinued operations for meaningful comparison. Refer note 15.1 for details.

Key Operating and Financial Data

		2016	2015	2014	2013	2012	2011
Capital Structure Ratios							
Earning assets to total assets ratio	%	20.4	18.1	13.9	11.7	14.3	15.1
Net assets per share	Times	42.5	41.0	37.5	39.2	43.3	45.9
Debt to Equity ratio	Times	-	0.0	0.1	0.1	0.1	0.1
Financial leverage ratio	Times	0.6	0.5	0.6	0.6	0.4	0.4
Interest Cover ratio	Times	238.5	70.8	139.9	11.4	48.9	61.2
Liquidity Ratios							
Advances to Deposits ratio	Times	1.3	3.1	2.9	2.1	2.6	3.0
Current ratio	Times	1.7	1.8	1.8	1.9	2.3	2.5
Quick / Acid test ratio	Times	0.8	0.9	0.8	0.8	1.0	1.0
Cash to Current Liabilities	Times	0.6	0.6	0.4	0.4	0.6	0.6
Cash flow from Operations to Sales	%	14.4	10.3	8.7	4.2	8.9	0.6
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.6	3.4	3.2	3.3	3.1	3.1
No. of Days in Inventory	Days	102	107	115	112	117	117
Debtor turnover ratio	Times	56.1	56.1	63.0	72.1	66.7	68.1
No. of Days in Receivables	Days	7	7	6	5	5	5
Creditor turnover ratio	Times	9.1	10.6	10.6	10.5	12.8	12.3
No. of Days in Creditors	Days	40	35	34	35	28	30
Total Assets turnover ratio	Times	1.39	1.5	1.5	1.4	1.4	1.4
Fixed Assets turnover ratio	Times	3.5	4.1	4.2	4.2	4.0	4.5
Operating Cycle	Days	69	79	86	82	94	93

Note: Inclusive of discontinued operations for meaningful comparison. Refer note 15.1 for details.

Current Ratio and Quick Ratio
Number of Times



Debtors Turnover and Inventory Turnover
Number of Days



Direct Cash Flow Statement

For The Year Ended December 31, 2016

Rupees in '000

2016

2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	29,490,865	29,582,635
Cash paid to suppliers / service providers	(20,266,521)	(21,250,121)
Cash paid to employees	(3,501,874)	(3,401,215)
Payment of indirect taxes and other statutory duties	(242,288)	(249,158)
Payment of royalty and technical services fee	(279,733)	(167,806)
Payment to Retirement Funds	(63,154)	(512,424)
Financial charges paid	(19,032)	(21,945)
Income tax paid	(862,582)	(935,995)
Long term deposits	(157)	–
Net cash from operating activities	4,255,524	3,043,971

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed Capital Expenditure	(1,870,363)	(1,343,763)
Proceeds from sale of operating assets	75,737	111,811
Proceeds from sale of non current assets classified as HFS	–	894,560
Purchase of Market authorization rights	–	(83,330)
Return on investments	171,837	172,126
Net cash used in investing activities	(1,622,789)	(248,596)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid	(1,196,529)	(1,805,288)
Net cash used in financing activities	(1,196,529)	(1,805,288)
	1,436,206	990,087
Cash transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited	(768,893)	–
Cash and cash equivalents at beginning of the year	3,642,198	2,652,111
Cash and cash equivalents at end of the year	4,309,511	3,642,198

Horizontal Analysis

%	2016	2015	2014	2013	2012	2011
Balance Sheet Analysis						
	Change from preceding year					
Share Capital and Reserves	3.6	9.4	5.2	(0.4)	3.7	1.7
Non Current Liabilities	23.7	(34.4)	13.0	22.2	21.5	9.3
Current Liabilities	7.7	3.6	7.9	38.0	7.0	9.0
Total Equity and Liabilities	5.2	5.3	6.5	10.4	5.2	3.7
Non Current Assets	19.3	7.9	9.7	2.1	17.6	11.7
Current Assets	(2.3)	3.8	4.2	16.4	(2.3)	(0.6)
Total Assets	5.2	5.3	6.5	10.4	5.2	3.7
Profit and Loss Account Analysis						
	Change from preceding year					
Net sales	(0.4)	6.1	10.5	9.0	6.4	15.0
Cost of sales	(0.7)	4.6	8.1	11.1	7.4	13.3
Gross profit	0.2	10.2	17.9	3.0	3.9	19.9
Selling, marketing and distribution expenses	(19.1)	8.2	1.9	19.7	8.5	21.8
Administrative expenses	(9.3)	4.7	9.0	19.3	(23.2)	22.8
Other operating expenses	36.4	12.0	65.4	(20.4)	(0.7)	13.4
Other income	(10.3)	135.9	8.0	37.8	(28.5)	16.2
Operating profit	16.9	36.0	45.7	(16.9)	4.2	16.5
Financial charges	(65.0)	167.0	(87.2)	235.1	30.1	82.4
Profit before taxation	18.0	35.0	57.4	(22.0)	3.8	15.8
Taxation	47.8	3.6	55.4	(24.9)	(9.2)	25.3
Profit after taxation	4.5	56.7	58.8	(19.9)	16.3	7.9

Note: Inclusive of discontinued operations for meaningful comparison. Refer note 15.1 for details.

Vertical Analysis

%	2016	2015	2014	2013	2012	2011
Balance Sheet Analysis						
Share Capital and Reserves	64.0	65.0	62.5	63.3	70.2	71.1
Non Current Liabilities	3.7	3.2	5.1	4.8	4.3	3.8
Current Liabilities	32.3	31.8	32.4	31.9	25.5	25.1
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non Current Assets	46.2	41.3	40.4	39.1	42.3	37.8
Current Assets	53.8	58.7	59.6	60.9	57.7	62.2
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Profit and Loss Analysis						
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	72.5	72.6	73.7	75.3	73.9	73.2
Gross profit	27.5	27.4	26.3	24.7	26.1	26.8
Selling, marketing and distribution expenses	11.0	13.5	13.3	14.4	13.1	12.8
Administrative expenses	3.3	3.6	3.7	3.7	3.4	4.7
Other operating expenses	1.3	1.0	0.9	0.6	0.8	0.9
Other operating income	3.5	3.9	1.8	1.8	1.4	2.1
Operating profit	15.5	13.2	10.3	7.8	10.2	10.5
Financial charges	0.1	0.2	0.1	0.6	0.2	0.2
Profit before taxation	15.4	13.0	10.2	7.2	10.0	10.3
Taxation	6.0	4.1	4.2	3.0	4.3	5.0
Profit after taxation	9.4	8.9	6.1	4.2	5.7	5.2

Note: Inclusive of discontinued operations for meaningful comparison. Refer note 15.1 for details.

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Delivering *Happiness*

GlaxoSmithKline Pakistan Limited
Financial Report

2016

Statement of Compliance

with the Code of Corporate Governance for the Year Ended 31 December 2016

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

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

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

Category	Name
Independent Directors	Husain Lawai
Executive Directors	M. Azizul Huq
	Abdul Samad
Non-Executive Directors	Mehmood Mandviwalla
	Dylan Jackson
	Nicolas Ragot
	Sohail Ahmed

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

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

-
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
 14. The company has complied with all the material corporate and financial reporting requirements of the Code.
 15. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors and the Chairman of the committee is an independent Director.
 16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
 17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors including the chairman of the committee.
 18. The Board has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
 19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
 20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 21. The 'Closed Period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, employees and stock exchanges.
 22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchanges.
 23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
 24. We confirm that all other material principles enshrined in the Code have been complied with except for the following areas;
 - The position of Head of Internal Audit became vacant due to resignation of Head of Internal Audit submitted towards the end of the year. The Company's internal audit function is outsourced to Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants in accordance with the provisions of the Code. The Company is making progress with respect to this to seek compliance by the end of the next accounting year; and
 - The Chairman of the Audit Committee due to an emergency at the last minute, could not attend the Annual General Meeting of the Company.

On behalf of the Board



M. Azizul Huq

Chief Executive Officer

Karachi
March 08, 2017

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of GlaxoSmithKline Pakistan Limited for the year ended December 31, 2016 to comply with the Code contained in Regulation No. 5.19 of the Listing Regulations of Pakistan Stock Exchange where the Company is listed.

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

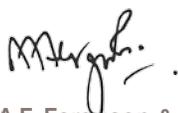
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.

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

S. No.	Note Reference	Description
(i)	24	The position of Head of Internal Audit becoming vacant.
(ii)	24	Non-attendance of Chairman Audit Committee at the Annual General Meeting.



A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March 27, 2017

Auditors' Report to the Members

We have audited the annexed balance sheet of GlaxoSmithKline Pakistan Limited as at December 31, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: March 27, 2017

Name of Engagement Partner: Mohammad Zulfikar Akhtar

Balance Sheet

as at December 31, 2016

Rupees '000	Note	2016	2015
NON-CURRENT ASSETS			
Fixed assets	3	8,318,434	7,154,446
Intangibles	4	1,039,072	1,039,072
Long-term loans to employees	5	49,369	49,212
Long-term deposits		21,955	21,955
		9,428,830	8,264,685
CURRENT ASSETS			
Stores and spares	6	201,037	158,564
Stock-in-trade	7	5,548,083	4,707,918
Trade debts	8	530,413	328,948
Loans and advances	9	177,653	340,491
Trade deposits and prepayments	10	134,335	123,223
Accrued Interest		12,074	10,908
Refunds due from government	11	54,178	109,125
Other receivables	12	484,945	313,127
Taxation - payments less provision		-	531,579
Investments	13	793,873	695,586
Cash and bank balances	14	3,515,638	2,946,612
		11,452,229	10,266,081
Assets of disposal groups classified as held for sale / disposal	15	284,048	1,589,416
		21,165,107	20,120,182
SHARE CAPITAL AND RESERVES			
Share capital	16	3,184,672	3,184,672
Reserves	17	10,358,113	9,885,539
		13,542,785	13,070,211
NON-CURRENT LIABILITIES			
Staff retirement benefits	18	78,014	15,861
Deferred taxation	19	645,171	630,681
		723,185	646,542
CURRENT LIABILITIES			
Trade and other payables	20	6,246,759	5,255,587
Taxation - provision less payments		391,727	-
Provisions	21	192,739	187,113
		6,831,225	5,442,700
Liabilities of disposal groups classified as held for sale / disposal	15	67,912	960,729
		7,622,322	7,049,971
CONTINGENCIES AND COMMITMENTS			
	22		
		21,165,107	20,120,182

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


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Profit and Loss Account

for the year ended December 31, 2016

Rupees '000	Note	2016	2015
Continuing operations:			
Net sales	23	27,563,533	23,821,926
Cost of sales	24	(20,099,062)	(17,397,755)
Gross profit		7,464,471	6,424,171
Selling, marketing and distribution expenses	25	(2,816,163)	(2,787,942)
Administrative expenses	26	(944,201)	(971,144)
Other operating expenses	27	(372,750)	(255,635)
Other income	28	1,040,556	1,159,017
Operating profit		4,371,913	3,568,467
Financial charges	29	(19,032)	(54,361)
Profit before taxation		4,352,881	3,514,106
Taxation	30	(1,707,969)	(1,003,380)
Profit after taxation from continuing operations		2,644,912	2,510,726
Discontinued operations:			
Profit after taxation from discontinued operations	15	117,273	132,504
		2,762,185	2,643,230
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of staff retirement benefits		58,831	105,995
Impact of taxation		(17,258)	(31,781)
		41,573	74,214
Total comprehensive income			
		2,803,758	2,717,444
Earnings per share - basic	31		
- continuing operations		Rs. 8.31	Rs. 7.88
- discontinued operations		Re. 0.37	Re. 0.42
		Rs. 8.68	Rs. 8.30

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


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Cash Flow Statement

for the year ended December 31, 2016

Rupees '000	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	5,181,417	4,476,502
Staff retirement benefits paid		(63,154)	(512,424)
Income taxes paid		(862,582)	(935,995)
(Increase) / decrease in long-term loans to employees and deposits		(157)	15,888
Net cash generated from operating activities		4,255,524	3,043,971
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,870,363)	(1,343,763)
Proceeds from sale of operating assets		75,737	111,811
Proceeds from sale of non current assets classified as held for sale - net of disposal costs		—	894,560
Purchase of marketing authorisation rights		—	(83,330)
Return received		171,837	172,126
Net cash used in investing activities		(1,622,789)	(248,596)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,196,529)	(1,805,288)
Net increase in cash and cash equivalents		1,436,206	990,087
Cash transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited	1.1	(768,893)	—
Cash and cash equivalents at beginning of the year		3,642,198	2,652,111
Cash and cash equivalents at end of the year	33	4,309,511	3,642,198

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


M. Azizul Haq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2016

Rupees '000	Share capital	Capital reserves	Revenue reserves		Total
		Reserve arising on Schemes of Arrangements	General reserve	Unappropriated profit	
Balance as at January 1, 2015	3,184,672	2,184,238	3,999,970	2,576,223	11,945,103
Final dividend for the year ended December 31, 2014 @ Rs. 5 per share	-	-	-	(1,592,336)	(1,592,336)
Profit after taxation for the year ended December 31, 2015	-	-	-	2,643,230	2,643,230
Remeasurement of staff retirement benefits - net of tax	-	-	-	74,214	74,214
Total comprehensive income for the year ended December 31, 2015	-	-	-	2,717,444	2,717,444
Balance as at December 31, 2015	3,184,672	2,184,238	3,999,970	3,701,331	13,070,211
Final dividend for the year ended December 31, 2015 @ Rs. 4 per share	-	-	-	(1,273,869)	(1,273,869)
Transfer to GlaxoSmithKline Consumer Healthcare Pakistan Limited pursuant to the Scheme - note 1.1 & 15	-	(1,057,315)	-	-	(1,057,315)
Profit after taxation for the year ended December 31, 2016	-	-	-	2,762,185	2,762,185
Remeasurement of staff retirement benefits - net of tax	-	-	-	41,573	41,573
Total comprehensive income for the year ended December 31, 2016	-	-	-	2,803,758	2,803,758
Balance as at December 31, 2016	3,184,672	1,126,923	3,999,970	5,231,220	13,542,785

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


M. Azizul Huq
 Chief Executive Officer


Abdul Samad
 Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

1. THE COMPANY AND ITS OPERATIONS

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

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

1.1 DISCONTINUED OPERATIONS

Consequent to the submission of order of the High Court approving the Scheme of Arrangement (the Scheme) for demerger of the Company to the Registrar of Companies on April 1, 2016, assets and liabilities of Consumer Healthcare Division as at March 31, 2016, as detailed in note 15.7 to these financial statements, were transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited. Accordingly, the same is presented as discontinued operations for the period January 1 to March 31, 2016 in these financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

Critical accounting estimates and judgements

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

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

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

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

2.2 Changes in accounting standards, interpretations and pronouncements

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

IAS 1 'Presentation of financial statements' these amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosures of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved.

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

Except as stated in (a), new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

Amendments to IAS 7, 'Statement of cash flows' introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative.

The change will impact the disclosures of the Company's financial statements.

2.3 Overall valuation policy

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

2.4 Staff retirement benefits

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

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

Contributions to the gratuity and pension plans are based on actuarial recommendations. The latest actuarial valuations of the schemes were carried out as at December 31, 2016 using the Projected Unit Credit Method.

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

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

2.5 Compensated absences

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

2.6 Taxation

2.6.1 Current

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

2.6.2 Deferred

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

2.7 Provisions

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

2.8 Property, plant and equipment

(i) Operating fixed assets

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

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

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

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

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

(ii) Capital work-in-progress

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

2.9 Impairment

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

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

2.10 Intangibles

2.10.1 Goodwill

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

2.10.2 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.

2.11 Stores and spares

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

2.12 Stock-in-trade

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

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

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

2.13 Trade debts

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

2.14 Investments

2.14.1 Available-for-sale

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

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

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

2.14.2 Held-to-maturity

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

2.15 Non-current assets held for sale / disposal

Non-current assets are classified as held for sale / disposal if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable. The Company measures its non-current assets classified as held for sale / disposal at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

2.16 Cash and cash equivalents

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

2.17 Foreign currency translation

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

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

2.18 Revenue recognition

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

- Sales of goods are recorded when the risks and rewards of the goods are transferred to the customers.
- Returns on deposits, investments, scrap sales, Service fees and insurance commission are recognised on accrual basis.
- Promotional allowance is recognised when the amount is received.

2.19 Financial assets and liabilities

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

2.20 Dividend

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

2.21 Share based payments

Cash settled share based payments 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.

2.22 Segment reporting

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

Rupees '000	Note	2016	2015
3. FIXED ASSETS			
Operating assets	3.1	5,594,858	5,387,352
Major spare parts and stand-by equipments	3.3	89,383	80,514
Capital work-in-progress	3.4	2,634,193	1,686,580
		8,318,434	7,154,446

	Land		Building		Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
	Freehold	Leasehold	On freehold land	On leasehold land					
Rupees '000									
3.1 Operating assets									
Net Carrying value basis									
Year ended December 31, 2016									
Opening net book value (NBV)	-	341,220	-	1,396,193	2,869,282	146,960	311,129	322,568	5,387,352
Additions (at cost)	-	-	-	60,445	548,583	16,408	193,453	66,371	885,260
Disposals									
- Cost	-	-	-	-	(71,276)	-	(106,273)	(8,971)	(186,520)
- Accumulated depreciation	-	-	-	-	56,874	-	59,729	7,711	124,314
- Accumulated impairment	-	-	-	-	4,904	-	-	-	4,904
Disposals (at NBV)	-	-	-	-	(9,498)	-	(46,544)	(1,260)	(57,302)
Depreciation charge	-	(5,235)	-	(45,036)	(271,882)	(21,475)	(100,721)	(82,397)	(526,746)
Impairment charge	-	-	-	-	(52,276)	-	-	-	(52,276)
Transferred to disposal groups classified as held for sale / disposal - note 15.4									
- Cost	-	(18,450)	-	(12,250)	-	(2,162)	(5,760)	(14,847)	(53,469)
- Accumulated depreciation	-	1,780	-	912	-	733	2,293	6,321	12,039
	-	(16,670)	-	(11,338)	-	(1,429)	(3,467)	(8,526)	(41,430)
Closing net book value	-	319,315	-	1,400,264	3,084,209	140,464	353,850	296,756	5,594,858
Gross carrying value basis									
At December 31, 2016									
Cost	-	364,226	-	1,841,707	5,473,296	299,238	613,519	784,674	9,376,660
Accumulated depreciation	-	(44,911)	-	(441,430)	(2,316,881)	(158,577)	(259,669)	(487,888)	(3,709,356)
Accumulated impairment	-	-	-	(13)	(72,206)	(197)	-	(30)	(72,446)
Net book value	-	319,315	-	1,400,264	3,084,209	140,464	353,850	296,756	5,594,858
Depreciation rate % per annum	-	2.5 to 10	2.5	2.5	5 to 6.67	10	25	10 to 33.33	
Net carrying value basis									
Year ended December 31, 2015									
Opening net book value (NBV)	-	346,468	-	1,310,662	2,874,953	153,530	353,915	278,872	5,318,400
Additions (at cost)	-	-	-	126,886	252,958	13,697	173,353	120,591	687,485
Disposals									
- Cost	-	-	-	-	(30,329)	(49)	(187,924)	(1,779)	(220,081)
- Accumulated depreciation	-	-	-	-	29,704	41	108,171	1,665	139,581
Disposals (at NBV)	-	-	-	-	(625)	(8)	(79,753)	(114)	(80,500)
Depreciation charge	-	(5,248)	-	(41,342)	(248,535)	(20,245)	(106,966)	(74,944)	(497,280)
Impairment charge	-	-	-	(13)	(4,687)	(14)	-	(30)	(4,744)
Transferred to disposal groups classified as held for sale / disposal - note 15.4									
- Cost	-	-	-	-	(15,282)	-	(44,177)	(4,450)	(63,909)
- Accumulated depreciation	-	-	-	-	10,500	-	14,757	2,643	27,900
	-	-	-	-	(4,782)	-	(29,420)	(1,807)	(36,009)
Closing net book value	-	341,220	-	1,396,193	2,869,282	146,960	311,129	322,568	5,387,352
Gross carrying value basis									
At December 31, 2015									
Cost	-	382,676	-	1,793,512	4,995,989	284,992	532,099	742,121	8,731,389
Accumulated depreciation	-	(41,456)	-	(397,306)	(2,101,873)	(137,835)	(220,970)	(419,523)	(3,318,963)
Accumulated impairment	-	-	-	(13)	(24,834)	(197)	-	(30)	(25,074)
Net book value	-	341,220	-	1,396,193	2,869,282	146,960	311,129	322,568	5,387,352
Depreciation rate % per annum	-	2.5 to 10	2.5	2.5	5 to 6.67	10	25	10 to 33.33	

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

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

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees '000						
Plant & machinery - various items	6,727	4,549	2,178	710	Tender	M/s Ganatra Salvaging, B-37, SITE, Karachi
Office equipment - various items	612	389	223			
Items sold with tender having individual book values less than Rs. 50,000						
- Plant & machinery - various items	3,031	2,900	131			
	10,370	7,838	2,532	710		
Office equipment - various items	616	444	172	2,323	Tender	M/s Ganatra Salvaging, B-37, SITE, Karachi
Items sold with tender having individual book values less than Rs. 50,000						
- Office equipment - various items	1,830	1,583	247			
	2,446	2,027	419			
Plant & machinery - various items	2,766	1,346	1,420	449	Tender	M/s Ganatra Salvaging, B-37, SITE, Karachi
Items sold with tender having individual book values less than Rs. 50,000						
- Plant & machinery - various items	1,400	1,316	84			
	4,166	2,662	1,504			
Plant & machinery - various items	509	204	305	85	Tender	M/s Ganatra Salvaging, B-37, SITE, Karachi
Items sold with tender having individual book values less than Rs. 50,000						
- Plant & machinery - various items	807	807	-			
	1,316	1,011	305			
Office equipment - various items	994	497	497	3,315	Tender	M/s Rajab Ali Contractor, Shop # 1, Akhara Building, Ranchorpuri Road, Bheempura, Risala Thana, Karachi
Plant & machinery - various items	11,022	9,708	1,314			
Items sold with tender having individual book values less than Rs. 50,000						
- Office equipment - various items	2,676	2,676	-			
	14,692	12,881	1,811	3,315		
Balance Carried forward	32,990	26,419	6,571	6,882		

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees '000						
Balance Brought forward	32,990	26,419	6,571	6,882		
Plant & machinery - various items	12,196	7,302	4,894	813	Tender	M/s RKF Traders, Plot # SF, Unit 67, SITE, Near Mehran Food Co. Karachi
Items sold with tender having individual book values less than Rs. 50,000						
- Plant & machinery - various items	35	25	10			
	12,231	7,327	4,904	813		
Plant & machinery - various items	5,210	1,172	4,038	982	Tender	M/s Shakoor Brothers, Plot # SA-6, ST-4, Sector-27, Korangi Industrial Area, Karachi
Items sold with tender having individual book values less than Rs. 50,000						
- Plant & machinery - various items"	2,333	2,304	29			
	7,543	3,476	4,067	982		
Motor vehicles	7,280	4,891	2,389	3,570	Company Policy	Ms Pouruchisty Sidhwa - Ex-Director
"	5,181	2,833	2,348	3,081	"	Dr Khawar S Khan - Ex-Executive
"	5,181	2,995	2,186	3,240	"	Mr Naved M Ali - Executive
"	2,489	817	1,672	1,493	"	Mr Syed Sibtain - Ex-Executive
"	2,080	1,560	520	520	"	Mr Younis Jan Durrani - Ex-Executive
"	1,970	1,478	492	493	"	Ms Ruby Shaikh - Executive
"	1,935	1,451	484	484	"	Mr Ashiq Hussain - Ex-Executive
"	1,858	406	1,452	1,725	"	Ms Pouruchisty Sidhwa - Ex-Director
"	1,788	84	1,704	1,095	"	Mr Rashid Ali Khan - Ex-Executive
"	1,783	446	1,337	1,035	"	Mr Aslam Pervaiz - Ex-Executive
"	1,753	164	1,589	1,700	"	Mr Mohammad Hafeez - Ex-Executive
"	1,733	866	867	560	"	Mr M Ali Zahed - Ex-Executive
"	1,733	1,056	677	1,211	"	Mr Shafiullah Pathan - Ex-Executive
"	1,671	261	1,410	1,300	"	Mr Malik Razzaq - Ex-Executive
"	1,578	1,183	395	1,190	"	Mr M Faisal Khan - Ex-Executive
"	1,462	1,097	365	366	"	Mr Imran Khan - Executive
"	1,462	1,097	365	366	"	Mr Syed Shujat Ali - Executive
"	1,462	1,097	365	366	"	Mr Zulfiqar Ali - Executive
"	1,453	454	999	851	"	Mr Mohammad Tayyab - Ex-Executive
"	1,450	1,088	362	363	"	Mr Siraj Ashraf - Executive
"	1,414	1,061	353	354	"	Mr Obaid Siddiqui - Executive
"	1,365	340	1,025	1,164	"	Mr Amar Raysee - Executive
"	1,231	769	462	380	"	Mr Fazal Durrani - Ex-Executive
"	1,231	1,033	198	492	"	Mr Jawaid A Qureshi - Ex-Executive
"	1,203	902	301	484	"	Ms Saeeda Roshan Ali - Executive
"	1,176	827	349	706	"	Mr Khalid Mehmood Sheikh - Executive
"	1,148	861	287	689	"	Mr Abdul Ghaffar - Executive
"	1,148	861	287	689	"	Mr Amin Hirani - Executive
"	1,123	842	281	360	"	Dr Yasir Mubarak - Ex-Executive
"	1,098	824	274	442	"	Col. Ihsanullah Khan - Executive
"	1,089	816	273	272	"	Mr Sabihuddin - Executive
Balance Carried forward	113,292	71,682	41,640	39,718		

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees '000						
Balance Brought forward	113,292	71,682	41,640	39,718		
Motor vehicles	1,088	816	272	272	Company Policy	Mr Aslam Qureshi - Executive
"	1,088	816	272	272	"	Mr Mohammad Nasir Khan - Executive
"	1,068	801	267	437	"	Mr Muhammad Akram - Executive
"	1,068	801	267	267	"	Mr Rashid Ali Khan - Ex-Executive
"	1,068	801	267	267	"	Mr Shaikh Ahmed - Executive
"	1,038	779	259	260	"	Mr Najam Ur Rehman - Executive
"	6,400	2,200	4,200	4,610	Tender	Mr. Aamir Amjad Latif, 2/2, Khayaban-e-Shujat, DHA, Karachi
"	1,859	1,394	465	1,309	"	Mr. Sohail Ahmed, C-51, Block 4, Federal-B Area, Karachi
"	1,733	162	1,571	1,651	"	Mr. Numeri Abrar, A-50,Block 3, Gulistan-e-Johar, Karachi
"	1,529	1,147	382	1,320	"	Mr. Khalid Anwar, House No. 2029, Near Sharif Medical Centre, Bhutta Village, Kemari, Karachi
"	1,426	1,070	356	1,234	"	Mr. Saeed-ur-Rehman, R-54, Block-E, ST 5/2, North Nazimabad, Karachi
"	1,389	1,042	347	1,175	"	Mr. Khalid Anwar, House No. 2029, Near Sharif Medical Centre, Bhutta Village, Kemari, Karachi
"	1,365	405	960	1,134	"	Mr. Aamir Amjad Latif, 2/2, Khayaban-e-Shujat, DHA, Karachi
"	1,365	405	960	1,168	"	Mr. Syed Riaz Ahmed, A-216, Block-3, Gulshan-e-Iqbal, Karachi
"	1,315	103	1,212	1,305	"	Mr. Anwar Hussain Siddiqui, House No. 3-D8/15, Nazimabad No. 3, Karachi
"	1,310	614	696	1,115	"	M/s. Suzuki South, Plot No. 25/1, Korangi Industrial Area, Karachi
"	1,291	645	646	1,115	"	"
"	1,291	645	646	1,100	"	"
"	1,203	789	414	950	"	"
"	675	505	170	400	"	Mr. Asim Iqbal, House No. 9, Tayyab Ji Road, Dar-ul-Hina, Off Shahrah-e-Liaqat, Karachi
"	675	505	170	568	"	Mr. Noor Hassan, House No. B-199, Metroville, S.I.T.E., Karachi
"	675	505	170	496	"	Mr. Syed Wali Najam, Z-102, BYJCHS, Block-7&8, Shaheed-e-Millat Road, Karachi
"	674	506	168	532	"	Mr. Farrukh Amjad, R-25, Sector 5-L, North Karachi, Karachi
"	662	497	165	606	"	Mr. Sheraz Khan, B-98, Block-3, Metroville, S.I.T.E., Karachi
"	662	497	165	551	"	Mr. Syed Khurram Ali, House No. 1060, EDP Building, Hyderabad Colony, Karachi
Balance Carried forward	147,209	90,132	57,077	63,832		

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees '000						
Balance Brought forward	147,209	90,132	57,077	63,832		
Motor vehicle	662	497	165	570	Tender	Mr. Zahid Qadri, R-536, 15A/4, Buffer Zone, North Nazimabad, Karachi
"	647	485	162	505	"	Mr. Syed Amir Ali, F-23, Block-F, North Nazimabad, Karachi
"	2,489	1,011	1,478	2,275	Insurance Claim	M/s. EFU General Insurance Limited
"	1,939	1,208	731	1,949	"	"
"	1,868	729	1,139	1,863	"	"
"	1,783	446	1,337	1,753	"	"
Total	156,579	94,508	62,089	72,747		

Rupees '000	2016	2015
3.3 Major spare parts and stand-by equipments		
Balance at beginning of the year	80,514	74,542
Additions during the year	13,972	12,156
Transfers made during the year	(5,103)	(6,184)
Balance at end of the year	89,383	80,514
3.4 Capital work-in-progress		
Civil work	510,648	350,181
Plant and machinery	1,876,685	1,233,578
Furniture and fixtures	34,462	23,997
Office equipments	113,885	60,404
Advances to suppliers	98,513	58,607
	2,634,193	1,726,767
Provision for impairment	–	(40,187)
	2,634,193	1,686,580
4. INTANGIBLES		
Market authorisation rights - note 4.1	83,330	83,330
Goodwill	955,742	955,742
	1,039,072	1,039,072

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

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for the year ended December 31, 2016

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

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

Valuation basis	Value in use
Key assumptions	Sales growth rates
	Discount rate
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information and past performance.
	Cost reflects past experience, adjusted for inflation and expected changes.
	Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	4%
Period of specific projected cash flows	5 years
Discount rate	17%

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

Rupees '000	2016	2015
5. LONG-TERM LOANS TO EMPLOYEES		
Considered good		
To executives	26,545	17,642
To other employees	66,160	78,895
	92,705	96,537
Recoverable within one year - note 9		
Executives	(11,414)	(9,391)
Other employees	(31,922)	(37,934)
	(43,336)	(47,325)
	49,369	49,212
Reconciliation of carrying amount of loans to executives:		
Opening balance	17,642	9,884
Disbursements including promotions	21,111	14,167
Recoveries and amortisation	(12,208)	(5,787)
Transferred to disposal groups classified as held for sale / disposal	-	(622)
	26,545	17,642

- 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 (2015: 5% to 8% per annum). All loans are secured against the retirement fund balances.

The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 26.55 million (2015: Rs. 16.95 million).

Rupees '000	2016	2015
6. STORES AND SPARES		
Stores and spares	221,773	190,143
Less: Provision for slow moving and obsolete items	(20,736)	(31,579)
	201,037	158,564
7. STOCK-IN-TRADE		
Raw and packing materials including in transit Rs. 545.22 million (2015: Rs. 252.69 million)	2,229,555	2,071,159
Work-in-process	495,716	342,790
Finished goods including in transit Rs. 749.53 million (2015: Rs. 381.28 million)	3,064,030	2,569,245
	5,789,301	4,983,194
Less: Provision for slow moving, obsolete and damaged items - note 7.3	(241,218)	(275,276)
	5,548,083	4,707,918
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	42,617	54,594
Pharmatec Pakistan (Private) Limited	130,108	-
Stock held with distributors and at third party warehouses		
Expeditors International Pakistan (Private) Limited	-	12,722
DHL Global Forwarding (Private) Limited	332,262	94,226
7.2 Stock-in-trade includes items costing Rs. 1.37 billion (2015: Rs. 1.20 billion) valued at net realisable value of Rs. 1.25 billion (2015: Rs. 1.03 billion).		
7.3 During the year, stock-in-trade of Rs. 124.81 million (2015: Rs. 298.46 million) have been written off against provision.		

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Rupees '000	2016	2015
8. TRADE DEBTS		
Considered good		
GlaxoSmithKline Trading Services Limited		
- Associated company	32,027	1,561
Others	498,386	327,387
	530,413	328,948
Considered doubtful	84,786	66,090
	615,199	395,038
Provision for doubtful debts	(84,786)	(66,090)
	530,413	328,948
8.1 The ageing analysis of trade debts past due but not impaired as follows:		
Upto 3 months	56,058	92,281
3 to 6 months	113,510	24,697
	169,568	116,978
8.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 32.03 million (2015: Rs. 80.72 million).		

Rupees '000	2016	2015
9. LOANS AND ADVANCES		
Considered good		
Loans due from employees - note 5	43,336	47,325
Advances to employees	31,484	33,501
Advances to suppliers	102,833	259,665
	177,653	340,491
Considered doubtful		
Advances to suppliers	4,092	4,092
	181,745	344,583
Provision for doubtful advances	(4,092)	(4,092)
	177,653	340,491
10. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits		
- considered good	68,740	92,488
- considered doubtful	44,009	37,675
	112,749	130,163
Provision for doubtful deposits	(44,009)	(37,675)
	68,740	92,488
Prepayments	65,595	30,735
	134,335	123,223

Rupees '000	2016	2015
11. REFUNDS DUE FROM GOVERNMENT		
Custom duty and sales tax		
- considered good	54,178	109,125
- considered doubtful	18,464	18,464
	72,642	127,589
Provision for doubtful receivables	(18,464)	(18,464)
	54,178	109,125
12. OTHER RECEIVABLES		
Due from related parties		
- Associated companies - note 12.1	294,086	164,247
- BMS Pakistan (Private) Limited		
Staff Gratuity Fund - note 18.1	136,501	-
- GlaxoSmithKline Pakistan Limited		
Employees' Gratuity Fund - note 18.1	-	105,595
	430,587	269,842
Workers' Profits Participation Fund - note 12.3	11,608	5,467
Others	42,750	37,818
	484,945	313,127
12.1 Due from associated companies - considered good		
GlaxoSmithKline Services Unlimited, UK	4,881	3,670
GlaxoSmithKline Export Limited, UK	2,377	9,381
GlaxoSmithKline Limited, Bangladesh	-	8,377
GlaxoSmithKline Biologicals, S.A.	10,112	750
Stiefel Laboratories (Ireland) Limited	145,004	-
GlaxoSmithKline Investment Co. Limited, China	-	481
Stiefel Laboratories (Pte) Limited, Singapore - note 12.1.1	123,247	124,625
GlaxoSmithKline S.A.E., Egypt	-	1,049
Stiefel Laboratories Limited, USA	6,578	6,584
GlaxoSmithKline Consumer Healthcare R&D, UK	-	4,384
SB Corporate Centre, USA	1,112	-
GlaxoSmithKline Pharmaceutical Sdn Bhd, Malaysia	-	1,421
GW Asia Pacific Singapore	491	-
GlaxoSmithKline Research & Development, UK	284	3,525
	294,086	164,247

12.1.1 The Company also has Rs. 123.25 million (2015: Rs. 124.63 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. 294.09 million (2015: Rs. 230.53 million).

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Rupees '000	2016	2015
12.3 Workers' Profits Participation Fund		
Opening balance	5,467	15,744
Allocation for the year	(242,859)	(164,533)
	(237,392)	(148,789)
Amount paid to the Fund net of refund received from the Fund amounting to Rs. Nil (2015: 15.74 million)	249,000	154,256
Closing balance	11,608	5,467

13. INVESTMENTS

Held-to-maturity

Investments represent five treasury bills (2015: four treasury bills) which are held with Company's banker for safe custody yielding 5.86% to 5.95% per annum (2015: 6.26% to 6.44% per annum) with maturity by March 2017 (2015: by March 2016).

Rupees '000	2016	2015
14. CASH AND BANK BALANCES		
With banks		
on deposit accounts - note 14.1	3,150,000	2,400,000
on PLS savings accounts - note 14.1 & 14.2	160,457	193,679
on current accounts [including foreign currency account Rs. 25.50 million (2015: Rs. 248.04 million)]	201,611	346,157
Cash and cheques in hand [including foreign currency in hand of Rs. 4,890 (2015: Rs. 4,389)]	3,570	6,776
	3,515,638	2,946,612

14.1 At December 31, 2016 the rates of mark-up on PLS savings accounts and on term deposit accounts were 3.75% to 4.32% (2015: 4% to 4.5%) per annum and 5.15% to 5.25% (2015: 5.45% to 5.65%) per annum respectively.

14.2 This includes Rs. 1.45 million (2015: Rs. 1.45 million) under lien with bank against bank guarantee issued on behalf of the Company.

15. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

15.1 Profit after taxation from discontinued operations includes Oncology business, Mencevax vaccines for the year and Consumer Healthcare business for the period from January 01, 2016 to March 31, 2016 (2015: January 01, 2015 to December 31, 2015) (as disclosed in note 1.1)

Rupees '000	2016	2015
Net sales	1,893,024	5,760,709
Cost of sales	(1,247,673)	(4,092,843)
Gross profit	645,351	1,667,866
Selling, marketing and distribution expenses	(418,645)	(1,210,759)
Administrative expenses - note 15.2	(24,840)	(96,899)
Other operating expenses	(14,677)	(28,305)
Other income	–	409
Profit before taxation	187,189	332,312
Taxation - note 15.3	(69,916)	(199,808)
Profit after taxation	117,273	132,504

15.2 This includes auditors' remuneration amounting to Rs. 2.5 million (2015: Rs. 2 million) with respect to special audit in respect of Scheme of Arrangements.

15.3 This includes charge for current taxation amounting to Rs. 75.15 million (2015: 187.53 million) and income for deferred taxation amounting to Rs. 5.24 million (2015: (charge) Rs. 12.28 million).

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

Rupees '000	December 2016	December 2015
ASSETS		
Fixed assets	200,492	41,173
Long-term loans to employees	–	622
Deferred taxation	–	6,758
Stock-in-trade - net of provision for slow moving, obsolete and damaged stocks of Rs. 16.95 million (2015: Rs. 91.92 million)	83,556	1,245,385
Trade debts - net of provision for bad debts of Rs. Nil (2015: Rs. 8.92 million)	–	191,322
Loans and advances	–	44,371
Other receivables	–	59,785
	284,048	1,589,416
LIABILITIES		
Trade and other payables	67,912	960,729
Net assets	216,136	628,687

15.5 During the year, the Company has decided to dispose off the land having approximate area of 5.13 acres alongwith building and other assets at Sundar Industrial Estate, Lahore having net book value of Rs. 200.49 million. The sale is expected to be completed before December 31, 2017.

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

Rupees '000	2016	2015
Net cash generated from operating activities	759,056	425,302
Net cash used in investing activities	(53,469)	(12,205)

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

15.7 As mentioned in note 1.1, following assets and liabilities of Consumer Healthcare Division as at March 31, 2016 were transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited pursuant to the Scheme of Arrangements for de-merger of the Company:

Rupees '000	March 31 2016
Assets	
Fixed assets	71,237
Deferred taxation	11,993
Long-term loans to employees	695
Stock-in-trade	662,743
Trade debts	233,219
Loans and advances	2,752
Other receivables	15,665
Cash and bank balances	768,893
Total assets	1,767,197
Liabilities	
Trade and other payables	709,882
Net assets	1,057,315

16. SHARE CAPITAL

Authorised share capital

Rupees '000	2016	2015
Authorised share capital		
	2016	2015
	500,000,000	500,000,000
Ordinary shares of Rs. 10 each	5,000,000	5,000,000

Issued, subscribed and paid-up capital

Ordinary Shares of Rs. 10 each

Rupees '000	2016	2015
	5,386,825	5,386,825
Shares allotted for consideration paid in cash	53,868	53,868
Shares allotted for consideration other than cash	643,398	643,398
Shares allotted as bonus shares	2,487,406	2,487,406
	318,467,278	318,467,278

16.1 As at December 31, 2016 S.R. One International B.V., Netherlands and its nominees held 263,029,794 shares (2015: 263,029,794 shares).

Rupees '000	2016	2015
17. RESERVES		
Capital reserve - note 17.1	1,126,923	2,184,238
General reserve	3,999,970	3,999,970
Unappropriated profit	5,231,220	3,701,331
	10,358,113	9,885,539

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

Rupees '000	2016	2015
18. STAFF RETIREMENT BENEFITS		
18.1 Staff retirement benefit plans		
- BMS Pakistan (Private) Limited Management Staff Pension Fund	-	11,764
- BMS Pakistan (Private) Limited Staff Gratuity Fund	(136,501)	4,097
- GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund - note 12	78,014	(105,595)

18.1.1 The Company operates approved funded gratuity schemes for its permanent employees and approved funded pension scheme only for management employees of former GlaxoSmithKline Pharmaceuticals (Private) Limited (the Plans). Actuarial valuation of these Plans is carried out every year and the latest actuarial valuation was carried out as of December 31, 2016. During the year, the Company, in order to harmonise retirement benefits for all its employees has discontinued BMS Pakistan (Private) Limited Management Staff Pension Fund effective from April 01, 2016. Further, as part of harmonisation, management has decided to merge BMS Pakistan (Private) Limited Staff Gratuity Fund into GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund. In this respect, all liabilities and certain assets have been transferred into GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund during the year. Title of remaining assets which include Treasury Bills and Pakistan Investment Bonds is in the process of being transferred.

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

18.1.3 The latest actuarial valuation of the Plans as at December 31, 2016 was carried out using the Projected Unit Credit Method. Details of the Plans as per the actuarial valuation are as follows:

Rupees '000	Gratuity plans		Pension plan	
	2016	2015	2016	2015
18.1.4 Balance sheet reconciliation				
Present value of defined benefit obligation at December 31 - note 18.1.5	1,618,862	1,525,156	123,308	168,569
Fair value of plan assets at December 31 - note 18.1.6	(1,677,349)	(1,626,654)	(123,308)	(156,805)
(Surplus) / deficit	(58,487)	(101,498)	-	11,764

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Rupees '000	Gratuity plans		Pension plan	
	2016	2015	2016	2015
18.1.5 Movement in the present value of defined benefit obligation				
Balance at January 1	1,525,156	1,585,653	168,569	141,270
Benefits paid by the Plans	(161,672)	(237,221)	(8,031)	(6,454)
Transfer to GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund	(41,142)	–	–	–
Current service cost	101,256	104,228	5,253	5,585
Settlement loss	–	–	53,010	–
Liability settled in respect of harmonisation	–	–	(104,374)	–
Interest cost	133,918	162,999	17,568	14,840
Remeasurement on obligation	61,346	(90,503)	(8,687)	13,328
Balance at December 31	1,618,862	1,525,156	123,308	168,569
18.1.6 Movement in the fair value of plan assets				
Balance at January 1	1,626,654	1,203,400	156,805	147,312
Contributions made to the Plans	–	511,424	63,154	1,000
Benefits paid by the Plans	(161,672)	(237,221)	(8,031)	(6,454)
Compensation paid in respect of harmonisation	–	–	(104,374)	–
Transfer to GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund	(41,142)	–	–	–
Interest income	141,602	119,875	16,171	15,303
Remeasurement on plan assets	111,907	29,176	(417)	(356)
Balance at December 31	1,677,349	1,626,654	123,308	156,805
18.1.7 Expense recognised in profit and loss account				
Current service cost	101,256	104,228	5,253	5,585
Net interest (income) / cost	(7,684)	43,124	1,397	(463)
Settlement loss	–	–	53,010	–
Expense recognised in profit and loss account	93,572	147,352	59,660	5,122
18.1.8 Remeasurements recognised in Other Comprehensive Income				
(Gain) / loss from changes in actuarial assumptions	(39,087)	(77,422)	–	12,683
Experience loss / (gain)	100,433	(13,081)	(8,687)	645
Remeasurement of fair value of plan assets	(111,907)	(29,176)	417	356
	(50,561)	(119,679)	(8,270)	13,684

Rupees '000	Gratuity plans		Pension plan	
	2016	2015	2016	2015
18.1.9 Net recognised liability / (asset)				
Net (asset) / liability at the beginning of the year	(101,498)	382,253	11,764	(6,042)
Expense recognised in profit and loss account	93,572	147,352	59,660	5,122
Contribution made to the Plan during the year	–	(511,424)	(63,154)	(1,000)
Remeasurements recognised in other comprehensive income	(50,561)	(119,679)	(8,270)	13,684
Recognised (asset) / liability as at December 31	(58,487)	(101,498)	–	11,764

Percentage	Gratuity plans		Pension plan	
	2016	2015	2016	2015
18.1.10 Plan assets comprise of the following:				
Plan assets are comprised of the following:				
- Equity and mutual funds	20.89	12.63	–	–
- Bonds	64.59	61.93	20.13	99.22
- Term deposits	–	19.68	–	–
- Others	14.52	5.76	79.87	0.78
	100.00	100.00	100.00	100.00
18.1.11 Actuarial Assumptions				
Discount rate at December 31	8.00	9.00	N/A	9.00
Future salary increases	8.00	9.00	N/A	9.00

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

18.1.13 In case of the funded plans, investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2016 consists of government bonds and bank deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

The Company's contribution to gratuity plan in 2017 is expected to amount to Rs.108.75 million.

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

Notes to and Forming Part of the Financial Statements

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18.2 Sensitivity analysis for actuarial assumptions

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

Rupees '000	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at December 31	1%	(112,294)	127,432
Future salary increases	1%	89,826	(81,328)

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

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

Rupees '000	2016	2015	2014	2013	2012
18.3 Historical information					
Gratuity plans					
Present value of defined benefit obligation	(1,618,862)	(1,525,156)	(1,585,653)	(1,292,228)	(1,108,768)
Fair value of plan assets	1,677,349	1,626,654	1,203,400	1,041,251	933,488
Surplus / (deficit) in the plans	58,487	101,498	(382,253)	(250,977)	(175,280)
Experience Adjustments					
(Loss) / gain on obligation (as percentage of plan obligation)	(3.79)%	5.93%	(10.06)%	(7.04)%	1.95%
Gain / (loss) on plan assets (as percentage of plan assets)	6.67%	1.79%	5.66%	1.06%	4.07%
Pension plan					
Present value of defined benefit obligation	(123,308)	(168,569)	(141,270)	(105,433)	(98,249)
Fair value of plan assets	123,308	156,805	147,312	136,231	130,229
(Deficit) / Surplus in the plans	–	(11,764)	6,042	30,798	31,980
Experience Adjustments					
Gain / (loss) on obligation (as percentage of plan obligation)	7.04%	(7.91)%	(17.38)%	2.25%	(6.45)%
(Loss) / gain on plan assets (as percentage of plan assets)	(0.34)%	(0.23)%	(0.08)%	(2.62)%	1.00%

18.4 Company's contributions towards the provident fund for the year ended December 31, 2016 amounted to Rs. 99.70 million (2015: Rs. 99.34 million).

18.5 The weighted average duration of approved funded gratuity schemes for its permanent employees is 7 years.

18.6 Expected maturity analysis of undiscounted retirement benefit plans.

Rupees '000	At December 31, 2016					Total
	Less than a year	Between 1 2 years	Between 2 5 years	Between 5 10 years	Over 10 years	
Retirement benefit plans	122,900	166,369	548,743	1,238,558	2,426,134	4,502,704

18.7 Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2016.

Rupees '000	2016	2015
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19. DEFERRED TAXATION

Credit balance arising in respect of:

- Accelerated tax depreciation allowances
- Staff retirement benefits

722,588	712,172
17,159	26,901

739,747	739,073
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Debit balances arising in respect of:

- Provision for doubtful debts and refunds due from government
- Provision for trade deposits and doubtful advances
- Provision for slow moving & obsolete stocks and stores & spares

28,239	25,133
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12,911	11,296
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53,426	71,963
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94,576	108,392
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645,171	630,681
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20. TRADE AND OTHER PAYABLES

Creditors

- Associated companies
- Others

1,054,023	1,387,903
985,705	596,784

Bills payable

211,215	95,426
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Royalty and technical assistance fee payable

- Associated company
- Others

677,855	673,477
61,224	48,404

Accrued liabilities - note 20.1

2,554,599	1,976,622
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Advances from customers

178,934	125,228
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Contractors' retention money

28,326	14,331
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Taxes deducted at source and payable to statutory authorities

75,062	53,059
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Workers' Welfare Fund

183,205	144,398
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Central Research Fund

48,572	42,300
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Unclaimed dividend

61,917	55,974
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Dividend payable

71,397	-
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Others

54,725	41,681
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6,246,759	5,255,587
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20.1 This includes liability for share based compensation amounting to Rs. 81.76 million (2015: Rs. 73.89 million).

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Rupees '000	2016	2015
21. PROVISIONS		
Balance as at January 1	187,113	177,536
Charge for the year	95,953	262,793
Payments during the year	(90,327)	(253,216)
Balance as at December 31	192,739	187,113

21.1 Provisions include restructuring costs and government levies of Rs. 9.53 million and Rs. 183.21 million (2015: Rs. 32.54 million and Rs. 154.57 million) respectively.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

(a) Claims against the Company not acknowledged as debt amount to Rs. 137.98 million (2015: Rs. 133.79 million) as at December 31, 2016 for reinstatement of employees and other cases.

(b) Income Tax

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

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

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

- (iii)** While amending the assessments of the Company for the tax years 2005, 2006, 2007 and 2008 (accounting years ended December 31, 2004, 2005, 2006 and 2007) the Assessing Officer (AO) had made additions to income raising tax demands totaling Rs. 151.15 million. Such additions were made on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials and in respect of royalty. The Company has filed appeals with CIRA in respect of above tax years. In respect of tax years 2005 and 2008, CIRA has granted relief on certain additions made by AO. The company has filed appeal before Appellate Tribunal Inland Revenue against remaining additions on which relief has not been granted by CIRA.
- (iv)** While finalising the assessment of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for tax year 2006 (accounting year ended December 31, 2005) the Assessing Officer (AO) made additions to income raising tax demands of Rs. 10.04 million on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials. The Company filed an appeal with CIRA in respect of the said matter. In 2015, the CIRA has annulled the order of AO.
- (v)** While finalising the assessments of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for assessment years 1989-1990 through 2002-2003 (accounting years ended December 31, 1989 through 2001) the Assessing Officer (AO) made additions to income raising tax demands of Rs. 314.10 million on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials. CIRA also maintained the additions. On GSKPPL's appeals, the additions made by the AO were deleted by ITAT. Later, the department filed appeals against the decision of ITAT in the Sindh High Court (the High Court).

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

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

- (vi)** While finalising the assessments of the Company for tax year 2012 (accounting year ended December 31, 2011) the Additional Commissioner (AC) made additions to income raising tax demands of Rs. 87.15 million on the contention that the Company had allegedly paid excessive amounts on account of royalty and technical fees and certain imported raw materials. The Company has filed an appeal with the Commissioner of Inland Revenue (Appeals) (CIRA) in respect of the said matter. The CIRA has deleted the order passed under section 122(5A) of the Ordinance.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

- (vii)** While finalising the assessments of the Company for tax year 2011 (accounting year ended December 31, 2010) the Deputy Commissioner Inland Revenue (DCIR) made additions to income raising tax demands of Rs. 98.64 million on the contention that the Company had allegedly paid excessive amounts on account of royalty, certain imported raw materials and stock written off. The Company filed appeal with the CIRA against the DCIR's order. The CIRA has maintained the additions made by DCIR, against which the Company has filed appeal before ATIR.
- (viii)** As a result of monitoring of withholding tax for the tax year 2012 (accounting year ended December 31, 2011) Deputy Commissioner Inland Revenue (DCIR) issued an order raising tax demand amounting to Rs. 80 million. Such demand has been made on the contention that the Company has not deducted tax @ 20% at the time of making payment on account of meetings and symposia and gifts and giveaways under section 156 of Income Tax Ordinance 2001. The Company has filed an appeal before CIRA against the order of DCIR. In addition to this, on the Company's appeal the High Court has granted stay against the recovery until the case is heard by Sindh High Court. The CIRA has set-aside the order of DCIR. During the year, the tax department has initiated the set-aside proceedings of monitoring of withholding tax for the tax year 2012. In the said order the tax demand has been restricted amounting Rs. 15.5 million. Such demand has been made on the contention that the Company has not deducted tax @ 20% at the time of making payment on account of meetings and symposia under section 156 of Income Tax Ordinance 2001. The Company has filed an appeal before CIRA against the order of DCIR.
- (ix)** As a result of monitoring proceedings of withholding tax for the tax year 2014 (accounting year ended December 31, 2013) Assistant Commissioner Inland Revenue (ACIR) issued a notice under section 161 (1A) / 205 of the Income Tax Ordinance, 2001. Such notice has been issued with the contention that the Company has allegedly not deducted applicable withholding taxes under section 149, 150, 152, 153, 156, 233 and 236 (A) of the said Ordinance. The Company has filed a civil suit before the Sindh High Court against the said notice. The Sindh High Court has granted stay against the recovery proceedings.
- (x)** During the year, while finalising the assessments of the Company for tax year 2014 (accounting year December 31, 2013), the Deputy Commissioner Inland Revenue (DCIR) issued an order raising tax demand amounting to Rs. 134 million on the contention that the Company had allegedly paid excessive amount on account of royalty and certain imported raw materials. The Company has filed an appeal with the Commissioner of Inland Revenue Appeals (CIRA) in respect of the said matter.
- (xi)** During the year, while finalising the assessments of the Company for tax year 2009 (accounting year December 31, 2008), the Deputy Commissioner Inland Revenue (DCIR) issued an order raising tax demand amounting to Rs. 166.67 million on the contention that the Company had allegedly paid excessive amount on account of royalty and certain imported raw materials. The Company has filed an appeal with the Commissioner of Inland Revenue Appeals (CIRA) in respect of the said matter.
- (xii)** During the year, as a result of audit of former GlaxoSmithKline Pharmaceutical (Private) Limited for the tax year 2010 (accounting year ended December 31, 2009), the Deputy Commissioner issued a show cause notice under Section 122(9)/177 of Income Tax Ordinance, 2001 demanding an amount of Rs. 14.01 million. The notice has been issued on the contention that the Company has paid excessive amounts for importing certain raw material and the allocation of expenses. Against the show cause notice, the Company has filed the stay in Sindh High Court. Sindh High Court has granted stay against the proceedings.

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

(c) Sales Tax

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

In view of this, the Company has jointly filed a constitutional petition with M/s Pharmatec Pakistan (Private) Limited (toll manufacturer of the Company) before the Honorable Sindh High Court contending that toll manufacturing is a process and not a service; therefore comes under the legislative authority of the Federal Government; hence, Sindh Sales Tax is not chargeable on toll manufacturing charges billed to the Company. The High Court has issued a stay order and restrained Sindh Revenue Board from collection of sales tax on toll manufacturing charges till the time aforesaid petition is decided by the Court. The management of the Company on the advice of its legal counsel is confident that the eventual outcome of the petition would be in favour, hence, no provision is made in the financial statements for sales tax on toll manufacturing charges which estimates to an amount of Rs. 282.93 million (2015: Rs. 186.96 million).

- (ii)** During the year ended December 31, 2014, Commissioner has raised a demand of Rs. 36.4 million for accounting year 2011, in respect of few products of Company on the ground that the products are neither medicines nor drugs which are exempt from levy of sales tax (as per SRO 551(I)/2008) etc. Company's appeal is pending with Income Tax Appellate Tribunal.
- (iii)** During the year, Commissioner has raised a demand of Rs. 48.3 million for accounting year 2013, in respect of few products of Company on the ground that the products are neither medicines nor drugs which are exempt from levy of sales tax (as per SRO 551(I)/2008). Company's appeal is pending with Commissioner Inland Revenue (Appeals). The Company has taken stay against payment from ATIR.
- (iv)** During the year, the Company has received a show cause notice from Punjab Revenue Authority for the payment of Rs. 121.80 million on account of Punjab Sales Tax on Royalty accrued from 2012 to 2015. Currently, the Company is depositing the said amount with Sindh Revenue Board. The Company has filed an appeal in Punjab High Court and a stay has been granted against the proceedings.

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

22.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2016 amount to Rs. 517.59 million (2015: Rs. 704.18 million).

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Rupees '000	2016	2015
23. NET SALES		
Gross sales		
Local - note 23.1	27,874,243	23,218,068
Export	102,810	1,048,544
	27,977,053	24,266,612
Less: Commissions, returns and discounts	409,701	439,258
Less: Sales tax	3,819	5,428
	27,563,533	23,821,926

23.1 This includes sales of Over the Counter Products amounting to Rs. 2.51 billion to GSK Consumer Healthcare Pakistan Limited being manufactured by the Company due to pending transfer of marketing authorisations with 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. 11.11 billion, Rs. 2.93 billion and Rs. 1.43 billion (2015: Rs. 11.18 billion, Rs. 3.44 billion and Rs. 1.25 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 (2015: two distributors) exceed 10 percent of the net sales during the year, amounting to Rs. 3.62 billion and Rs. 3.98 billion (2015: Rs. 3.47 billion and Rs. 3.28 billion).

23.4 During the year ended December 31, 2015, the Drug Regulatory Authority of Pakistan (DRAP) issued the Drug Pricing Policy 2015 (the Policy) vide a notification dated March 5, 2015. Under the Policy, pending hardship cases were to be decided within period of nine months from the date of notification of the Policy. Prior to the promulgation of the Policy, the Company had submitted applications for hardship price increase in respect of certain products.

Due to inaction on the part of DRAP, pending hardship cases remained undecided by DRAP despite lapse of stipulated period of nine months and the Company approached the High Court of Sindh ('SHC') in order to avail the long pending hardship price increase. The SHC granted an interim order and restrained DRAP from taking any coercive action.

In December 2016, the SHC passed a Judgement in respect of the hardship cases. Two weeks after the Judgement, DRAP also issued a letter directing the Company to recall from the market all products on which the hardship price increase is availed, within 7 days of the letter. An Appeal against the aforementioned Judgement was filed before Divisional Bench of SHC. The SHC has directed DRAP not to take any coercive action.

The management of the Company believes that there are strong grounds of Appeal to support the stance of the Company on hardship price increases.

Rupees '000	2016	2015
24. COST OF SALES		
Raw and packing materials consumed	13,280,953	10,823,187
Manufacturing charges to third parties	511,852	54,933
Stores and spares consumed	66,495	34,695
Salaries, wages and other benefits - note 24.1	1,767,905	1,603,224
Fuel and power	544,046	591,263
Rent, rates and taxes	5,297	6,617
Royalty and technical assistance fee	296,931	244,930
Insurance	136,457	132,345
Publication and subscriptions	5,991	5,084
Repairs and maintenance	270,645	249,044
Training expenses	3,740	1,056
Travelling and entertainment	28,603	26,183
Vehicle running	22,350	19,440
Depreciation	366,930	330,880
Provision for Impairment on fixed assets	52,276	4,744
(Reversal of) / provision for slow moving, obsolete and damaged stock-in-trade	(30,067)	226,185
(Reversal of) / provision for slow moving and obsolete stores and spares	(10,843)	18,262
Reversal of doubtful advances	-	(8,997)
Canteen expenses	93,740	83,573
Laboratory expenses	43,288	50,067
Communication and stationery	7,351	11,877
Security expenses	14,677	11,579
Stock written off - note 24.2	311,940	15,293
Restructuring cost - note 24.3	13,651	-
Other expenses	45,096	44,079
	17,849,304	14,579,543
Opening stock of work-in-process	342,790	410,787
Closing stock of work-in-process	(495,716)	(342,790)
	17,696,378	14,647,540
Opening stock of finished goods	2,569,245	2,936,702
Purchase of finished goods	2,899,150	2,465,134
	23,164,773	20,049,376
Closing stock of finished goods	(3,064,030)	(2,569,245)
Cost of samples shown under selling, marketing and distribution expenses - sales promotion expenses	(1,681)	(82,376)
	20,099,062	17,397,755

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

24.1 Salaries, wages and other benefits include Rs. 68.39 million and Rs. 45.91 million (2015: Rs. 57.42 million and Rs. 41.29 million) in respect of defined benefit plans and contributory provident fund respectively.

24.2 This includes stock burnt at one of the Company's third party warehouses. The Company's management has ascertained that stocks amounting to Rs. 287.29 million were destroyed at the warehouse. Subsequently the Company has received the insurance claim amounting to Rs. 280.79 million.

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

Rupees '000	2016	2015
25. SELLING, MARKETING AND DISTRIBUTION EXPENSES		
Salaries, wages and other benefits - note 25.1	1,058,005	1,073,835
Sales promotion and symposiums	623,186	474,745
Advertising	59,205	56,629
Restructuring cost - note 24.3	19,015	209,521
Handling, freight and transportation	463,901	323,309
Travelling and entertainment	281,988	265,742
Depreciation	73,609	76,719
Vehicle running	65,321	71,897
Publication and subscriptions	39,051	42,135
Fuel and power	38,086	31,307
Communication	10,349	22,481
Provision for doubtful debts	18,696	16,243
Repairs and maintenance	24,208	23,920
Insurance	22,443	23,763
Printing and stationery	11,711	10,546
Security expenses	18,836	17,541
Rent, rates and taxes	306	1,437
Canteen expenses	2,159	1,687
Training expenses	10,540	10,399
Other expenses	34,179	34,086
	2,874,794	2,787,942
Less: Recovery of expenses note 25.2	58,631	-
	2,816,163	2,787,942

25.1 Salaries, wages and other benefits include Rs. 56.99 million and Rs. 37.45 million (2015: Rs. 52.50 million and Rs. 36.45 million) in respect of defined benefit plans and contributory provident fund respectively.

25.2 These represent cost reimbursements to the Company against cost of various functions / services provided to GlaxoSmithKline Consumer Healthcare Pakistan Limited due under cost sharing agreement.

Rupees '000	2016	2015
26. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits - note 26.1	562,879	607,343
Depreciation	83,563	80,425
Communication	1,596	17,458
Training expenses	2,990	4,904
Legal and professional charges	46,430	30,839
Travelling and entertainment	32,963	36,082
Repairs and maintenance	41,642	35,814
Donations	-	1,297
Printing and stationery	9,480	10,988
Auditors' remuneration - note 26.2	10,741	9,869
Vehicle running	19,409	19,182
Security expenses	38,599	38,900
Publication and subscriptions	16,302	15,369
Rent, rates and taxes	7,925	7,603
Insurance	13,234	12,380
Canteen expenses	19,862	13,821
Restructuring cost - note 24.3	34,646	11,391
Other expenses - note 26.3	33,918	17,479
	976,179	971,144
Less: Recovery of expenses note 25.2	31,978	-
	944,201	971,144

26.1 Salaries, wages and other benefits include Rs. 17.19 million and Rs. 14.34 million (2015: Rs. 27.57 million and Rs. 16.29 million) in respect of defined benefit plans and contributory provident fund respectively.

Rupees '000	2016	2015
26.2 Auditors' remuneration		
Audit fee	5,153	4,908
Fee for review of half yearly financial statements, special certifications and others	7,295	6,168
Taxation services	-	100
Out-of-pocket expenses	793	693
	13,241	11,869
Less: Fee for special audit in respect of Scheme of Arrangements included in discontinued operations - note 15.2	(2,500)	(2,000)
	10,741	9,869

26.3 This includes expenses of Rs. 5.38 million (2015: Rs. 21.48 million) net of recovery of Rs. 5.67 million (2015: Rs. 23.01 million) from related parties.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Rupees '000	2016	2015
27. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund - note 12.3	232,766	146,015
Workers' Welfare Fund	91,412	67,320
Central Research Fund	48,572	42,300
	372,750	255,635
28. OTHER INCOME		
Income from financial assets		
Return on Treasury Bills	34,038	29,759
Income on savings and deposit accounts	138,965	147,482
	173,003	177,241
Income from non-financial assets		
Gain on disposal of operating assets	18,435	30,902
Gain on disposal of non-current assets classified as held for sale	–	867,410
Others		
Scrap sales	35,357	40,709
Insurance commission	35,169	35,443
Service fee on clinical trial studies	287	1,529
Liabilities no longer required written back	32,883	5,783
Exchange gain - net	66,947	–
Promotional allowance - note 28.1	389,442	–
Insurance claim recovery - note 24.2	280,033	–
Service fees - note 1.2	9,000	–
	1,040,556	1,159,017

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

Rupees '000	2016	2015
29. FINANCIAL CHARGES		
Exchange loss - net	–	32,416
Bank charges	19,032	21,945
	19,032	54,361

Rupees '000	2016	2015
30. TAXATION		
Current		
- for the year	1,498,606	902,448
- for prior year - note 30.1	212,131	114,420
Deferred	(2,768)	(13,488)
	1,707,969	1,003,380

30.1 This includes prior year charge of super tax amounting to Rs. 105.8 million (2015: Rs. 114.4 million) imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2015, amended by Finance Act 2016).

Rupees '000	2016	2015
30.2 Relationship between tax expense and accounting profit		
Profit before taxation including profit from discontinued operations	4,540,070	3,846,418
Applicable tax rate	31%	32%
Tax calculated at applicable tax rate	1,407,422	1,230,854
Impact of taxability at different rate and Final Tax Regime	310,086	256,041
Effect of prior year charge	212,131	114,420
Effect of tax credits	(60,530)	(31,135)
Effect of exempt income	-	(277,571)
Effect of change in tax rate	(92,707)	(89,841)
Tax effect of other than temporary differences	1,483	420
	1,777,885	1,203,188
31. EARNINGS PER SHARE		
Profit after taxation from continuing operations	2,644,912	2,510,726
Profit after taxation from discontinued operations	117,273	132,504
Weighted average number of outstanding shares (in thousand)	318,467	318,467
Earnings per share - continuing operations	Rs. 8.31	Rs. 7.88
Earnings per share - discontinued operations	Re. 0.37	Re. 0.42
Earnings per share - basic	Rs. 8.68	Rs. 8.30

31.1 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and Forming Part of the Financial Statements

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Rupees '000	2016	2015
32. CASH GENERATED FROM OPERATIONS INCLUDING DISCONTINUED OPERATIONS		
Profit before taxation	4,540,070	3,846,418
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	579,022	502,024
Gain on disposal of operating assets	(18,435)	(31,311)
Gain on disposal of non-current assets classified as held for sale	–	(867,410)
Interest income	(173,003)	(177,241)
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	281,873	245,495
Provision for slow moving and obsolete stores and spares	(10,843)	18,262
Provision for doubtful debts	18,696	20,980
Reversal of doubtful advances	–	(23,597)
Provision for staff retirement benefits	153,232	152,474
	830,542	(160,324)
Profit before working capital changes	5,370,612	3,686,094
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(31,630)	(18,051)
Stock-in-trade	(622,952)	109,263
Trade debts	(262,058)	(6,134)
Loans and advances	204,457	53,376
Trade deposits and prepayments	(11,112)	21,446
Refunds due from government	54,947	(52,200)
Other receivables	(127,698)	28,627
	(796,046)	136,327
Increase in current liabilities		
Trade and other payables	601,225	644,504
Provisions	5,626	9,577
	(189,195)	790,408
	5,181,417	4,476,502
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 14	3,515,638	2,946,612
Short term Investments - Treasury bills - note 13	793,873	695,586
	4,309,511	3,642,198

34. SEGMENT INFORMATION

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

- Pharmaceuticals
- Consumer healthcare

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

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

34.2 The financial information regarding operating segments is as follows:

Segment wise operating results

Rupees '000	Year ended December 31, 2016			Year ended December 31, 2015		
	Pharma- ceuticals	Consumer Healthcare (note – 34.3)	Total	Pharma- ceuticals	Consumer Healthcare (note – 34.3)	Total
Net sales - note 34.4	27,563,533	1,594,583	29,158,116	24,034,950	5,547,685	29,582,635
Cost of sale	(20,099,062)	(974,499)	(21,073,561)	(17,609,830)	(3,880,768)	(21,490,598)
Gross profit	7,464,471	620,084	8,084,555	6,425,120	1,666,917	8,092,037
Selling, marketing and distribution expenses	(2,816,163)	(391,035)	(3,207,198)	(2,814,913)	(1,183,788)	(3,998,701)
Administrative expenses	(944,201)	(24,840)	(969,041)	(971,144)	(96,899)	(1,068,043)
Segment results	3,704,107	204,209	3,908,316	2,639,063	386,230	3,025,293
Other operating expenses			(372,750)			(283,940)
Other income			1,040,556			1,159,426
Financial charges			(19,032)			(54,361)
Profit before taxation			4,557,090			3,846,418

34.3 During the year, pursuant to the Scheme (refer - note 1.1), the Consumer Healthcare Business has been transferred to GSK Consumer Healthcare Pakistan Limited. Accordingly, the segment has been disclosed in note 15 as discontinued operation.

34.4 There are no inter-segment sales.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

34.5 Analysis of segments' assets and liabilities and their reconciliation to total assets and liabilities (also refer note 1.1):

Rupees '000	As at December 31, 2016			As at December 31, 2015		
	Pharma- ceuticals	Consumer healthcare	Total	Pharma ceuticals	Consumer healthcare	Total
Segment assets	16,833,175	–	16,833,175	14,295,447	1,507,033	15,802,480
Unallocated assets			4,331,932			4,317,702
Total assets			21,165,107			20,120,182
Segment liabilities	7,119,792	–	7,119,792	5,741,870	960,729	6,702,599
Unallocated liabilities			502,530			347,372
Total liabilities			7,622,322			7,049,971

34.6 Other Segment information is as follows:

Rupees '000	Year ended December 31, 2016			Year ended December 31, 2015		
	Pharma- ceuticals	Consumer healthcare	Total	Pharma ceuticals	Consumer healthcare	Total
Depreciation and impairment	576,378	2,644	579,022	492,768	9,256	502,024
Salaries, wages and other benefits	3,388,789	67,381	3,456,170	3,284,402	141,502	3,425,904
Sales promotion and advertisement	682,391	322,734	1,005,125	531,374	1,008,684	1,540,058
Handling, freight and transportation	463,901	12,426	476,327	323,309	87,527	410,836

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Rupees '000	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Managerial remuneration	13,524	19,775	6,159	4,622	545,427	468,387
Bonus - note 35.1	10,487	10,044	4,051	7,713	153,796	207,752
Retirement benefits*	2,609	2,216	1,188	591	94,411	59,886
House rent	8,737	8,120	2,771	2,080	220,245	208,403
Utilities	1,352	1,733	616	462	48,937	46,333
Medical expenses	76	171	65	36	27,441	21,752
Other	3,947	471	1,346	514	178,805	172,869
	40,732	42,530	16,196	16,018	1,269,062	1,185,382
Number of person(s)	1	2	1	2	452	399

* 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. 53.37 million (2015: Rs. 65.58 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. Accruals made for bonus during the year are actualised subsequent to the year end when performance evaluations are finalised; and comparative figures are adjusted accordingly.

In addition to the above, fee to two (2015: two) non-executive Directors during the year amounted to Rs. 750 thousand (2015: Rs. 650 thousand).

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

36. TRANSACTIONS WITH RELATED PARTIES

Relationship Rupees '000	Nature of transactions	2016	2015
Holding company:	Dividend paid	980,722	1,225,905
Associated companies/ undertakings:	a. Purchase of good	5,322,708	5,718,008
	b. Purchase of property, plant and equipment	129,712	–
	c. Sale of goods	2,613,014	131,529
	d. Royalty expense charged	284,110	232,144
	e. Recovery of expenses	95,994	21,482
	f. Service fee on clinical trial studies	287	1,529
	g. Legal / professional fee	–	143
	h. Dividend paid	–	305,091
	i. Service fees	9,000	–
	j. Sales as an agent of GlaxoSmithKline Consumer Healthcare Pakistan Limited	3,855,254	–
Staff retirement funds:	a. Expense charged for retirement benefit plans	252,930	251,813
	b. Payments to retirement benefit plan	162,852	611,764
Key management personnel:	a. Salaries and other employee benefits	177,156	247,677
	b. Post employment benefits	13,872	11,176
	c. Sale of assets - sales proceeds	11,616	8,505

36.1 Balances of related parties as at December 31, 2016 are included in the respective notes to the financial statements. These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

37. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS

The facility for running finance available from a bank amounted to Rs. 100 million (2015: Rs. 100 million). Rate of mark-up is three month KIBOR plus 1.25% (2015: 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, 2016 amounted to Rs. 2.1 billion (2015: Rs. 2 billion) of which unutilised balances at the year end amounted to Rs. 1.10 billion (2015: Rs. 1.16 billion).

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial assets and liabilities

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

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Rupees '000							
Financial assets							
Loans to employees	92	69	161	43,244	49,300	92,544	92,705
Trade deposits	-	-	-	68,740	21,955	90,695	90,695
Trade debts	-	-	-	530,413	-	530,413	530,413
Interest accrued	-	-	-	12,074	-	12,074	12,074
Other receivables	-	-	-	473,337	-	473,337	473,337
Short term investments	793,873	-	793,873	-	-	-	793,873
Cash and bank balances	3,310,457	-	3,310,457	205,181	-	205,181	3,515,638
December 31, 2016	4,104,422	69	4,104,491	1,332,989	71,255	1,404,244	5,508,735
December 31, 2015	3,289,325	20	3,289,345	1,140,202	71,147	1,211,349	4,500,694
Financial liabilities							
Trade and other payables	-	-	-	5,760,986	-	5,760,986	5,760,986
December 31, 2016	-	-	-	5,760,986	-	5,760,986	5,760,986
December 31, 2015	-	-	-	4,890,602	-	4,890,602	4,890,602
On balance sheet gap							
December 31, 2016	4,104,422	69	4,104,491	(4,427,997)	71,255	(4,356,742)	(252,251)
December 31, 2015	3,289,325	20	3,289,345	(3,750,400)	71,147	(3,679,253)	(389,908)

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

38.2 Financial Risk Management

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at December 31, 2016 the Company does not have any borrowings. Further, the entire interest bearing financial assets of Rs. 4.1 billion (2015: Rs. 3.29 billion) are on fixed interest rates, hence management believes that the Company is not exposed to interest rate changes.

(ii) Currency risk

Foreign currency risk arises mainly where receivables and payables exist in foreign currency due to transactions with foreign undertakings. Net payables exposed to foreign currency risk as at December 31, 2016 amount to Rs. 1.65 billion (2015: Rs. 1.26 billion). The liability is mainly denominated in US Dollars. At December 31, 2016, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 82.45 million (2015: Rs. 63.05 million).

(b) Credit risk

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

Rupees '000	2016	2015
Trade debts	530,413	328,948
Loans to employees, trade deposits, interest accrued and other receivables	668,811	529,548
Bank balances	3,512,068	2,939,836
	4,711,292	3,798,332

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. 261.80 million (2015: Rs. 181.36 million) are past due of which Rs. 84.79 million (2015: Rs. 66.09 million) have been impaired. Past due but not impaired balances include Rs. 113.51 million (2015: Rs. 23.99 million) outstanding for more than three months.

Loans to employees are secured against their retirement benefits.

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

(c) Liquidity risk

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

39. PROVIDENT FUND RELATED DISCLOSURES

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

Rupees '000	2016	2015
Size of the Funds - Total assets	3,215,718	2,914,449
Fair value of investments	3,091,571	2,771,573
Percentage of investments made	96.14%	95.10%

39.1 The cost of the above investments amounted to Rs. 2,606.3 million (2015: Rs. 2,503.4 million)

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

	Percentage		Rupees '000	
	2016	2015	2016	2015
Government securities	72.10%	83.90%	2,229,145	2,325,328
Equity securities	20.79%	15.94%	642,682	441,719
Mutual funds	0.00%	0.16%	–	4,526
Bank deposits	7.11%	0.00%	219,744	–

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

	2016	2015
40. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at the end of year	2,323	2,372
Average number of employees including contractual employees during the year	2,356	2,424

41. CAPITAL RISK MANAGEMENT

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

42. CAPACITY AND PRODUCTION

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

43. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on March 08, 2017 proposed a cash dividend of Rs. 6 per share (2015: Rs. 4 per share) amounting to Rs. 1.91 billion (2015: Rs. 1.27 billion) subject to the approval of the members in the forthcoming annual general meeting of the Company.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on March 08, 2017.



M. Azizul Huq
Chief Executive Officer



Abdul Samad
Chief Financial Officer

Pattern of Shareholding

form 34

NUMBER OF SHAREHOLDERS	SHARES HOLDING		TOTAL SHARES HELD
	From	To	
2265	1	100	69,131
1636	101	500	499,306
1270	501	1000	971,755
1486	1001	5000	3,675,882
384	5001	10000	2,808,964
157	10001	15000	1,949,820
80	15001	20000	1,424,461
54	20001	25000	1,219,657
38	25001	30000	1,055,148
20	30001	35000	648,594
18	35001	40000	688,979
12	40001	45000	514,970
11	45001	50000	523,399
14	50001	55000	741,305
8	55001	60000	467,547
5	60001	65000	308,005
5	65001	70000	333,013
7	70001	75000	510,727
4	75001	80000	313,300
2	80001	85000	169,000
4	85001	90000	346,703
5	90001	95000	460,355
7	95001	100000	687,965
4	100001	105000	406,029
4	105001	110000	436,376
2	115001	120000	239,400
2	120001	125000	246,470
1	125001	130000	125,191
1	130001	135000	131,300
1	140001	145000	140,002
1	145001	150000	145,900
1	150001	155000	154,000
1	160001	165000	165,000
2	165001	170000	337,800
2	175001	180000	359,411
2	180001	185000	362,975
1	190001	195000	191,719
1	195001	200000	200,000
1	225001	230000	227,000
1	240001	245000	244,538
1	260001	265000	263,900
1	265001	270000	270,000
1	300001	305000	302,580
1	320001	325000	321,099
1	325001	330000	330,000
1	395001	400000	399,500
1	605001	610000	606,300
1	755001	760000	757,800
1	845001	850000	846,818
1	910001	915000	910,940
1	1210001	1215000	1,214,800
1	2410001	2415000	2,411,800
1	3895001	3900000	3,896,808
1	9175001	9180000	9,176,686
1	9225001	9230000	9,227,356
1	263025001	263030000	263,029,794
7,536			318,467,278

Categories of Shareholders

a)

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	2,126	4,193,887	1.32
2	Investment Companies	4	2,755	0.00
3	Insurance Companies	1	1	0.00
4	Joint Stock Companies	10	21,980	0.01
5	Financial Institutions	2	6,038	0.00
6	Associated Companies	1	263,029,794	82.59
7	Central Depository Company (b)	5,388	51,169,579	16.07
8	Others (see below)	4	43,244	0.01
		<u>7,536</u>	<u>318,467,278</u>	<u>100.00</u>
Others:				
1	Mohsin Trust	1	26,452	0.01
ii	The Al-Malik Charitable Trust	1	936	0.00
iii	Punjabi Saudagar Multipurpose Co-operative Society	1	332	0.00
iv	The Anjuman Wazifa Sadat-o-Momineen Pakistan	1	15,524	0.00
		<u>4</u>	<u>43,244</u>	<u>0.01</u>

(b) Categories of Account holders and Sub-Account holders as per Central Depository Company of Pakistan as at December 31, 2016

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	5,162	15,275,489	4.80
2	Investment Companies	47	13,708,941	4.30
3	Insurance Companies	10	12,299,449	3.86
4	Joint Stock Companies	69	783,850	0.25
5	Financial Institutions	11	4,653,450	1.46
6	Modarabas	5	115,030	0.04
7	Foreign Shareholders	15	2,310,574	0.73
8	Others (see below)	69	2,022,796	0.64
		<u>5,388</u>	<u>51,169,579</u>	<u>16.07</u>
Others:				
1	Trustee - IBM Italia S.P.A. Pakistan Employees Pension Fund	1	270	0.00
2	Trustee Pak Tobacco Co. Ltd Staff DEF CONTRI PEN FD (1384-1)	1	6,000	0.00
3	Trustee Pak Tobacco Co. Ltd Staff Pension Fund (1390-2)	1	131,300	0.04
4	Trustee-Shell Pakistan DC Pension Fund	1	12,200	0.00
5	Trustee-Shell Pakistan Management Staff Pension Fund	1	24,600	0.01
6	Trustee National Bank of Pakistan Employees Pension Fund	1	846,818	0.27
7	Trustees Engro Corp Ltd. MPT Employees DEF CONTR Pension Fund	1	15,900	0.00
8	Trustee-Millat Tractors Ltd. Employees Pension Fund	1	7,900	0.00
9	Trustee-Sanofi Aventis Pakistan Senior-Executive Pension FD	1	6,800	0.00
10	Trustee-The Kot Addu Power Co. Ltd. Employees Pension Fund	1	3,700	0.00
11	Unilever Pension Plan	1	1,400	0.00
12	Trustee-Shell Pakistan Staff Pension Fund	1	300	0.00
13	Unilever Pakistan Limited Non-Management Staff Gratuity Fund	1	700	0.00
14	The Union Pakistan Provident Fund	1	20,800	0.01
15	Trustee-Sanofi Aventis Pakistan-Employees Provident Fund	1	7,000	0.00
16	Trustee-Sanofi Aventis Pakistan- Employees Gratuity Fund	1	5,200	0.00
17	Trustee - IBM Italia S.P.A. Pakistan Employees Gratuity Fund	1	400	0.00
18	Trustee - IBM Semea Employees Provident Fund	1	7,200	0.00
19	Trustee-Rafhan Best Foods Employees Provident Fund	1	3,100	0.00

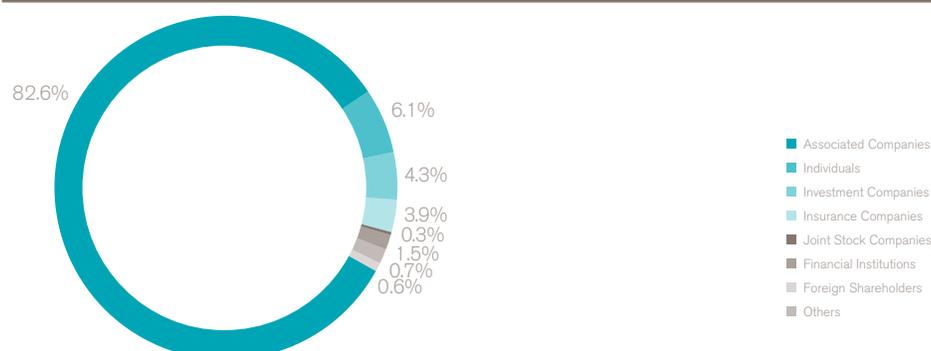
Categories of Shareholders

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
20	Trustee Pak Tobacco Co. Ltd Management Prov Fund (1386-2)	1	19,400	0.01
21	Trustee Pak Tobacco Co. Ltd Employees Provident Fund(1385-5)	1	20,700	0.01
22	Trustee Pak Tobacco Co Ltd Employees Gratuity Fund(1383-4)	1	31,900	0.01
23	Trustee-Shell Pakistan Management Staff Provident Fund	1	9,000	0.00
24	Trustee-Shell Pakistan Management Staff Gratuity Fund	1	3,400	0.00
25	Trustee-Shell Pakistan Labour & Clerical Staff Gratuity Fund	1	1,700	0.00
26	Trustee-Shell Pakistan Labour Provident Fund	1	1,900	0.00
27	Trustee-Allied Engineering & Services Ltd Empl Provident Fund	1	8,000	0.00
28	The Aga Khan University Foundation	1	21,710	0.01
29	Pakistan Memon Educational & Welfare Soc.	1	23,125	0.01
30	Trustees Kandawalla Trust	1	68,360	0.02
31	Trustees Saeeda Amin Wakf	1	92,500	0.03
32	Trustees Mohamad Amin Wakf Estate	1	180,000	0.06
33	Trustees Lotte Chemical Pakistan Mngt Staff Gratuity Fund	1	3,550	0.00
34	Mang.Com.Karachi Zarhosti Banu Mandal	1	29,012	0.01
35	Trustees Lotte Chemical Pakistan Non Mgn Staff G.Fund	1	80	0.00
36	Trustees Lotte Chemical Pakistan Mng Staff Provident Fund	1	6,100	0.00
37	Trustees of Aminia Muslim Girls School	1	33,000	0.01
38	Trustees Lotte Chemical Pakistan Mgt.Staff Def. Cont. S.Fund	1	5,200	0.00
39	Trustees of ZAFPA Phar Lab.Staff P.Fund	1	16,738	0.01
40	Trustees Mrs.Khorshed H.Dinshaw & Mr.Hoshang N.E.Dinshaw C.Tr	1	54,239	0.02
41	Trustees D.N.E. Dinshaw Charity Trust	1	73,610	0.02
42	Ribat-ul-Ulum-il-Islamiyah	1	1,000	0.00
43	Trustees of Magnus Investment Advisors Ltd. Empl. Prov. Fund	1	150	0.00
44	Trustees of Pakistan Refinery Ltd Manag. Staff Gratuity Fund	1	1,000	0.00
45	Trustees of Pakistan Refinery Ltd Provident Fund	1	8,700	0.00
46	Trustees of E A Consulting (Pvt) Ltd Employees P.F	1	11,000	0.00
47	Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	29,713	0.01
48	Trustees D.G.Khan Cement Co.Ltd.Emp. P.F	1	52,000	0.02
49	The Al-Malik Charitable Trust	1	3,221	0.00
50	Trustee Abdul Shakoor Haji Hussain	1	70	0.00
51	Trustee International Indust. Ltd Employees Provident Fund	1	5,900	0.00
52	Trustee International Indust. Ltd Employees Gratuity Fund	1	9,000	0.00
53	Trustees International Steels Ltd Employees Gratuity Fund	1	1,150	0.00
54	Trustees International Steels Ltd Employees Provident Fund	1	1,700	0.00
55	Trustee Momin Adamjee Welfare Trust	1	15,000	0.00
56	Trustee Momin Adamjee Welfare Trust	1	5,000	0.00
57	Trustees Aal- Bawany Foundation (200)	1	3,000	0.00
58	Trustee Momin Adamjee Welfare Trust	1	5,000	0.00
59	Momin Adamjee Welfare Trust	1	5,000	0.00
60	Trustees Habib High School Trust	1	8,600	0.00
61	Trustees Habib Girls School Trust	1	4,700	0.00
62	Akhuwat	1	2,400	0.00
63	Trustee-Raffhan Best Foods Limited Employees Gratuity Fund	1	180	0.00
64	Trustee - Greaves Pakistan (Pvt) Ltd. - Staff Gratuity Fund	1	1,000	0.00
65	Trustees Engro Corporation Limited Gratuity Fund	1	5,900	0.00
66	Trustees Engro Corp Ltd Mpt Employees Def Cont Gratuity Fund	1	28,800	0.01
67	Trustees of Getz Pharma Pakistan (Pvt) Limited-EPF	1	2,500	0.00
68	Trustees Maple Leaf Cement Factory Ltd Employees Prov Fund	1	1,800	0.00
69	Dawood Family Takaful Limited Employees Provident Fund	1	4,500	0.00
		69	2,022,796	0.64

Shareholding Information

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage (%)
Directors and their spouse(s) and minor children			
Mr. Husain Lawai	2	3,873	0.00
Associated Companies, undertakings and related parties			
S.R.One International B.V. Netherlands	1	263,029,794	82.59
Executives	7	5,634	0.01
Public Sector Companies and Corporations	10	13,153,170	4.16
Banks, development finance institutions, non-banking finance companies, insurance companies takaful, modarabas and pension funds	51	5,314,151	0.71
Mutual Funds			
CDC - Trustee PICIC Investment Fund	1	606,300	0.19
CDC - Trustee PICIC Growth Fund	1	1,214,800	0.38
CDC - Trustee First Dawood Mutual Fund	1	102,750	0.03
CDC - Trustee AKD Index Tracker Fund	1	11,073	0.00
CDC - Trustee Meezan Islamic Fund	1	50,016	0.02
CDC - Trustee NAFA Stock Fund	1	2,000	0.00
CDC - Trustee First Habib Stock Fund	1	6,000	0.00
CDC - Trustee HBL Islamic Stock Fund	1	48,400	0.02
CDC - Trustee PICIC Stock Fund	1	32,000	0.01
CDC - Trustee KSE Meezan Index Fund	1	56,932	0.02
CDC - Trustee First Habib Islamic Balanced Fund	1	3,000	0.00
CDC - Trustee First Capital Mutual Fund	1	8,800	0.00
CDC - Trustee PIML Islamic Equity Fund	1	31,000	0.01
CDC - Trustee National Investment (Unit) Trust	1	9,227,356	2.90
CDC - Trustee PICIC Islamic Stock Fund	1	30,000	0.01
CDC - Trustee PIML Value Equity Fund	1	40,000	0.01
CDC - Trustee NIT Islamic Equity Fund	1	263,900	0.08
CDC - Trustee MCB Pakistan Stock Market Fund	1	757,800	0.24
CDC - Trustee Pakistan Capital Market Fund	1	12,000	0.00
CDC - Trustee MCB Pakistan Islamic Stock Fund	1	165,000	0.05
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	1	120,000	0.04
CDC - Trustee NAFA Multi Asset Fund	1	34,500	0.01
CDC - Trustee Askari Asset Allocation Fund	1	9,000	0.00
CDC - Trustee Dawood Islamic Fund	1	38,200	0.01
CDC - Trustee NAFA Islamic Asset Allocation Fund	1	97,100	0.03
CDC - Trustee MCB Pakistan Asset Allocation Fund	1	65,000	0.02
CDC - Trustee NIT-Equity Market Opportunity Fund	1	86,000	0.03
MCFSL - Trustee Askari Islamic Asset Allocation Fund	1	6,000	0.00
CDC - Trustee Askari Equity Fund	1	6,000	0.00
CDC - Trustee NAFA Islamic Principal Projected Fund - I	1	26,900	0.01
CDC - Trustee NAFA Islamic Stock Fund	1	84,000	0.03
MCBFSL Trustee MCB Pakistan Frequent Payout Fund	1	10,200	0.00
CDC - Trustee NAFA Islamic Active Allocation Equity Fund	1	145,900	0.05
General Public			
a. Local 7,279	19,459,869	6.11	
b. Foreign	2	374,634	0.12
Foreign Companies	13	1,935,940	0.61
Others	138	1,792,286	0.56
Totals	7,536	318,467,278	100.00
Share holders holding 5% or more			
S.R. One International B.V. Netherlands		263,029,794	82.59

Distribution of Shares



Notice of Annual General Meeting

17th General Meeting

Notice is hereby given that the SEVENTEEN Annual General Meeting of the Shareholders of the GlaxoSmithKline Pakistan Limited will be held at Beach Luxury Hotel, Karachi at 11:00 a.m. on Monday, April 24, 2017 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Accounts together with the Directors and Auditors' Report thereon for the year ended December 31, 2016
2. To approve cash dividend
3. To appoint Auditors of the Company upto the next Annual General Meeting and to authorize the Directors to fix their remuneration.
4. To elect seven (07) Directors of the company as fixed by the Board for a term of three years commencing from May 07, 2017 in accordance with the provision of Section 178(1) of the Companies Ordinance, 1984.

Names of the present directors retiring and eligible to file for nomination are as under:

1. Dylan Jackson
2. M Azizul Huq
3. Sohail Matin
4. Abdul Samad
5. Husain Lawai
6. Mehmood Mandviwalla
7. Nicolas Ragot

Special Business

5. To consider, and if deem fit, to pass with or without any amendment/modification following resolution as ordinary resolution, to obtain consent from the members for the transmission of annual audited accounts in electronic form;
 - To consider and approve, as allowed under SRO 470(I)/2016 issued by Securities and Exchange Commission of Pakistan, transmission of the annual balance sheet, profit and loss account, auditors' report and ancillary statements / notes / documents ("Annual Audited Accounts") along with the notice of general meeting of GlaxoSmithKline Pakistan Limited in electronic form to the shareholders through CD/DVD/USB at their registered address instead of transmitting the said Annual Audited Accounts in hard Copy.
 - FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.

By Order of the Board

Karachi
April 03, 2017

SYED AZEEM ABBAS NAQVI
Company Secretary

(Statement as required by Section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business to be considered at the meeting is being sent to the Members with the Annual Report and Financial Statement 2016.)

Notes:

1. The individual Members who have not yet submitted Photostat copy of their valid Computerized National Identity Card (CNIC) to the Company are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shahr-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN) and Folio Number along with copy of the CNIC. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 19(1)/2014 dated January 10, 2014 in continuation to SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP Order dated July 06, 2015 under section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants of such shareholders.

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2. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of Final Dividend from April 18, 2017 to April 24, 2017 (both days inclusive). Transfers received at the Office of the Share Registrar of the Company at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi at the close of business on April 17, 2017 (Monday) will be treated in time for the purposes of entitlement to the transferees.
 3. A member entitled to attend and vote at the Meeting may appoint another member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Office of the Share Registrar of the Company at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi not less than 48 hours before the time of the Meeting.
 4. The shareholders are requested to notify the Company if there is any change in their addresses.
 5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

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

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

6. The shareholders holding physical shares are also required to bring their original CNIC and/or copy of CNIC of shareholder(s) of whom he/she/they hold Proxy(ies) without CNIC such shareholder(s) shall not be allowed to attend and/or sign the Register of Shareholders/Members at the AGM.

7. Transmission of Annual Financial Statements through Email:

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

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

8. **Revision of Withholding Tax on Dividend Income:**

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2016 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.5% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

Notes:

The required information must be reached to our Share Registrar by April 17, 2017; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

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

9. **Consent for Video Conference Facility:**

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that City.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of GlaxoSmithKline Pakistan Limited, holder of _____ ordinary share (s) as per Registered Folio/CDC Account No. _____ hereby opt for video conference facility at _____.

Signature of Member

Factories and Distribution / Sales

Offices

FACTORIES

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

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

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

DISTRIBUTION / SALES OFFICE

Karachi

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

Sukkur

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

Multan

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

Lahore

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

Islamabad

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

Peshawar

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

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Share Registrar Department:

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

فارم برائے پراسی

گلیکسو اسمتھ کلائن پاکستان لمیٹڈ

میں/ہم _____ کا (مکمل پتہ) _____ بحیثیت _____ گلیکسو اسمتھ کلائن پاکستان لمیٹڈ کے ممبر/ممبران۔
 حصص کے مالک، بذریعہ ہذا _____ کا (مکمل پتہ) _____
 ایک اور کمپنی کارکن یا ان کی عدم موجودگی کی صورت میں _____
 جو کمپنی کا/کے ممبر/ممبرز بھی ہے/ہیں، 24 اپریل 2017 _____ کا (مکمل پتہ) _____
 بروز پیر، کمپنی کے منعقد ہونے والے سالانہ اجلاس عام بوقت 11 بجے بمقام شیخ گلزاری ہوٹل، کراچی میں میری/ہماری جانب سے ووٹ دینے کے لئے میری/ہماری پراسی مقرر کرتا ہوں/کرتی ہوں کرتے ہیں۔

بطور گواہ میں/ہم نے بروز _____ بتاریخ _____ 2017 کو میرے/ہمارے ہاتھ سے مہر لگائی۔
 مندرجہ ذیل گواہان کی موجودگی میں
 گواہ:
 دس روپے کے
 رسیدی ٹکٹ

1- دستخط: _____ نام: _____
 2- دستخط: _____ نام: _____
 کمپیوٹرائزڈ قومی شناختی نمبر: _____ کمپیوٹرائزڈ قومی شناختی نمبر: _____

پتہ: _____ پتہ: _____
 (ممبر کا نام / فوٹیو نمبر) شیز ہولڈر کے دستخط

نوٹ:
 (الف)

- (1) ممبر سے درخواست ہے کہ
 (a) دس روپے مالیت کا رسیدی ٹکٹ اوپر نشاندہی کی گئی جگہ پر لگا نہیں۔
 (b) دستخط کمپنی کے رجسٹر میں درج شدہ نمونے کے دستخط کے مطابق ہونے چاہئیں۔
 (c) نیچے اسکی/اسکا فوٹیو نمبر لکھے
- (2) اجلاس میں شرکت کرنے اور ووٹ دینے کا/کی اہل ممبر اپنی طرف سے اجلاس میں شرکت کرنے، اظہار خیال کرنے اور ووٹ دینے کے لئے کسی دوسرے ممبر کو پراسی مقرر کر سکتا ہے۔ پراسی کے تقرر کی اطلاع اجلاس سے کم از کم ۴۸ گھنٹے قبل کمپنی کے شیئر رجسٹر، سینٹرل ڈپوزٹری کمپنی آف پاکستان لمیٹڈ ہی ڈی سی ہاؤس، بی۔ 99، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی۔ 74400۔ پہنچ جانی چاہیے پراسی میں کی جانے والی کسی بھی تبدیلی کی جگہ ممبر کے دستخط ضروری ہیں۔

- (3) شخص داران سے درخواست ہے کہ اگر ان کے پتے میں کوئی تبدیلی واقع ہو تو کمپنی کے شیئر رجسٹرارز کو اس سے آگاہ کریں۔
- (4) مشترکہ ہولڈر کی صورت میں، سینٹر کا ووٹ جو ووٹ ٹینڈر کرے گا، چاہے ذاتی طور پر یا پراسی سے، دیگر مشترکہ ہولڈرز کے ووٹوں کے اخراج پر قبول کیا جائے گا، اور اس مقصد کے لئے سنٹیاریٹی ممبر رجسٹرڈ میں موجود ناموں کی ترتیب سے کیا جائے گا۔
- (5) پراسی کمپنی کارکن ہونا ضروری ہے۔

(ب) برائے سی ڈی سی ای کاؤنٹ ہولڈر/کارپوریٹ ادارے:
 مذکورہ بالا کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی۔

- (1) پراسی فارم پر دو گواہوں کے دستخط ہوں گے جن کے نام، پتے اور سی این آئی سی نمبر فارم میں درج ہوں گے۔
- (2) پراسی فارم کے ساتھ بینیفیشل اونرز اور پراسی کے سی این آئی سی یا پاسپورٹ کی تصدیق نقل پیش کرنا ہوگی۔
- (3) اجلاس کے وقت پراسی کو اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔
- (4) کارپوریٹ ادارے کی صورت میں پورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بشمول نامزد شدہ شخص کے نمونہ دستخط اور پراسی فارم اجلاس میں شرکت کے وقت کمپنی کو پیش کرنا ہوں گے (بشرطیکہ اس سے عملدرآمد نہ ہو)۔

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Share Registrar Department:

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

Glossary

TERM	DEFINITION
AC	Additional Commissioner
AHU	Air Handling Unit
AO	Assessing Officer
ATIR	Appellate Tribunal Inland Revenue
CHC	Consumer Healthcare
CIRA	Commissioner Of Inland Revenue (Appeals)
CIS	Commonwealth of Independent States
CME	Continuing Medical Education
CNS	Central Nervous System
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CTC	Commercial Trade Channel
CTS	Cost To Serve
DCIR	Deputy Commissioner Of Inland Revenue
EBIT	Earnings Before Interest And Taxation
EBITDA	Earnings Before Interest, Taxation, Depreciation, And Amortization
EHS	Environment, Health & Safety
EMA	Emerging Market and Asia
EPI	Expanded Program on Immunisation
EPS	Earnings Per Share
EU	European Union
FLP	Future Leaders Program
FPAP	Fire Protection Association of Pakistan
FTSE 100	Financial Times Stock Exchange 100 Index
GMS	Global Manufacturing & Supply
GP's	General Practitioners
GPS	Global Production System
GSK	GlaxoSmithKline
GSKP	GlaxoSmithKline Pakistan
GTP	Global Talent Programme
HCP	Healthcare Professional
HEM	High Efficiency Motors
HPV	Human Papillomavirus
HR	Human Resources
HSE	Health, Safety & Environment
HVAC	Heating, Ventilating & Air Conditioning
IAS	International Accounting Standards
IBP	Institute of Behavioural Psychology
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute Of Cost And Management Accountants Of Pakistan
IFAC	International Federation of Accountants

TERM	DEFINITION
IFRIC	Internal Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IPR	Intellectual Property Rights
IR	Industrial Relations
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
KIBOR	Karachi Interbank Offer Rate
KOLs	Key Opinion Leaders
LGTM	Legal: Global Trademarks
LOC	Local Operating Company
MA	Medical Affairs
MCM	Multi Channel Marketing
MEA	Middle East & Africa
MENA	Middle East & North Africa
MSL	Medical Scientific Liaison
NBV	Net Book Value
NFEH	National Forum for Environment & Health
NGO	Non-government Organization
OCI	Other Comprehensive Income
OTIF	On Time Full Inventory
PMA	Pakistan Medical Association
PMDC	Pakistan Medical & Dental Council
PSE	Pakistan Stock Exchange
QIP	Quality Improvement Plan
QOMS	Quality Management System
R&D	Research and Development.
RMCB	Risk Management Governance and Compliance
RVGE	Rotavirus Gastroenteritis
Rx	Pharma
SWOT	Strengths, Weakness, Opportunities and Threats
SDM	Service Delivery Model
SKU	Stock Keeping Unit
SVP	Senior Vice President
TRA	Technical Risk Assessment
VFD	Variable Frequency Drive
VSD	Variable Speed Drive
W&D	Warehousing & Distribution
WHO	World Health Organization
ZAP	Zero Accident Promotion



do more
feel better
live longer



GlaxoSmithKline Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000
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