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# By Doing What Matters

First Quarter Report **2016**  
GlaxoSmithKline Pakistan Limited

# Corporate Information

## Board of Directors

Mr. Dylan Jackson  
*Chairman*

Mr. M. Azizul Huq  
*Chief Executive Officer*

Mr. Abdul Samad  
*Chief Financial Officer*

Mr. Husain Lawai  
*Independent Director*

Mr. Mehmood Mandviwalla  
*Non-Executive Director*

Mr. Nicolas Ragot  
*Non-Executive Director*

## Audit Committee

Mr. Husain Lawai  
*Chairman*

Mr. Mehmood Mandviwalla  
*Member*

Mr. Nicolas Ragot  
*Member*

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  
*Head of Legal*

Dr. Naved Masoom Ali  
*Director Medical Pakistan*

Mr. Khalid Mehmood Sethi  
*Business Unit Head*

Dr. Tariq Farooq  
*Business Unit Head*

Ms. Zainab Hameed  
*Head of IT*

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

Dr. Gohar Nayab Khan  
*Director Regulatory Affairs*

Mr. Abdul Haseeb Pirzada  
*Head of Public Affairs & Communication*

Mr. Muhammad Arif Tahir  
*Head of Commercial Trade Channel*

**Company Secretary**

Syed Azeem Abbas Naqvi

**Auditors**

A. F. Ferguson & Co.  
Chartered Accountants

**Chief Financial Officer**

Mr. Abdul Samad

**Legal Advisors**

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

**Chief Internal Auditor**

Mr. Talal Javed Ahmed

**Bankers**

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

**Registered Office**

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

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

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# Chief Executive Officer's Review

*I am pleased to present the un-audited financial information of your Company for the period ended March 31, 2016. This financial information is submitted in accordance with Section 245 of the Companies Ordinance, 1984.*

## Review of Operating Results

Your Company has shown resilience and delivered steady sales performance during the quarter under review with overall net sales of Rs. 7.8 billion, thus growing by 9.8%. Our Pharmaceutical business delivered net sales of Rs. 6.1 billion with a growth of 6.6%. Excluding export sales to Afghanistan which were discontinued end 2015, the underlying pharmaceutical growth is 9.6%. Key growth drivers were Antibiotics, Respiratory, Analgesics and Anthelmintics portfolios. The Consumer Health Care business achieved sales of Rs. 1.7 billion with double digit growth of 23.3%, key growth drivers being Panadol and Sensodyne.

## Demerger of Consumer HealthCare business

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

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

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

Rs. in million	Quarter ended March 31, 2016			Quarter ended March 31, 2015		
	Continuing Operations	* Discontinuing Operations	Total	Continuing Operations	Discontinuing Operations	Total
Net sales	6,112	1,669	7,781	5,733	1,353	7,086
Cost of sales	(4,304)	(1,019)	(5,323)	(4,169)	(953)	(5,122)
Gross profit	1,808	650	2,458	1,564	400	1,964
Selling, marketing and distribution expenses	(659)	(394)	(1,053)	(578)	(309)	(887)
Administrative expenses	(246)	(19)	(265)	(232)	(18)	(250)
Other operating expenses	(86)	(16)	(102)	(65)	(7)	(72)
Other income	102	-	102	100	-	100
Operating profit	919	221	1,140	789	66	855
Financial charges	(5)	-	(5)	(5)	-	(5)
Profit before taxation	914	221	1,135	784	66	850
Taxation	(341)	(97)	(438)	(309)	(26)	(335)
Profit after Taxation	573	124	697	475	40	515

\* Profit and loss from Discontinuing Operations also includes Oncology Business which is more fully explained in Note 2 of the condensed interim Financial Information

Gross margin for the 1st quarter ended at 31.6% an improvement from the comparative period last year, mainly due to price increase for some products on account of hardship cases, continued product portfolio rationalization and a better sales mix.

Selling, marketing and distribution expenses recorded at Rs 1.1 billion increased by Rs. 166 million in the current period. The increase mainly represents strong investment in promotion of Consumer portfolio, particularly in the Nutritional and Oral Care categories. Administrative expenses rose by 5.9% over the corresponding period to Rs. 265 million in the current period mainly reflecting general inflation.

Overall, your Company reported a net profit after tax of Rs. 697.2 million, an increase of 35.5% over the corresponding period last year, primarily due to reasons elucidated in the preceding paragraphs.

Capital expenditure of Rs 446.2 million was incurred during the current period (March 31, 2015: Rs 363.5 million). During this period, the Company invested on plant up-gradation, capacity enhancement initiatives and consolidation of operations, the benefits of which are expected to crystallize in the forthcoming years.

The surplus funds of the Company increased by Rs 300.0 million during the period as compared to the year-end balance at December 31, 2015.

## Future outlook and Challenges:

Looking forward to 2016, we are focused on successful execution of our strategic priorities including completion of the de-merger of our Consumer business. The Company will continue to invest in the development of new products as well as building on its diversified portfolio of existing brands. Pakistan's Pharma Industry has a great potential for contributing to national exchequer by generating economic value in terms of providing quality medicines at affordable prices, domestic value addition, creating employment as well as significantly enhancing the country's export revenues. Over the past many years, the industry has continued to suffer

from the lack of transparent market oriented regulatory policies that are benchmarked with other regional countries. The absence of a rational pricing policy has impeded the growth of this important sector and severely curtailed its economic potential for the country.

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

## Acknowledgment:

On behalf of the Board I would like to place on record our appreciation for great commitment and passion demonstrated by the staff for the achievement of company's objectives in this period.

By order of the Board



**M. Azizul Huq**

Chief Executive Officer

Karachi

April 27, 2016

# Condensed Interim Balance Sheet

as at March 31, 2016

Rupees '000	Note	(Un-audited) March 31 2016	Audited December 31, 2016
<b>NON-CURRENT ASSETS</b>			
Fixed assets	6	7,251,550	7,154,446
Intangibles		1,039,072	1,039,072
Long-term loans to employees		63,692	49,212
Long-term deposits		21,955	21,955
		8,376,269	8,264,685
<b>CURRENT ASSETS</b>			
Stores and spares		172,257	158,564
Stock-in-trade		5,223,628	4,707,918
Trade debts		366,997	328,948
Loans and advances		256,834	340,491
Trade deposits and prepayments		300,620	123,223
Interest accrued		15,816	10,908
Refunds due from government		65,360	109,125
Other receivables		246,837	313,127
Taxation - payments less provision		232,177	531,579
Investments		844,701	695,586
Cash and bank balances		3,097,383	2,946,612
		10,822,610	10,266,081
<b>Assets of disposal groups classified as held for sale / disposal</b>	7.2	1,620,881	1,589,416
		20,819,760	20,120,182
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,184,672	3,184,672
Reserves		10,582,727	9,885,539
		13,767,399	13,070,211
<b>NON-CURRENT LIABILITIES</b>			
Staff retirement benefits		11,764	15,861
Deferred taxation		621,915	630,681
		633,679	646,542
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,178,149	5,255,587
Provisions		171,745	187,113
		5,349,894	5,442,700
<b>Liabilities of disposal groups classified as held for sale / disposal</b>	7.2	1,068,788	960,729
		7,052,361	7,049,971
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
		20,819,760	20,120,182

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

  
**M. Azizul Huq**  
 Chief Executive Officer

  
**Abdul Samad**  
 Chief Financial Officer

# Condensed Interim Profit and Loss Account

For the quarter ended March 31, 2016 (Un-audited)

(Re-presented)  
- note 2

Rupees '000	Note	March 31, 2016	March 31, 2015
<b>Continuing Operations:</b>			
Net sales		6,112,337	5,732,905
Cost of sales		(4,304,096)	(4,168,600)
Gross profit		1,808,241	1,564,305
Selling, marketing and distribution expenses		(658,833)	(577,432)
Administrative expenses		(245,710)	(232,628)
Other operating expenses		(86,418)	(64,998)
Other income		101,580	100,223
Operating profit		918,860	789,470
Financial charges		(4,726)	(5,319)
Profit before taxation		914,134	784,151
Taxation		(341,234)	(308,653)
Profit after taxation from continuing operations		572,900	475,498
<b>Discontinuing Operations:</b>			
Profit after taxation from discontinuing operations	7.1	124,288	39,091
		697,188	514,589
<b>Other comprehensive income</b>			
		-	-
<b>Total comprehensive income</b>			
		697,188	514,589
<b>Earnings per share - basic</b>			
	9		
- continuing operations		Rs. 1.80	Rs. 1.50
- discontinuing operations		Re. 0.39	Re. 0.12
		Rs. 2.19	Rs. 1.62

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

  
**M. Azizul Huq**  
Chief Executive Officer

  
**Abdul Samad**  
Chief Financial Officer

# Condensed Interim Cash Flow Statement

For the quarter ended March 31, 2016 (Un-audited)

Rupees '000	Note	March 31, 2016	March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	889,069	810,818
Payment for defined benefits obligations		-	(21,221)
Taxes paid		(152,598)	(287,989)
Decrease in long-term loans to employees		(13,858)	4
Net cash generated from operating activities		722,613	501,612
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(446,166)	(363,495)
Proceeds from sale of operating assets		23,730	21,950
Net cash used in investing activities		(422,436)	(341,545)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(291)	(66)
Net increase in cash and cash equivalents		299,886	160,001
Cash and cash equivalents at the beginning of the period		3,642,198	2,652,111
Cash and cash equivalents at the end of the period	11	3,942,084	2,812,112

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

  
**M. Azizul Huq**  
 Chief Executive Officer

  
**Abdul Samad**  
 Chief Financial Officer

# Condensed *Interim* Statement of Changes in Equity

For the quarter ended March 31, 2016 (Un-audited)

Rupees '000	Share Capital	Reserves			Total
		Capital	Revenue		
			Reserve arising on amalgamation	General reserve	
Balance as at January 1, 2015	3,184,672	2,184,238	3,999,970	2,576,223	11,945,103
Total comprehensive income including profit after taxation from discontinuing operations for the quarter ended March 31, 2015	-	-	-	514,589	514,589
Balance as at March 31, 2015	3,184,672	2,184,238	3,999,970	3,090,812	12,459,692
Balance as at January 1, 2016	3,184,672	2,184,238	3,999,970	3,701,331	13,070,211
Total comprehensive income including profit after taxation from discontinuing operations for the quarter ended March 31, 2016	-	-	-	697,188	697,188
<b>Balance as at March 31, 2016</b>	<b>3,184,672</b>	<b>2,184,238</b>	<b>3,999,970</b>	<b>4,398,519</b>	<b>13,767,399</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

  
**M. Azizul Huq**  
 Chief Executive Officer

  
**Abdul Samad**  
 Chief Financial Officer

# Selected Notes *to and* Forming Part of the Condensed Interim Financial Statements

*For the quarter ended March 31, 2016 (Un-audited)*

## 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.

## 2. DISCONTINUING OPERATIONS

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

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

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

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

Consequently, the relevant assets and liabilities of the Company relating to Consumer Healthcare and Oncology Businesses have been classified as disposal groups in accordance with IFRS 5 - 'Non current assets held for sale and discontinued operations and have been disclosed in note 7.2 of these condensed interim financial information. The profit and loss and net cashflows attributable to the operating and investing activities of these businesses have been disclosed as discontinuing operations in notes Note 7.1 and 7.3 to these condensed interim financial information respectively and the profit and loss account and respective notes have been re-presented accordingly.

## 3. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The condensed interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2015.

#### 4 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2015.

- 4.1** Taxes on income are accrued using tax rate that would be applicable to the full financial year.
- 4.2** Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on December 31, 2015, therefore no impact has been calculated for the current period and comparative condensed financial information has also not been adjusted for the same reason.
- 4.3** New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

#### 5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended December 31, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2015.

Rupees '000	Un-audited March 31, 2016	Audited December 31, 2015
<b>6. FIXED ASSETS</b>		
Operating assets - note 6.1	5,299,235	5,387,352
Capital work-in-progress	1,874,673	1,686,580
Major spare parts and stand-by equipments	77,642	80,514
	7,251,550	7,154,446

- 6.1** Details of additions to and disposals of operating fixed assets for the Company are as follows:

Rupees '000	Additions (at cost)		Disposals (at net book value)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Improvements on buildings	15,084	1,019	-	-
Plant and machinery	3,238	67,384	2,309	4,782
Furniture and fixtures	223	711	-	-
Vehicles	56,536	50,438	13,522	36,209
Office equipments	9,146	12,087	223	621
	84,227	131,639	16,054	41,612

# Selected Notes to and Forming Part of the Condensed Interim Financial Statements

For the quarter ended March 31, 2016 (Un-audited)

## 7. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE / DISPOSAL

7.1 As stated in note 2 profit after taxation from discontinuing operations (Consumer healthcare and Oncology businesses) for the quarter ended March 31:

Rupees '000	March 31, 2016	March 31, 2015
Net sales	1,669,120	1,353,300
Cost of sales	(1,018,638)	(953,631)
Gross profit	650,482	399,669
Selling, marketing and distribution expenses	(393,763)	(309,401)
Administrative expenses	(19,383)	(17,628)
Other operating expenses	(16,282)	(7,202)
Profit before taxation	221,054	65,438
Taxation	(96,766)	(26,347)
Profit after taxation	124,288	39,091

7.2 Assets and Liabilities of disposal group classified as held for sale/ disposal:

Rupees '000	Un-audited March 31, 2016	Audited December 31, 2015
<b>ASSETS</b>		
Fixed assets	70,400	41,173
Long-term loans to employees	-	622
Deferred taxation	11,992	6,758
Stock-in-trade	1,234,569	1,245,385
Trade debts	233,218	191,322
Loans and advances	55,037	44,371
Other receivables	15,665	59,785
	1,620,881	1,589,416
<b>LIABILITIES</b>		
Trade and other payables	1,068,788	960,729
Total net assets	552,093	628,687

Rupees '000	March 31, 2016	March 31, 2015
<b>7.3 Cashflow statement - discontinuing operations</b>		
Net cash generated from/(used in) operating activities	232,130	(22,509)
Net cash (used in)/generated from investing activities	(31,871)	4,680

## 8. CONTINGENCIES AND COMMITMENTS

8.1 Following is the change, in addition to the status of contingencies as reported in the financial statements for the year ended December 31, 2015:

During the period, while finalizing 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.

8.2 Commitments for capital expenditure outstanding as at March 31, 2016 amounted to Rs. 882.57 million (December 31, 2015: Rs. 704.18 million).

(Re-presented)  
- note 2

Rupees '000	March 31, 2016	March 31, 2015
<b>9. EARNINGS PER SHARE</b>		
Profit after taxation from continuing operations	572,900	475,497
Profit after taxation from discontinuing operations	124,288	39,091
Weighted average number of shares outstanding during the period	318,467	318,467
Earnings per share - continuing operations	Rs. 1.80	Rs. 1.50
Earnings per share - discontinuing operations	Re. 0.39	Re. 0.12
Earnings per share - basic	Rs. 2.19	Rs. 1.62

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

Rupees '000	March 31, 2016	March 31, 2015
<b>10. CASH GENERATED FROM OPERATIONS INCLUDING DISCONTINUING OPERATIONS</b>		
Profit before taxation	1,135,188	849,589
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation	128,428	123,295
Impairment charge / reversal (net)	9,714	4,734
Gain on disposal of operating fixed assets	(7,676)	(7,514)
Provision for staff retirement benefits	24,397	34,148
Profit before working capital changes	1,290,051	1,004,252

# Selected Notes *to and* Forming Part of the Condensed Interim Financial Statements

For the quarter ended March 31, 2016 (Un-audited)

Rupees '000	March 31, 2016	March 31, 2015
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(13,693)	(9,724)
Stock-in-trade	(504,894)	(165,183)
Trade debts	(79,945)	71,685
Loans and advances	72,991	(63,339)
Trade deposits and prepayments	(177,397)	(177,860)
Interest accrued	(4,908)	(1,894)
Refunds due from government	43,765	4,100
Other receivables	81,916	48,865
	(582,165)	(293,350)
(Decrease) / increase in current liabilities		
Trade and other payables	196,551	93,656
Provisions	(15,368)	6,260
	(400,982)	(193,434)
	889,069	810,818
<b>11. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,097,383	2,328,912
Short term investments - Treasury bills	844,701	483,200
	3,942,084	2,812,112

## 12. SEGMENT INFORMATION

**12.1** 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.

12.2 The financial information regarding operating segments is as follows:

Rupees '000	Quarter ended March 31, 2016			Quarter ended March 31, 2015		
	Pharma- ceuticals	Consumer Healthcare	Total	Pharma- ceuticals	Consumer Healthcare	Total
Net sales	6,186,874	1,594,583	7,781,457	5,781,400	1,304,805	7,086,205
Cost of sales	(4,367,489)	(955,245)	(5,322,734)	(4,214,213)	(908,018)	(5,122,231)
Gross Profit	1,819,385	639,338	2,458,723	1,567,187	396,787	1,963,974
Selling, marketing and distribution expenses	(665,244)	(387,352)	(1,052,596)	(582,729)	(304,104)	(886,833)
Administrative expenses	(245,710)	(19,383)	(265,093)	(232,628)	(17,628)	(250,256)
Segment results	908,431	232,603	1,141,034	751,830	75,055	826,885
Other operating expenses			(102,700)			(72,200)
Other income			101,580			100,223
Financial charges			(4,726)			(5,319)
Profit before taxation			1,135,188			849,589

12.3 There are no inter-segment sales.

12.4 Analysis of segment's assets and liabilities and their reconciliation to total assets and liabilities:

Rupees '000	As at March 31, 2016			As at March 31, 2015		
	Pharma- ceuticals	Consumer Healthcare	Total	Pharma- ceuticals	Consumer Healthcare	Total
Segment assets	15,040,490	1,490,137	16,530,627	14,295,447	1,507,033	15,802,480
Unallocated assets			4,289,133			4,317,702
Total assets			20,819,760			20,120,182
Segment liabilities	5,628,122	1,068,788	6,696,910	5,741,870	960,729	6,702,599
Unallocated liabilities			355,451			347,372
Total liabilities			7,052,361			7,049,971

### 13. TRANSACTIONS WITH RELATED PARTIES

Rupees '000		March 31, 2016	March 31, 2015
<b>Relationship</b>	<b>Nature of transactions</b>		
Associated companies:	a. Royalty expense charged	67,149	47,668
	b. Purchase of goods	1,384,578	1,395,325
	c. Sale of goods	10,570	28,328
	d. Recovery of expenses	2,933	4,030
	e. Service fee on clinical trial studies	223	289
Staff retirement funds:	a. Expense charged for retirement benefit plans	48,984	58,622
	b. Payments to retirement benefit plans	24,586	45,694
Key management personnel:	a. Salaries and other employee benefits	81,492	73,155
	b. Post-employment benefits	4,457	4,901
	c. Proceeds from sale of fixed assets	3,570	-

### 14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on April 27, 2016.

  
**M. Azizul Huq**  
 Chief Executive Officer

  
**Abdul Samad**  
 Chief Financial Officer



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