



do more
feel better
live longer



GlaxoSmithKline Pakistan Limited
Annual Report 2017

Strengthening our DNA



Strengthening our DNA

Our goal, strategy, values, and expectations make up the building blocks of our DNA, with our priorities of Innovation, Performance and Trust woven in to allow us do what we do best – Help people Do More, Feel Better and Live Longer. As the theme of our Annual Report this year, let us help you explore the strengthened GSK DNA.

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Corporate Information

Board of Directors

Mr. Dylan Jackson*	Chairman
Mr. M. Azizul Huq	Chief Executive Officer
Mr. Abdul Samad	Chief Financial Officer
Mr. Husain Lawai	Independent Director
Mr. Mehmood Mandviwalla	Non-Executive Director
Mr. Sohail Matin	Non-Executive Director
Mr. Mark Dawson	Non-Executive Director

Audit Committee

Mr. Husain Lawai	Chairman
Mr. Mehmood Mandviwalla	Member
Mr. Dylan Jackson	Member
Mr. Mark Dawson	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, Iran & Bangladesh

Dr. Naved Masoom Ali
Business Unit Director -Primary Care

Dr. Tariq Farooq
Business Unit Director - Speciality

Khurram Amjad
Director Commercial Excellence

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

Mr. Muhammad Imran Amin
Country Compliance Officer

Dr. Yahya Jan
Director Medical

Company Secretary

Syed Azeem Abbas Naqvi

Chief Financial Officer

Mr. Abdul Samad

Chief Internal Auditor

Syed Ahsan Ejaz

Bankers

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

Auditors

A. F. Ferguson & Co. Chartered Accountants

Legal Advisors

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

Registered Office

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

*Dylan Jackson resigned with effect from February 2018



Sykes Building



Financial Highlights

Continuing Operations

+18.9%
Rs. 32,774 M

Sales Revenue
(2016: 27,564 M)

-0.1%
41.8 Times

Net assets per share
(2016: 41.8 Times)

+14.5%
Rs. 9.5

Earnings per Share
(2016: Rs. 8.30)

+14.6%
22.7%

Return on Equity
(2016: 19.5%)

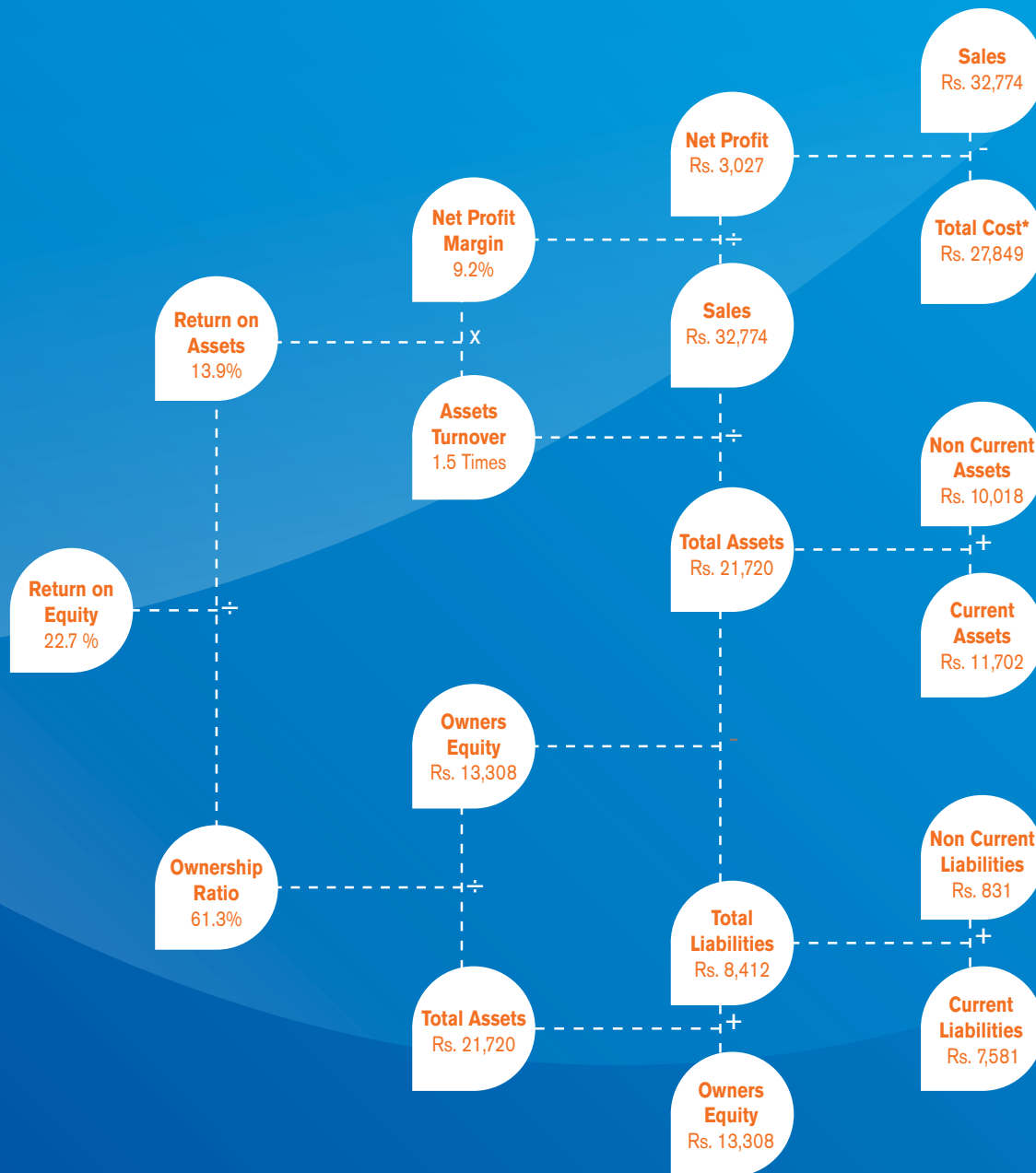
+10.1%
14.2%

Return on Capital Employed
(2016: 12.8%)

DUPONT Analysis

For the year ended December 31, 2017

Rupees in Millions



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



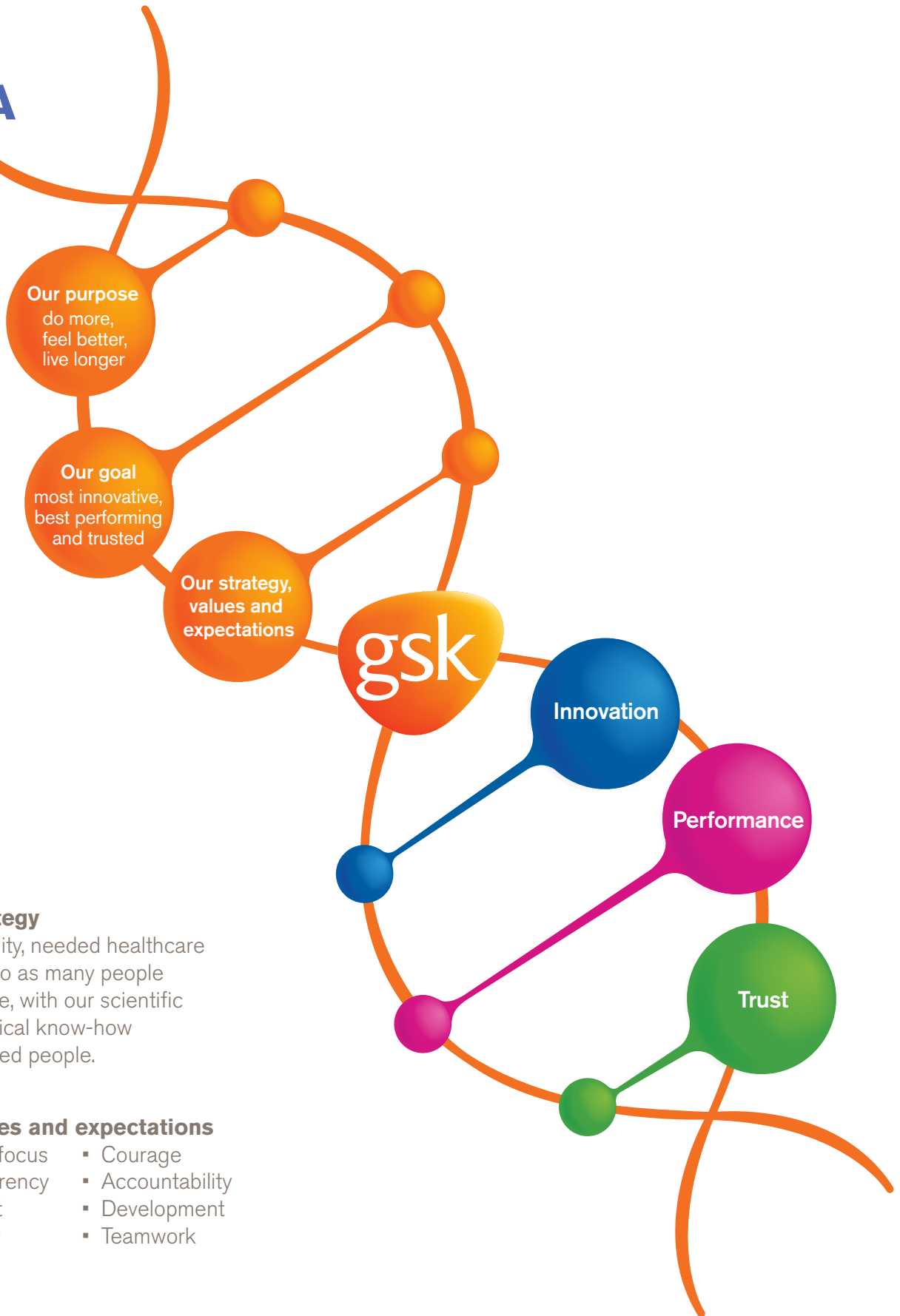


do more
feel better
live longer

Innovation

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

Our DNA



Our strategy

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

Our values and expectations

- Patient focus
- Transparency
- Respect
- Integrity
- Courage
- Accountability
- Development
- Teamwork



Our Vision

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

Our Mission

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

Our Values

Patient focus, Transparency, Respect for people, Integrity.



Be Patient Focused

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



Operate With Transparency

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



Demonstrate respect for People

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



Act With Integrity

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

Strategic Priorities

GSK is focused on the delivery of strategic priorities which aim to increase growth, reduce risk, and improve our long-term financial performance.

Operating responsibly and ensuring our values are embedded in our culture and decision-making helps us better meet the expectations of society.



Grow a diversified business

Creating a more balanced business and product portfolio, capable of delivering sustainable sales growth. This can be achieved by:

- The successful launch and commercialisation of new products from our pipeline.
- Continuing to invest in key growth businesses including Emerging Markets, Vaccines and Consumer Healthcare.
- Looking for further opportunities to increase focus and optimise the value of our product portfolio.



Simplify the operating model

Transforming how we operate so that we can reduce complexity and become more efficient, as our business continues to change shape.

This frees up resources to reinvest elsewhere in the business.



Deliver more products of value

Changing our Research & Development organisation so that it is better able to sustain a pipeline of products that offer valuable improvements in treatment for patients and healthcare providers.



Conduct business responsibly

Recognizing that being a responsible business is central to our strategy, and how we deliver success is just as important as what we achieve. Ensuring our values are embedded in our culture and decision-making helps us better meet the expectations of society. We can do so by:

- Continuing to enhance governance, compliance and quality through proactive risk management and quality-led culture.
- Delivering a new commercial model globally by changing the way we work with HCPs.
- Improving leadership effectiveness and quality of talent.

The GSK Story

Who we are

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

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

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



What we do

We aim to bring differentiated, high-quality and needed healthcare products to as many people as possible, with our 3 global businesses, scientific and technical know-how, and talented people. We research, develop and manufacture innovative products, and are committed to widening access to our products, so that more people can benefit, no matter where they live in the world or what they can afford to pay.

Pharmaceuticals – Our Pharmaceutical business has a broad portfolio of innovative and established medicines. We currently focus on developing new medicines in respiratory and HIV/infectious diseases, oncology and immuno-inflammation; with discovery research exploring these and other areas.

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

Consumer Healthcare – Our Consumer Healthcare business develops and markets consumer preferred and expert recommended brands in the Oral Health, Pain Relief, Respiratory, Nutrition/Gastro-intestinal and Skin Health categories.

Why we do it

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

150 Years

of providing ground-breaking medical solutions

14 Candidate vaccines

in early, mid, and late stage development against a range of diseases

1st in all three categories

of the Access to Vaccines Index (ATVI)

1st every year

in the Access to Medicines Index (ATMI)



99,300
Employees



150+
Global Markets



65
Manufacturing Sites

Company Profile and Group Structure

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

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

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

We are committed to our mission of providing patients quality products to help improve the quality of their lives. Some of our leading pharmaceutical brands include Augmentin, Seretide, Amoxil, Velosef, Zantac and Calpol. Prominent vaccines include Synflorix, Infanrix Hexa, Rotarix, Engerix-B, Havrix and Priorix Tetra.

Today, GSK Pakistan is highly successful business and a market leader, commanding 8% by value, and 13% by volume, of Pakistan's pharmaceutical market. Major competitors are multinational pharmaceutical companies such as Abbott, Novartis, Pfizer, Sanofi, 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, and Stiefel businesses, and building a diverse and profitable business of over 150 brands.

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



F-268, Karachi

The F-268 site is located in the Sindh Industrial and 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.

Annual volume:

238
million packs

Number of
SKUS manufactured

138



Korangi, Karachi

Located in the Korangi Industrial Area, this manufacturing site has a dedicated block for Cephalosporin, both orals and injectables, as well as a small unit for tablets. In 2017, a new sterile facility was also inaugurated at this site. Major products manufactured at this site are Velosef, Capotin, Fortum, Ceporex and Theragran.

Annual volume:

40
million packs

Number of
SKUS manufactured

70



West Wharf, Karachi

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

Annual volume:

155
million packs

Number of
SKUS manufactured

64

Our Behaviour

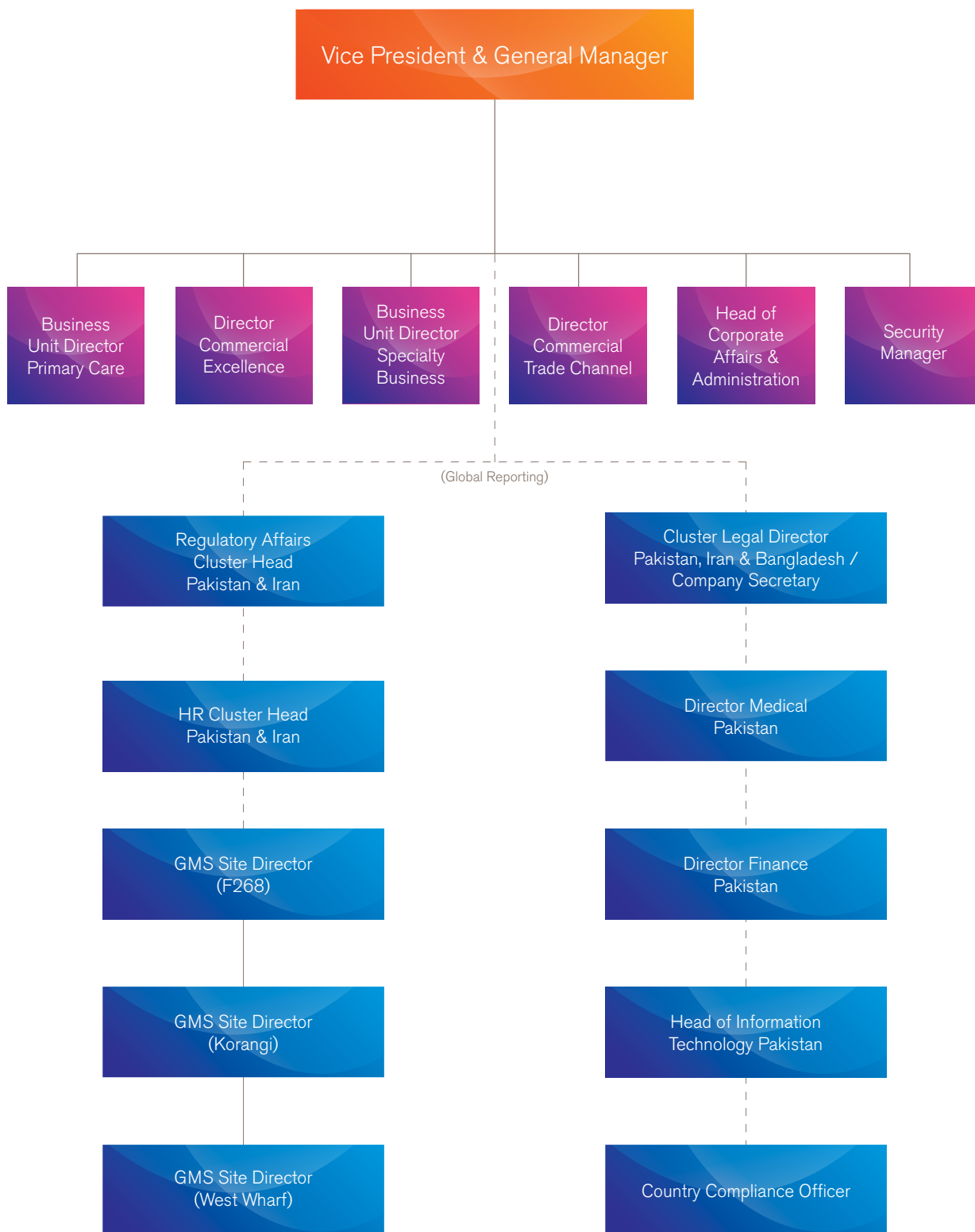
Our values underpin everything we do – from ensuring rigorous safety standards in the development and manufacture of new medicines to interacting ethically with healthcare professionals, patient groups and political stakeholders.

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

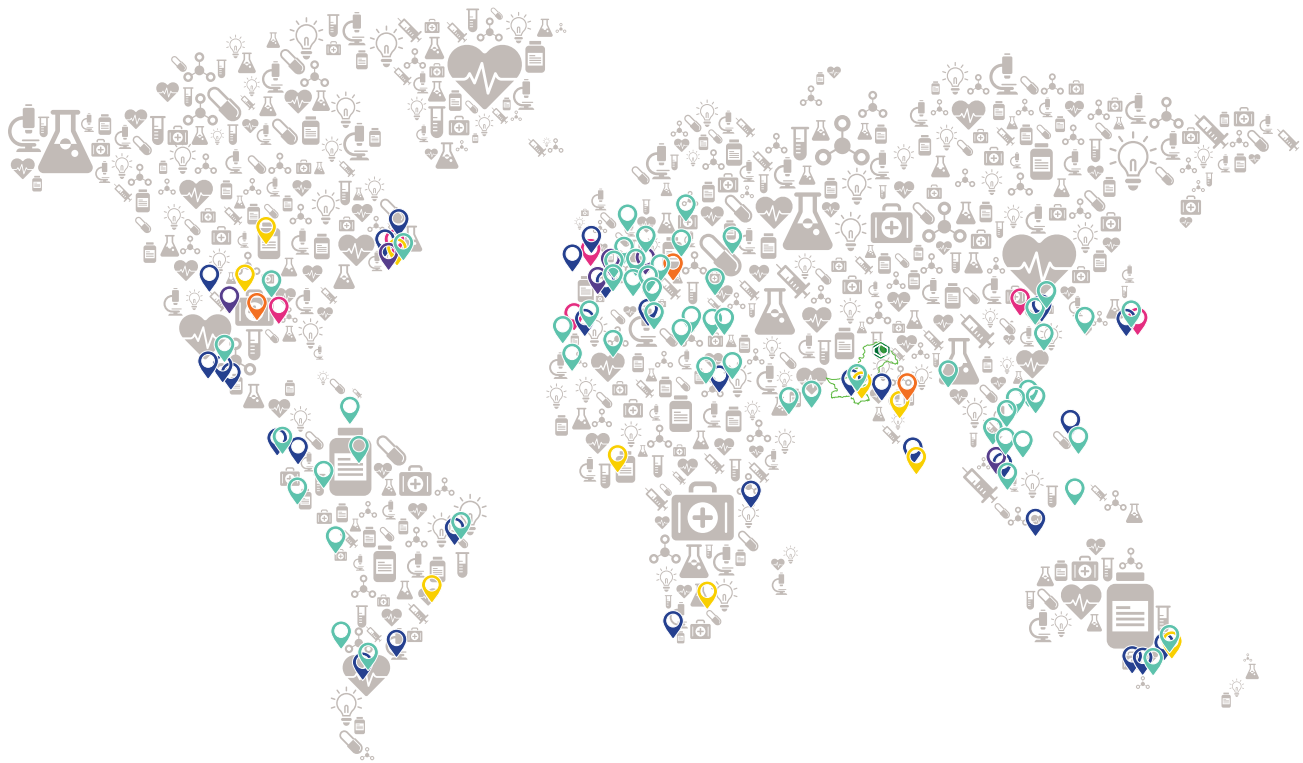
GSK is proud to commit to the following behaviours:







1. **Ethical Conduct:** We will continue to strengthen our values-based culture by training our people on the standards expected, encouraging the reporting of any concerns and embedding our values into the way we measure employee performance.
2. **Promoting values in sales and marketing practices:** We will continue to drive a values-based approach to sales and marketing practices across the world, with the interests of consumers and patients at its core.
3. **Transparency in clinical trial data:** We will be as transparent as possible with our clinical trial data, including publishing clinical study reports (without patient-level data) for all outcome trials of medicines conducted by GSK and, within an appropriate process, making available to researchers access to anonymised patient level data to further scientific enquiry.
4. **Rigorous patient and consumer safety:** We will continue to ensure the interests and safety of patients and consumers are of paramount importance in the way we design and undertake our clinical trials, our product quality assurance and our monitoring and reporting of adverse events in ongoing product usage.
5. **Minimizing animal testing:** We will rigorously challenge the need for animal studies and work to minimise the impact on animal welfare, by investing in the development of alternative studies and sharing animal-based data.
6. **Ensuring ethical interactions:** We will demonstrate that all GSK interactions with patient advocacy groups and political stakeholders are conducted appropriately, ethically and transparently.
7. **Promoting human rights:** We will address the UN Guiding Principles on Business and Human Rights across our own operations and our supplier relationships.
8. **Working with third parties:** We seek to work with third parties that share our commitment to high ethical standards and operate in a responsible way. If performance gaps are identified, where appropriate, we commit to working with the third party to improve performance.

Organogram



Geographical Presence



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

SWOT Analysis

STRENGTHS

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

OPPORTUNITIES

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



WEAKNESSES

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

THREATS

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



	Dec	Nov	Oct	Sep	Aug	Jul



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Performance

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

Jun

May

Apr

Mar

Feb

Jan



Finance

Finance is one of the Global Support Functions which form a part of GSK's operating model. The Finance function plays a critical role in achieving GSK's mission to Do More, Feel Better and Live Longer.

The Finance department strives to enhance returns for GSK shareholders by delivering the finance strategy, being a world class finance team, and balancing risk and opportunity. We provide partnership, strategic counsel, and support services that GSK business units need to operate efficiently and effectively.

Finance Business Partnering teams work hand in hand with other business areas to provide financial input on business planning, managing costs and, maximising cash flow.

Finance Services operates GSK's core financial processes, including financial reporting, transaction processing and governance. The focus of Finance

Services is to leverage our processes and systems from an end-to-end point of view: simplifying and unifying them where possible.

In 2017, the Finance team introduced new initiatives to ensure alignment with the company's IPT (Innovation, Performance & Trust) priorities & integrated Ways of Working. These include finance best practice sharing with GSK MENA/CIS counterparts, Audit and Assurance, and a focus on People Development, which resulted in talent being exported within the GSK Global network.

Commercial Trade Channel

The Commercial Trade Channel (CTC) department continued to drive GSK growth in 2017 through best-in-class execution of trade and tender channels, realizing the prescription demand generated by Sales and Marketing in line with GSK's patient-focused selling strategy.

Our success in trade channels is built upon three key areas within CTC:

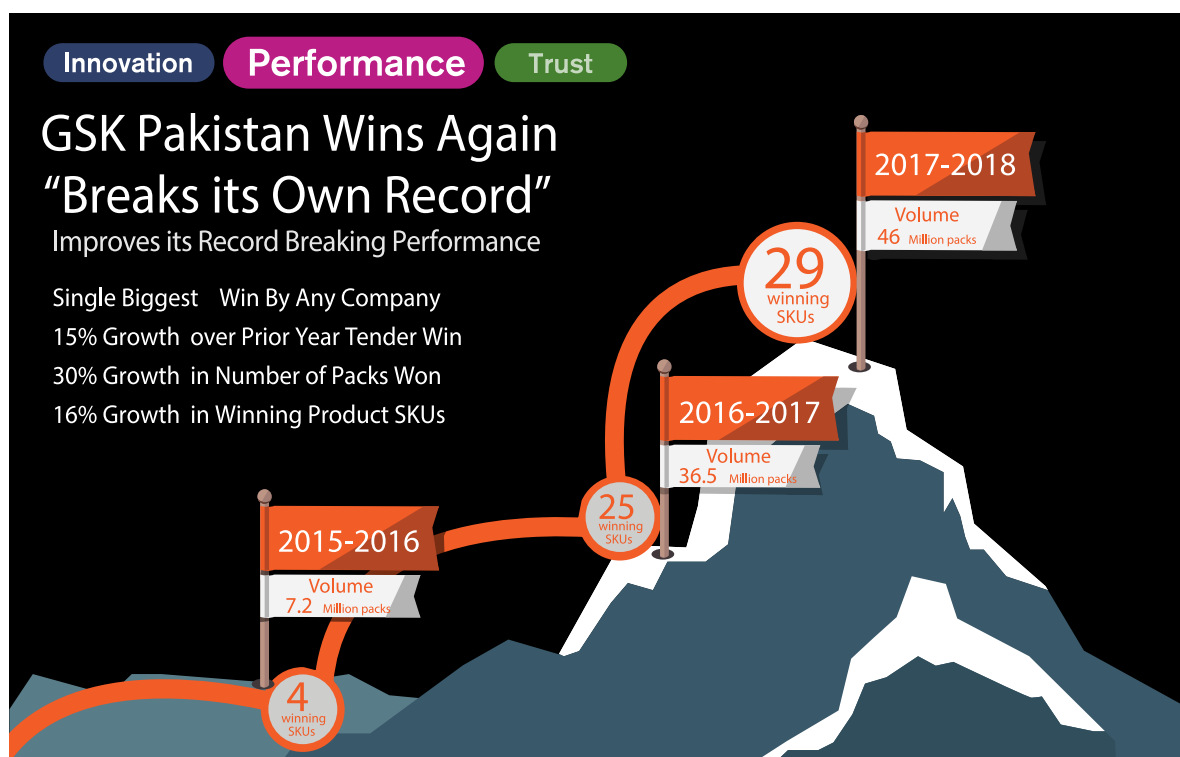
- 1) Distribution Management
- 2) Tender and Key Account Management
- 3) Trade Marketing & Pharmacy Channel Development

The driving force behind the CTC team is ensuring that the patient at the end of our value chain receives a high-quality product as prescribed by the doctor. We achieve this by enabling better access to our medicines in the vast pharmacy universe across Pakistan. We aim to create operational efficiencies through capacity-building of our channel intermediaries, to ensure our products are easily available to patients at the pharmacy nearest to them. 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 facilities.

The CTC Team is proud to continue its Patient-focused Pharmacy Program. The program educates pharmacists and pharmacy sales staff on pharmacy management, importance of prescription adherence, and stock management for correctly dispensing prescribed medicines. This program also aims to promote disease awareness on public health issues, enabling patients to access not only quality medicines but also better education on diseases.

The CTC tender team also achieved breakthrough success in 2017 by winning the Punjab Government tender for primary care medicines, ensuring millions of patients across Pakistan's most populous province gain access to high-quality medicines at government hospitals.





Multi Channel Marketing

As part of the 2017 journey, the Multi-Channel Marketing (MCM) department launched several initiatives that built upon the groundwork that was laid in 2016, whilst also laying out an innovation roadmap for the future. The primary objective for MCM's activities is to further develop GSK's organizational digital capability, and to maximize the utilization of established digital channels.

The team began the year by rolling out trainings for GSK's entire Field Force (FF), equipping them with the right tools, information - and most importantly - mindset, to help establish GSK as a leader in the digital arena. The MCM department also engaged with global partners and brought the world's best practices to our marketers to help improve their communication strategy.

With our marketing platforms consolidated in 2016, the team turned its attention towards equipping the sales and marketing teams with the right mindset and capabilities for driving the overall digital transformation of the organization. The MCM department initiated the journey to digital transformation by gathering customer insights and understanding the digital inclinations of our customers. This helped the team to adapt our communication channels in line with customer expectations. The MCM department rolled out trainings for the Marketing team, to enhance their digital saviness, as well as to streamline the Ways of Working to sustain the growth of our digital channels.

To further empower our field force, 2017 was also the year that witnessed the launch of Pakistan's first 1:1 email campaign that allowed our field force to digitally connect with HCPs. This helped GSK

deliver a more tailored and customized approach to better address the preferences of our customers. The MCM department launched a new Patient Education section and worked with multiple stakeholders across the organization to bring new and exciting content to our HCP portal. Our disease-awareness campaigns reached thousands of patients, further reinforcing our commitment to being a patient-focused healthcare organization. In 2017, GSK Pakistan actively focused on hosting webinars aimed at providing quality information to our customers. 2017 was also the year when Pakistan experienced its first ever successful digital-only webinar, with no F2F attendees

These measures, amongst others, helped GSK Pakistan move from a meagre 187,000 digital connects in 2016 to around 2 million digital connects in 2017. For the first time in GSK's history, our digital connects were at par, if not more, than our overall Face-to-Face connects. This has helped establish GSK's voice in the market and increased the reach of our brands to important stakeholders.

Moving forward in 2018, the MCM team intends to further drive and broaden the scope of GSK's transformation. Our commitment to evolving as a digitally-capable organization will truly help people Do More, Feel Better, and Live Longer.



Human Resources

Launch of Our New GSK Priorities: Innovation, Performance & Trust

The year 2017 marked the rollout of GSK's new priorities of Innovation, Performance and Trust as part of our commitment to deliver game-changing business results. The Human Resources department is focused on ensuring that our strategy of 1+3 (1 company and 3 business units) is championed through strong leadership and employee development.

Our newly-launched GSK expectations - Courage, Accountability, Development and Teamwork - coupled with our values of Patient Focus, Transparency, Respect and Integrity form the basis of 'Our DNA'.

GSK Pakistan engaged with employees through our #LetsTalk initiatives, where we rolled out the new GSK expectations and discussed how to incorporate them into our organizational culture. We at GSK Pakistan believe that Our DNA will guide us to become one of the world's most innovative, best-performing and trusted healthcare companies.

Innovation, coupled with our renewed focus on "Business First" and "Making it Easier" for our customers, drives us to optimize the business's organizational design. GSK HR leverages our performance system to develop high-quality leaders, who possess business capabilities and skills needed to develop and launch new products that meet the needs of patients and consumers.

Performance continues to be a focal point for HR, as we focus on enhancing the quality and depth of talent. We focus on young talent and diversity, which we believe will be the driving force in achieving our desired business results.

Trust continues to be a key HR pillar, intertwined across all our performance measures. GSK HR supports our leadership team in inculcating a culture of clear communication, trust and openness.

Developing Our People

GSK HR is committed to developing and sustaining our talent pipeline by attracting and retaining the most competent people. This is a key success factor in GSK's outstanding results. Building on our approach to leadership development, the focus is on developing our managers to motivate team members to create a High-Performance Culture that leads to game-changing business results.

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

Future Leaders Program

The GSK Pakistan Future Leaders Program is a key driver of GSK's talent pipeline, designed to attract, develop and nurture talented individuals. We aim to enable them to become our Future Leaders through our robust program, which provides ambitious individuals opportunities to lead GSK into the future whilst developing their own careers. Our Future Leaders are hired keeping in mind our values of Patient Focus, Integrity, Respect for People and Transparency.

In 2017, GSK Pakistan on-boarded 29 FLPs out of a record-breaking 4000 applicants - the highest volume of FLP applicants in its history. We aim to select the best talent, and facilitate them to hone their technical skills and business acumen.

Employee Engagement

At GSK, we see employee engagement as a means to strengthen ties at all levels of the organization and build on our culture. In 2017, HR and the Leadership Team led the engagement agenda across all GSK locations and sites. This included our Eid Milan

Breakfasts, Pakistan Independence Day Celebrations, and the Annual Milad, as well as various cultural celebrations.

The Global GSK Engagement Survey was rolled out across the company, allowing employees a chance to put forward their views on a variety of areas. The 2017 GSK Engagement Survey results reported Employee Engagement levels of 97%, which is the highest-ever response rate to date.

Performance Management & Recognition

GSK Pakistan's performance system is designed to make business performance central to what we do, and encourage effective leadership and strategy deployment. Towards the end of 2017, GSK HR cascaded the new performance management sessions across all GSK Sites and businesses in Pakistan. The sessions were a stepping stone towards aligning our employees with the 1+3 operating model. The new Performance Management System focuses on performance delivery, building capability within our leaders, and accountability across GSK.

Industrial Relations

HR successfully spearheaded the rollout of the 2017 Industrial Relations Strategy, with the goal of building on our reputation of being Employer of Choice for management and non-management employees. It has helped us in creating a positive industrial relations environment within GSK Pakistan.

Employee Health & Well-Being

GSK aims to help people Do More, Feel Better, Live Longer. Our Employee Health & Well-Being initiative focuses on 3 key areas: understanding your own health, acting to protect against illnesses, and making healthier choices to live well.

The initiative includes health-screening services, preventive exams, and vaccinations for employees.

HR Service Delivery Model

GSK Pakistan introduced the HR Service Delivery Model (SDM) in 2016. The aim of this was to improve HR service delivery, by implementing a tiered approach, making full use of our HR systems: Workday, Knowledge Management System and the GSK HR Support Console. The SDM ensures that all GSK employees have access to world-class HR services.



GSK Technology

GSK Pakistan enthusiastically got on board with the 2017 global rebranding of Information Technology to GSK Technology - or GSK Tech. Our new name better represents how this team will be driving innovation using technology to enable GSK to deliver business value.

2017 was a year of many accomplishments for the GSK Tech Pakistan team.

Over 400 users were empowered through GSK Standard WiFi across GMS Pharma. Over 70 access points were deployed simultaneously, making it the largest solution implementation in the MEA region. The users were pleased with the launch, which was accompanied by a fun and engaging communications campaign, and a mascot named Wilfred the WiFi Signal.

The Tech team focused on securing information for, as well as making that information available to, the field force. This was an investment to enable our medical representatives to focus on their core role of providing important information to, and promoting and recommending medicines and vaccines to HCPs.

In 2017, GSK Tech Pakistan continued to roll out the Distributors Management System that was

introduced in 2016. To date, 22 distributors are part of the DMS.

Information Protection remains one of the key areas for the GSK Pakistan Tech team. To this end, the Tech team arranged multiple sessions across the organization over the course of the year to raise awareness about information security and breaches.

Furthermore, the Tech team enabled GSK Pakistan employees to make full use of OneDrive, which enables the management and sharing of work files, and facilitates collaboration with others from any device.

Exciting endeavors have been planned for the year 2018, including launching the HCP 4.1 portal which will be the heartbeat of multi-channel activities including e-mail campaigns.

GSK Tech Pakistan is committed to improving the overall user experience for GSK Pakistan employees.

Dermatology

GSK's Dermatology business is the largest in the country. With 36% of the market share, GSK Pakistan enjoys a prominent position within dermatology, with its trusted expertise in psoriasis, eczema, seborrheic dermatitis, acne, fungal and superficial skin infections.

The dermatology portfolio is a holistic solution-provider for all skin conditions, ranging from prescription treatments to everyday skincare products such as sunscreens and soaps. Our trusted and innovative products continue to enable millions of patients to achieve their desired treatment goals and help improve their quality of life.

Approximately 3.7 tons of GSK Dermatology preparations are sold every day, which is a testament to the trust both Health Care Providers and patients place in our products. To honour this trust placed in GSK, we work harder every day to increase awareness of various skin conditions. We remain dedicated to the provision of a wide range of quality products to aid patients and consumers in achieving healthy and radiant skin. We partner with experts within dermatology to develop science-backed superior products to continuously help patients overcome their skin related woes.

Key Milestones/achievements:

Enhancing Access to Medicines: Duac 5g

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

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

Sustained leadership in Topical Corticosteroids:

Topical Corticosteroids is the largest portfolio within the dermatology market. Over the years, GSK has been able to not only become the market leader within this category but has also successfully retained 47% of the market share. Through various face-to-face and digital engagements with both HCPs and patients, GSK has been able to successfully sustain

its leadership by achieving a 21% growth in value within the Topical Corticosteroids category.

Based on the successful upsizing of Clobevate, GSK Pakistan's Dermatology team has taken another initiative and upsized its other two priority brands – Betnovate and Dermovate in 2017. We are pleased to report that Betnovate and Dermovate continue to be two of the most well-performing and trusted brands in managing Seborrheic dermatitis and Psoriasis, and have showed an exceptional continued growth over last year.

Zolanix: A trusted Antifungal Brand

Zolanix is the most prominent brand in GSK Pakistan's Dermatology Anti-Fungal portfolio. The brand continues to demonstrate GSK's commitment to providing patient-focused solutions by delivering high quality and easy accessibility. The Dermatology team is proud to report that Zolanix, with its patient-focused 1,4,7 dosing strategy, is growing significantly at 13.8%.

In 2017, Zolanix messaging balanced a series of digital initiatives, such as iPad detailing and digital knowledge-based forums, with numerous face-to-face forums, to engage HCPs in scientific dialogue. With the trust and confidence of HCPs, Zolanix has become the second-largest brand in the systemic antifungal market.



Disease awareness

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

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

Furthermore, one of GSK Pakistan Dermatology's aims is to also provide doctors with relevant and updated information regarding various skin diseases, and to update their knowledge regarding the industry. For this reason, GSK dermatology has organized multiple Webinars and Webcasts during 2017. More than 1300 HCPs participated in these events, both in person and via web-to-web connections. GSK's global internal medical experts held these interactive discussions on Psoriasis, Eczema, and their link to allergic rhinitis. In the coming year, the provision of knowledge to HCPs will remain one of our foremost goals in order to facilitate them in providing relevant and updated information to their patients.

36th PAD & 10th SARAD Conference of Dermatology 2017

The PAD & SARAD Conference of Dermatology is a 3-day event that serves to disseminate educational content related to dermatology through multiple speaker sessions. This prestigious conference is attended primarily by dermatologists from across the country. The conference was held in Lahore this year, and, as in previous years, GSK Dermatology was an active participant. With our aim to collaborate effectively with the expert community, a dedicated speaker session was led by our global internal speaker, Dr. Alexandra Marta. The topic of discussion was Acne diagnosis, its management, the significance of therapy choice and adherence, and the growing burden of antimicrobial resistance. By continuing to participate in such informative events, the Dermatology team is optimistic about partnering with experts to improve the lives of all sufferers of skin-related conditions.





Vaccines

GSK is the market leader for vaccines in Pakistan. We have achieved several milestones in the previous year, with a range of patient awareness and HCP engagement campaigns. Our vaccines continue to address some of the country's most prevalent diseases, including Rotaviral diarrhea, cervical cancer, and pneumococcal diseases.



World Pneumonia Day

As per WHO, one out of every five deaths under the age of 5 are due to pneumonia. This verifies that pneumonia is the foremost cause of child mortality. Childhood pneumonia is highly prevalent due to lack of awareness.

November 12th every year is marked as World Pneumonia Day, and GSK actively participates in it to spread mass public awareness focusing on the hazards of child pneumonia and the necessity for vaccination. Several activities were conducted as part of World Pneumonia Day 2017. These included airing of disease awareness messages from renowned pediatricians on TV and Radio channels across the country, as well as engaging HCPs through email and SMS campaigns. Additionally, media seminars, press conferences and multiple health programs were held in major cities, focusing on the disease burden of pneumonia and the importance of vaccination.



Rotarix

Rotavirus Disease Awareness Campaign

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

GSK Pakistan conducted various disease awareness campaigns at the start of 2017, highlighting the burden of disease, complications caused by it, and the best methods of vaccination of rotavirus. These campaigns were printed and aired on all key channels in Urdu, Punjabi, Sindhi and Pashtu to ensure maximum coverage.

Synflorix Webcast

In 2017, GSK engaged 308 HCPS by organizing a collective webcast for Synflorix and Augmentin for the first time. To date, this remains the only webcast done solely on a Web-to-Web basis. The webcast highlighted the burden of disease as well as its prevention and treatment in newborns.

World Immunization Week

Each year, at the end of April, WHO organizes a global public health campaign "World Immunization Week", grounded on the objective of "Closing the Immunization Gap." GSK Pakistan takes this opportunity to use this platform to increase awareness of the importance of vaccination and prevention of fatal diseases such as rotavirus, pneumonia and cervical cancer. Moreover, GSK also aims to increase the immunization coverage amongst the general population in the country.

GSK Pakistan arranged a mass disease-awareness campaign sensitizing parents to vaccination. This included TV, Radio and extensive print campaigns in both English and Urdu, as well as emails and SMS campaigns to HCPs. This campaign successfully achieved our awareness objectives.

Primary Care

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

2017 witnessed several key initiatives & achievements for this portfolio.

The Surgeons Debate & Velosef ACT are initiatives undertaken by the Velosef & Traxon teams.

Both activities received a great response from HCPs as they employ innovative formats such as plays and debates to spread their core message. Such platforms complement GSK's mission to reduce AMR, especially in the surgery segment by encouraging healthy dialogue and quality discussions.

Through multi-channel marketing, which is one of the key levers of the portfolio's strategy, GSK's Primary Care team managed to connect with over 1200 HCPS and got them to engage with science-based content.

Velosef (cephradine)

Velosef is the 4th largest brand in the anti-infective market, and the second largest brand amongst Cephalosporins in Pakistan. It achieved sales of PKR 2.25 billion in 2017, with an Evolution Index of 102 in terms of prescription.



In 2017, Velosef launched RACE model-based E-detail aids to increase the effectiveness of in-chamber calls.

To ensure the highest quality standards, we updated our packaging for the capsule range, switching to the superior Alu Alu blister packaging.

Velosef ACT is a unique initiative which advocates the rational use of antibiotics and counters issues such as self-medication and compliance-related problems. These highly prevalent issues are highlighted through a theatrical skit, which piques the interest of the audience. In 2017, 700 Health Care Providers participated in Velosef ACT events.

Zantac Ranitidine HCl

Zantac is a flagship brand of the GSK Pakistan Gastrointestinal portfolio. With more than 3 decades of experience, Zantac continues to be a trusted choice of doctors across Pakistan for the treatment of Acid-Related Gastrointestinal Disorders.



2017 was a year of digital transformation for Zantac. During this year, to enhance the impact of our voice in a highly-cluttered market, a variety of different digital initiatives were launched. These included local webinars, Meet the Expert sessions, Spacebridge sessions, SMS and email campaigns.

Supported by the untiring efforts of the team and the use of conventional mediums of promotion, these initiatives helped to ensure the strong performance of Zantac in 2017, even in the face of various challenges such as supply constraints of the injectable range.

CALPOL (Paracetamol)

Calpol is a household name that has enjoyed a long legacy of trust amongst Health Care Providers for over 40 years. It offers a wide range of SKUs, ensuring appropriate coverage for all age groups.

Despite immense competition from leading multinational and local brands, 2017 has been a landmark year for Calpol. Nearing the Rs 2 billion mark in sales, Calpol registered a solid 11% growth in 2017.



To fully utilize the true potential of the tablets SKU, 2017 saw the brand being detailed to two new segments – gynaecology and surgery. This initiative provided Medical Representatives a platform to engage in scientific dialogue with doctors from these specialties. This will ultimately maximise the benefits of Calpol for all segments of the population, helping them Do more, Feel better and Live longer.

FefolVit iron & vitamins with folic acid

Ever since its launch in 1981, Fefolvit has been the trusted choice of Health Care Providers for the treatment and prophylaxis of Iron Deficiency Anemia. Due to this long legacy of trust, Fefolvit is currently the 2nd largest brand in the Oral Haematinic market, both in terms of value and number of prescriptions.



In line with GSK Pakistan's objective to enhance multi-channel capabilities, FefolVit launched a 1:1 email campaign for the first time in Pakistan. This initiative enables the sales force to cater to the HCPs' individual needs by offering customized content via email. Not only does this promote our key selling messages, it also builds a stronger relationship between GSK and HCPs.

TRAXON

(Ceftriaxone Sodium)

Traxon (Ceftriaxone Sodium) is one of the brands launched under GSK's "Value Health Initiative". As the term suggests, these brands, including Traxon, aim to provide access to quality medicines to patients at affordable prices.

In 2017, the brand was very active on the Multi-Channel Marketing front, with the release of 4 new iPad campaigns, as well as other mediums of engagement to attain optimum frequency on the HCP front.

Traxon also launched its 1st video detailing aid for Typhoid, which has paved the way for similar campaigns for other indications. Additionally, "The Surgeon's Debate", an activity which promoted a healthy case-based discussion regarding 1st and 3rd generation Cephalosporins, was also held.



Augmentin

(Co-amoxiclav)

In 2017, Augmentin continued its legacy of being the most trusted and prescribed antibiotic in Pakistan. The underpinning philosophy that has enabled Augmentin to perform and grow in a positive manner emphasizes the prudent and judicious use of antibiotics. This year, an array of multi-channel marketing (MCM) tools were utilized to disseminate key messages to our HCPs on Anti-Microbial Resistance, through the Survey of Antibiotic Resistance (SOAR) study. This data proved to be instrumental towards guiding HCPs to choose an antibiotic appropriate to each patient's symptoms, thus limiting the spread of antibiotic resistance amongst their patients.

As a result, Augmentin succeeded in having the largest numbers of digital connects in GSK Pakistan through SMS, emails & webcasts. These initiatives have demonstrated the calibre and ownership of the team in fulfilling the common goal of keeping the patient at the heart of everything we do.

Today, Augmentin is the largest pharmaceutical brand in Pakistan, and continues to be the most prescribed antibiotic out of approximately 2000 antibiotics available across the local market. With an Evolution Index of 107 and a total of 31 million prescriptions in 2017, Augmentin has successfully established prescription leadership in upper and lower respiratory tract infections, reflecting on its ability to allow patients to Do More, Feel Better and Live Longer.



Specialty Business Unit

Seretide – Providing relief to more patients

Being the market leader in respiratory therapy in the country, GSK Pakistan proudly stands to deliver our mission to help patients Do More, Feel Better and Live Longer. Abiding by our commitment to increase access to quality medicines across the country, we reduced the price of our unique product - Seretide Diskus. This access price scheme is a bold step taken by the organization to serve patients suffering from asthma. We are confident that Seretide Diskus is the best option available for asthma patients due to its efficacy and ease of device usage – we believe through the Diskus access agenda, we can serve millions of Pakistanis who are being treated sub optimally, simply because of their socio economic class.

So far, through this major intervention, GSK Pakistan has been able to:

- Provide wider geographical coverage supporting health care professionals (HCPs) in semi-urban and rural areas where our teams were not previously present
- Gain the trust of more primary-care physicians practising in small towns, as we build their capacity to diagnose and manage asthmatics
- Increase availability in pharmacy outlets, whilst also supporting pharmacists in learning device usage in order to adequately address patient queries

This is the beginning of a journey that is meant to challenge the status quo, instill the 'patient first' mindset, and ensure all asthmatics get optimum treatment to live a better life.



NeUro Portfolio – Breaking the silence

Despite the huge impact caused by mental disorders, mental health remains a stigmatized topic in our part of the world. Similarly, there is a significant lack of awareness regarding urological disorders such as Benign Prostatic Hyperplasia (BPH), which can be managed with timely medical attention. Being Pakistan's largest pharmaceutical organization, GSK Pakistan is playing a crucial role in fighting against such disorders by not only reaching out to more HCPs but also by spreading awareness of these diseases amongst the general public.

Last year's decision to merge the Urology and Central Nervous System teams led us to increase our HCP-reach more than twofold. Additionally, the combined team launched a medical education dissemination drive, with clear objectives - to impart unbiased and reliable scientific education to HCPs in Pakistan, and to connect them to our Global Speaker programs through webcasts.

Our Urology webcasts, titled *"Early LUTS Identification"*, *"Treatment Education for Primary Care Physicians"* (ELITE) and *"Virtual Ask The Expert"* (VATE), were extremely well-received by HCPs in Pakistan, and GSK Pakistan was recognized as the LOC with the highest HCP participation and engagement within the GSK world.

In the CNS category, a global webcast discussing Obsessive Compulsive Disorder and Bipolar Disorder, titled "DigiPure", was arranged. This utilized a case-based methodology to provide insights to HCPs regarding diagnostic challenges and daily obstacles faced in treatment.

Patient-centric disease awareness campaigns

Living well with BPH

Benign Prostatic Hyperplasia is the 4th most common disease amongst men over the age of 50. However, few patients seek medical treatment, as they think that the urinary symptoms are a normal part of the ageing process.

"Living well with BPH" was a patient-centric campaign, in which awareness was generated amongst patients through posters and pamphlets. Moreover, clinics and hospitals were provided the International Prostate Symptom Score (IPSS) questionnaire, through which patients can self-diagnose and track the severity of urinary symptoms, and talk to their doctor about effective treatment options to improve their quality of life. The self-diagnostic tool was provided in both the English and Urdu languages to widen access. This patient awareness initiative by GSK was well-appreciated amongst the HCPs and patients in the field of urology.

World Mental Health Day

GSK, being a patient-focused organization, participates in World Mental Health Day on the 10th of October each year. In 2017, multi-channel disease awareness activities were conducted for the public, including press briefings where renowned experts spoke about the importance of mental health and its effect on quality of life. Similarly, numerous events were conducted in wards, as well as standalone meetings for HCPs in Lahore, Karachi and Islamabad regarding the management of mental illnesses. These steps are always appreciated by HCPs as they help not only patients, but also upcoming young psychiatrists, to engage in awareness sessions.

Medical Department

GSK has always been a pioneer in setting the benchmark for excellence. The Medical Department is devoted to further embedding the new Ways of Working model into our day-to-day activities, all the while keeping our patients at the heart of every decision.

The year started with Pakistan successfully securing second position in the MENA/CIS competition: ROAR with SOAR. Pakistan was applauded for its outstanding efforts in the widespread dissemination of data on the 'Rational Use of Antibiotics'.

Moreover, many initiatives in each therapy area to engage HCPs, other healthcare staff, and the general public were successfully cascaded in close collaboration and liaison with leading Key Opinion Leaders (KOLs). The Medical Department conducted 204 activities, reaching over 11,000 HCPs in 2017. There has been also an increasing focus towards building the capability of our Internal Experts in medical and scientific communication. This year, the Medical Department rolled out over 100 activities with our Internal Experts spearheading scientific exchange – a 70% increase from 2016. Meanwhile, our field-based MSLs consistently achieved the required customer-facing time by engaging in peer-to-peer, scientific dialogue with KOLs, connecting with over 700 HCPs.

To ensure that our scientific dialogue reaches the maximum number of HCPs possible, in the most impactful manner, the Medical Department embarked on a journey of digitalization in 2016. In 2017, there was an 80% increase in digital activities as compared

to the previous year. Spacebridge, a new virtual platform where an MSL connects with 3 or more doctors simultaneously, was launched with great success.

The Medical Department also pioneered a variety of innovative HCP-engagement initiatives. A Respiratory Simulation Workshop was designed for General Practitioners, to provide them a patient and disease simulation experience. Another successful programme included a comprehensive hands-on workshop for lab technicians to align accurate diagnosis and management.

With these encouraging achievements, the robust platform of the GSK Medical Department is now well-established with a clear understanding of future expectations and objectives. Building further on this foundation with greater zeal, GSK's Medical Department is now paving the path towards an even more successful 2018!

Awards 2017

Access Award – Winning Performance Awards

GSK Pakistan's Commercial Trade Channel (CTC) team was awarded the Access Award in GSK's Winning Performance Awards 2017. The award was in recognition of the Punjab Tender 2017-2018 win, which will enable GSK Pakistan to supply 46 million packs across 29 SKUs of products within Punjab. The region includes over 1,000 district headquarters, Tehsil headquarters, teaching hospitals, basic health units, and others in the Health Department of Punjab. This success for GSK Pakistan is a case study on how a collective team effort can deliver considerable addition of value to the business, through which we can improve our access to patients at the end of our supply chain so that they can Do More, Feel Better and Live longer.

Award recipients included Arif Tahir (Director, Commercial Trade Channel), Khalid Qureshi (NSM Tender and Key Accounts), Nasir Mahmood (Key Accounts Manager), Abdul Samad (Chief Financial Officer), and Salman Farooq (Finance Business Partner).

GMS Water Trophy – “Exceptional Performance in Water Stewardship”

One of GSK Pakistan's sites, F-268, received the GMS Water Trophy 2017 Award, in recognition for an Exceptional Performance in Water Stewardship. This was awarded in recognition of the fact that in the last 3 years, the site has reduced its water consumption by 30%, even while production volumes have increased by 27%.

GMS President's Award: Global GPS Award for “Excellence in Performance”

In 2017, GSK Pakistan's Korangi site was the proud winner of the prestigious Global GPS award, which is awarded to the highest-performing site across the GSK network, for making the greatest progress in implementing the GSK production system and building capability with clear business impact. The Korangi site delivered exceptional progress in all key performance areas in 2017. Some notable contributions were an 87 % reduction in days out of stock in comparison to last year, and the completion of 5 years without lost time injury. In the realm of productivity, in addition to head count optimization of 31 roles from 2015 to 2017 through automation, line efficiency of critical lines improved by 9 % in the last 2 years. Moreover, the site demonstrated remarkable resilience by offsetting expansion costs year after year via saving initiatives amounting to 2 million GBP for the last 2 years. The award was presented by GMS president Roger Connor to Korangi Site Director Javed Tariq.

Global Employee Recognition Award

In 2017, GSK Pakistan Regulatory won a Silver Global Employee Recognition Award for significant efforts by team members Dr. Gohar Nayab, Hina Atif, and Asma Irshad, during and after the GRACE (Global Regulatory Archiving and Communications E-Management) launch. GRACE is designed for the migration of legacy data from a number of current archiving systems into one integrated system.

Warehousing and Distribution

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

In 2017, the following steps were taken to further optimize the department's operations:

- Completing thermal mapping for all temperature-controlled vehicles for primary and secondary dispatches to further strengthen our controls.
- Ensuring 100% stock accuracy and 98% OTIF (On Time Inventory Full).
- Conducting a CIF (Continuous Improvement Framework) workshop to brainstorm ideas for CTS (Cost To Serve) savings for the year 2018.
- Further strengthening the Environment, Health and Safety and Quality Assurance systems.



Environment, Health and Safety

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



Health

As a progressive healthcare company, helping our employees stay safe, healthy and productive is a priority.

We recognise that employees' resilience can be affected by a wide variety of factors, from workload to stress in their personal lives. Our efforts to promote employee well-being focus on giving our people the support they need to build their energy levels and cope with stress.

An energetic workplace is a healthy and high-performing workplace - a series of programmes were rolled out as a part of our core health offering plan, both in commercial as well as in GMS, to ensure that our employees invest their best energy into the people and things that matter the most.

Energy for Resilience: A broad programme under the umbrella of which physical activities, trainings and workshops were conducted. Activities such as Safety marathon, Values walk, and futsal and cricket tournaments bolstered energy as well as engagement across GSK Pakistan including

our GMS sites as well as the Warehousing and Distribution function.

Food and Hygiene: A hygienic diet is a key accelerator for personal resilience and wellbeing. In alignment, our canteen and kitchen practices have been assessed independently and considered compliant with GSK food safety standards.

Partnership for Prevention: Awareness activities for various diseases as well as on-site screenings were provided to the employees for an instant checkup at our GMS sites.



Safety

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

Living Safety is the GSK approach to drive and embed a “Safety First” culture. With a strong network of representatives and defined roles, we train our employees in key areas to ensure that there are no unforeseen incidents. Key programs that we continue to work on under the flagship “Leading EHS” programme are:

Machinery Safety

Process Safety

Fire Safety

Electrical Safety

Occupational Hygiene

Consequently, GSK Pakistan has continued to meet increasing production targets without any lost time incident throughout 2017, clearly reflecting our commitment towards safety.

Environment and Sustainability

With the vision of becoming the most environmentally sustainable healthcare company in the world, GSK has ambitious long term goals:

- Carbon: Our long-term aim is to be carbon neutral across our value chain
- Water: Our aim is to make sure our use of water throughout our value chain is sustainable
- Waste: Our aim is to reduce our waste, reuse what we can and recycle the rest

Embodying this vision, GSK Pakistan has executed key projects such as:

- Expansion of the solar photovoltaic plant from 100KW to 170KW grid-tied system on one of our sites.
- Phasing out of CFC equipment across sites – an initiative in compliance with global protocols to phase out the use of refrigerants identified as ozone-depleting.
- Condensate recovery on Air Handling Units – maximizing the recovery of water, wherever possible, for reuse in activities such as gardening, utilities operations, etc.
- Controlled discharge of Environmentally Hazardous Material through the EHAC programme.

Due to these key projects GSK Pakistan can proudly claim to have directly contributing to the broader goal by reducing:

- Carbon dioxide emissions by approximately 1000 tonnes/year.
- Hazardous waste by approximately 15%.
- Water usage by approximately 6 million gallons/year – enough for the everyday use of 600,000 people!

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



Global Manufacturing and Supply

GSK's Global Manufacturing and Supply (GMS) teams are responsible for making and shipping the products that help people Do More, Feel Better and Live Longer. GMS in Pakistan is part of GSK's Regional Pharma Supply. Our goal is to consistently deliver outstanding products to patients and consumers through a best-in-class integrated supply chain. This is made possible by focusing on 4 key strategic priorities: Investing in our winning team, delivering high-quality products at optimal cost, connecting across the supply chain, and working safely and sustainably with zero accidents, defects and waste.



GSK Pakistan has over 1100 professionals working in the GMS function across 3 sites – F-268, Korangi and West Wharf, producing over 400 million packs annually.

Our priorities remain delivering tender on time to ensure a smooth and uninterrupted supply of quality products for patients and consumers, improving efficiency and reducing operating and material costs whilst maintaining quality in order to increase patient

access to high-quality products, and operating in a safe and sustainable manner to protect employees, manage risk, and minimize our environmental impact.

In 2017, GMS Pakistan was proud to receive not only the GMS Water Trophy (F-268), but also the President's Award, which is one of GSK's Global Productions System Awards (Korangi). 2017 was also the year a state-of-the-art sterile production facility was inaugurated at our Korangi site.

New Sterile Facility

Korangi

In order to bring quality healthcare products to more people, GSK Pakistan proudly launched a new state-of-the-art sterile manufacturing facility on our Korangi GMS Site in 2017.

GSK made a sound capital investment of 1.38 billion Pakistani Rupees in the sterile consolidation project, which includes the new ampoule and eye drop building at the Korangi site, making it the future manufacturing hub for a wide range of injections (Zantac, Ventolin etc.) and eye drops (Betnesol etc.) with anti-inflammatory, anti-histamine, antibiotic, antiemetic, anti-asthmatic and cardiac applications. This state of the art facility has the capacity to produce 70 million doses per year, allowing GSK Pakistan to ensure a reliable and efficient supply of sterile products to support our commercial growth ambition. Moreover, this facility The aseptic process design of this entire plant was developed in

collaboration with global GSK experts, whereas the architecture and building services were designed and executed locally under the supervision of GSK Pakistan. The construction of this highly advanced facility took place over the course of 2 years, during which over 2343 safety reports and 945 safety inspections were conducted, allowing the Korangi site to maintain its stellar record of zero lost-time incidents. The construction and inauguration of this historic facility was achieved through great teamwork and partnership – it took over 780,000 man-hours of construction, 20,000 man-hours of commissioning and qualification, and approximately 3500 man-hours of trainings.



At the heart of this project is cutting-edge technology, such as compounding systems with built-in Cleaning in Place and Sterilization in Place (CIP/SIP) technology, which provide an enclosed system for manufacturing products under aseptic conditions, allowing minimal human exposure to ensure safety and quality. The integrated ampoule filling line for the filling of products under aseptic conditions is supported by its built-in CIP/SIP cabinet, as well as an added feature of time pressure filling (TPF) which facilitates the online weight adjustment of ampoules. Lastly, the ampoule inspection machine with in-built automated visual inspection (AVI) and high voltage leak detection

(HVLD) systems enable highly efficient online leak and defect inspection of ampoules.

It is important to recognize that our decisions today will impact our customers for years to come. This facility is a massive contribution from Pakistan towards making GSK one of the world's most innovative, best performing and trusted healthcare companies. With a scheduled operational start in 2018, GSK Pakistan is proud to have taken yet another step towards fulfilling the trust of countless patients at the end of our supply chain, enabling them to Do More, Feel Better, and Live Longer.





Quality Management System

Quality is at the heart of all activities that support the discovery, supply, and marketing of products to our patients and customers. GSK Pakistan is committed to providing vigilance across the organization to ensure that all activities undertaken are fully compliant with internal GSK policies as well as those of local regulators. This ensures that that we maintain the quality of the product right up until it is in the hands of the final consumer, underlining our dedication to Patient Focus.

GSK Pakistan's commitment to quality in the commercial organization is a key element in the management of critical processes that are extended across functional boundaries. Quality is a function of the business as well as the product, and GSK Pakistan has a Quality Management System in place to ensure that the highest quality is maintained right up to the delivery of products to the final customer.

Alignment and adherence to the company Quality Management System (QMS) of processes used in LOCs is required to assure the delivery of products to our patients and customers that is of the required quality, safety and efficacy, and to manage and reduce risks to product quality. The Quality Plan outlines the processes that will ensure alignment with the QMS and provides a structure for continuous quality improvement.

The quality activities applicable to LOC operations are defined by the QMS "Guide for Commercial Companies" and "LOC Quality - Target Operating Model for QMS Implementation".

To augment the implementation of QMS and drive continuous improvement, a Quality Improvement Plan (QIP) is put in place annually, which derives key measures to improve the robustness of our

existing systems and addresses key challenges from regulatory bodies, in order to meet the expectations of our customers on our continuous improvement journey. In 2017, key initiatives outlined in the QIP included:

- Optimizing lead times by simplifying the process of product release, and making imported products available to the customer in the shortest span of time possible.
- Ensuring that suppliers of medicines with a potential to impact on the quality of products are subject to a formal approval and control process, and that they align with the GSK standards.
- Delivering an industry-leading Quality Management System that is fit for the future and makes compliance straightforward.
- Fulfilling the demands of the tender business by manufacturing the products with proper labeling and stamping as per their requirements.
- Organizing and Executing distributor awareness workshops in local languages across Pakistan in order to disseminate QMS-compliant ways of operations.

Corporate Social Responsibility

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

In 2017, 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 minimizing environmental impact.

GSK in the community:

At GSK, we are committed to extending volunteering opportunities to bring about positive change in communities and global health whilst providing individual development. GSK has two flagship volunteering programmes – PULSE and Orange Days – which give our employees distinct opportunities to offer their time and talent to benefit society.

Pulse Volunteer Partnership

The PULSE Volunteer Partnership is GSK's skills-based volunteering initiative. Through PULSE, motivated employees are matched to a non-profit organization, which they work fulltime with, for three to six months, contributing their skills to solve healthcare challenges at home and abroad. When PULSE Volunteers return to GSK, they act as catalysts to change the company for the better.

In 2017, Mohammad Imran Khan, a Sales Manager for our Dermatology portfolio, from Islamabad, spent six months in Abuja, Nigeria. There, he worked with the Clinton Health Access Initiative on making Direct Acting Antivirals (DAAs) and Diagnostic Commodities for Hepatitis B and C readily available at affordable prices through the Nigerian Government's National Health Insurance Scheme (NHIS). His experience in Sales and negotiating with multiple stakeholders proved an asset as he worked to dramatically reduce costs of DAAs and to advocate for the inclusion of



Hepatitis treatment in national healthcare plans. Over the course of his work in Nigeria, Imran gained firsthand experience in business strategy and data analysis, which has helped him professionally upon his return to GSK Pakistan. In this way, his PULSE experience truly embodied the spirit of the program – a mutually beneficial partnership where Imran lent his time and expertise to create lasting sustainable change in Nigeria's healthcare landscape, whilst furthering his own professional and personal development.

Orange Day 2017:

GSK's Orange Day programme gives all employees one paid day off each year to make a difference for their chosen local community project.

This year, GSK Pakistan employees collaborated with the Kashif Iqbal Thalassemia Center to raise awareness about Thalassemia, a blood disorder that affects around 5000 children in Pakistan every year. Several information sessions to raise awareness about the disease were held, after which a blood-donation camp was set up at the GSK's F-268 site in October 2017, in conjunction with fundraising



activities. Through the collection of funds and the donation of blood, GSK employees managed to help at least 300 patients suffering from Thalassemia.

Corporate Responsibility:

GSK Pakistan recognizes that environmental sustainability is key to our success. To ensure that we can continue to deliver high quality products to patients and consumers in the future, we must protect the natural resources we need to make them, today. Keeping this in mind, reducing carbon emissions caused by manufacturing, investing in renewable energy sources to power our manufacturing and commercial operations, and responsibly managing water usage and waste disposal are important priorities for GSK Pakistan. The LOC is strongly aligned with GSK's global goal of becoming carbon-neutral across the value chain by 2050.

Building upon the foundation laid in previous years, GSK Pakistan increased its solar power generation capacity by 70 KW, reducing our reliance on the

national grid. Variable Frequency Drives (VFD) further optimize the efficiency of all our high efficiency consumption equipment. Other small but important measures to reduce electrical consumption, such as the use of LED lights across all our facilities, are constantly being evaluated and implemented. As a result, GSK Pakistan's carbon emissions were reduced by 645 tons in 2017.

Furthermore, to safeguard the environment and reduce the use of ozone-depleting substances that impact global temperatures, GSK vigilantly monitors gaseous emissions and effluent discharge from our manufacturing facilities, conducting an audit every quarter. Additionally, all air-conditioning units across our facilities use environment-friendly gases.

The conservation and responsible use of water in the communities in which we operate is a priority for GSK Pakistan. Having set up tertiary treatment plants across all our manufacturing facilities, GSK Pakistan recycled over 18 million gallons of waste water in 2017, playing a role in saving precious drinking water supplies for neighbouring communities. Our commitment to water conservation is reflected in the GSK Global Manufacturing Site Water Trophy 2017 being awarded to one of our manufacturing sites, F-268, in recognition of an Exceptional Performance in Water Stewardship. Even though production volume at the site increased by 27% in 2017, water consumption was reduced by 30%.

The waste management systems in place at all our manufacturing sites drastically reduce the amount of pollutants entering the ecosystem, which helps preserve marine life threatened by extinction. GSK Pakistan is proud to take on the mantle of environmental stewardship as we look to help people Do More, Feel Better and Live Longer, sustainably.





do more
feel better
live longer

Trust

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

Directors' Profiles



Mr Dylan Jackson
Chairman

Dylan Jackson is Vice President - Head of Export Markets, within GSK's Global Pharmaceuticals business.

Dylan joined GSK in 2012, and before his current role, he most recently held the position of Vice President Finance for Middle East, North Africa, and CIS. Previous roles at GSK include Head of Strategy for Emerging Markets and Asia Pacific, Area Head for Kazakhstan and Central Asia cluster, and Pharma Lead for the Novartis transaction in 2015.

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 several global pharmaceutical companies as a Strategy Consultant and led two Pharmaceutical industry start-ups.

Dylan is a graduate of Oxford University and a pharmaceutical expert with 20 years of experience in this sector.



Mr. M. Azizul Huq
Chief Executive Director

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

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



Sohail Ahmed Matin
Non Executive Director

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

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

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



Mr. Mark Dawson
Non Executive Director

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

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

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

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



Mr Abdul Samad
Chief Financial Officer

Abdul Samad joined the Company in 2002, and over the years, he has worked in various finance roles including Finance Business Partnering, Shared Services, Supply Chain and Internal Audit, as well as leading initiatives for business resumption, acquisitions and new ERP system implementation. He has also been on international assignments for GlaxoSmithKline in the Saudi Arabia and Morocco markets.

Samad is a Chartered Accountant and a fellow member of the Institute of Chartered Accountants of Pakistan. Before joining GSK, he worked as Audit Manager in PriceWaterCoopers (PwC) Pakistan.



Mr Mehmood Mandviwalla
Non Executive Director

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 practised commercial law for over 36 years. He is the President of SAARCLAW (South Asia Association for Regional Co-operation in law). He is also a Board Member of British Overseas School.



Mr Husain Lawai
Independent Director

Mr. Husain Lawai is a seasoned banker having vast experience in the banking and financial services industry. He is the Chief Executive of The Institute of Bankers Pakistan, and also the Vice Chairman of Summit Bank Limited. As well as serving on the Board of Directors of GSK Pakistan, he is also a part of the Board of Directors of Pakistan Institute of Corporate Governance, Wyeth Pakistan Limited, and The Searle Company Limited.

Apart from his current corporate sector engagements, Mr. Lawai has served as Chairman, Board of Directors of Central Depository Company of Pakistan Limited. In addition, he served on the Board of Directors of Pakistan International Airlines Corporation, State Life Insurance Corporation of Pakistan and Sanofi- Aventis Pakistan Limited.

On the banking side, he was the first President and CEO of MCB Bank Limited after its privatization in 1991, and served for six years. He was President and CEO of Summit Bank Limited from 2008 till his retirement in 2016.

He is credited as being a key enabler of the local Islamic banking system through the formation of Faysal Islamic Bank (now known as Faysal Bank Limited), the first Islamic Shariah-compliant bank in Pakistan. Mr. Lawai has served as Regional General Manager (Pakistan and Far East) of Emirates NBD Bank. He was also a Director of Security Investment and Finance Limited, U.K., and Advisor to several UK & European banks.

A staunch promoter of education, he is also a member of the Board of Governors of Karachi Grammar School, and he previously served on the Board of Governors of Virtual University of Pakistan. On the social welfare front, he assumed the office of Regional Vice President of World Memon Organization (WMO) for Pakistan for three years beginning from October 2017.

Husain Lawai holds an MBA degree from the Institute of Business Administration, Karachi.



Board and Management Committees

The Board of Directors

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

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

The Business is focused around an established framework which assists in delivering the main objectives of the Company i.e. to increase growth, deliver results, and simplify performance, as well as to create a long-term value for our shareholders.

At GSK Pakistan, we have a Board that has a coherent corporate governance framework with clearly defined responsibilities and accountabilities.

The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the control of the Company to the Chief Executive. The Board meets 4-5 times a year to consider GSKP's financial performance, operating budgets, forecasts, business strategy, development plans, capital expenditure plans, assets disposal, major investments and licensing decisions, and evaluates and monitors GSKP's performance. The Board also formulates corporate strategies and company objectives.

Composition of the Board

As of December 31, 2017, the Board consists of two Executive Directors, four Non-Executive Directors, and one Independent Director with the necessary skills, knowledge, experience, and competence, so that the Board as a group includes diverse competencies considered relevant in the context of a Public Sector Company's operations.

A calendar for the Board of Directors is approved annually, in which the Board Meetings and Audit Committee Meetings are scheduled for the coming year. The Board Members are issued Notices in advance, as per stipulated timelines. The Board

folder, which comprises of the Notice, Agenda, and Financial documents, as well as other business papers on which decisions or approvals are to be considered, is sent seven days prior to the Board Meeting.

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 and 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. The Chairman of the Board has responsibilities and powers given to him by law. He is also assigned duties by the Board. The Chairman coordinates the activities of the Board, and presides over the meetings of the Board of Directors. He is not, however, involved with the day-to-day operations of the Company.

Role of the Chief Executive Officer (CEO)

The Managing Director is the Chief Executive Officer of the company, and his role entails being ultimately responsible for all day-to-day operations and conduct of the business in accordance with the law. 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 the recommendation and implementation of strategies, policies and annual business plans approved by the Board, in accordance with all statutory obligations. He is also responsible for exercising overall control, administration and supervision of the efficient management and conduct of the business of the Company. He is supported by the members of the Management Team.

Board's Performance Review and Continuous Professional Development

All new Directors are provided with an orientation and general induction upon joining the Board of Directors. The Company Secretary prepares an Evaluation Assessment Questionnaire, which is circulated amongst the Board Members to provide clarifications and further insights and perspectives on the performance of the Board.

Membership and Attendance

The names of the Members of the Board of Directors and their attendance in the Board Meetings held during 2017 are detailed on page 61, and their profiles are detailed on pages 54 to 55.

Human Resource and Remuneration Committee

The Company has established this Committee in accordance with the requirements of the Code of Corporate Governance. All issues concerning remuneration, recommendation, evaluation and compensation of the CEO, CFO, Company Secretary, Head of Internal Audit and senior management are deliberated and decided by this committee.

The Human Resource and Remuneration Committee also reviews and recommends HR Policies and succession planning 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 mainly non-executive directors, including one independent director. This committee meets at least once in a year.

Audit Committee

The Audit Committee consists of four members, all of whom are non-executive directors, including the chairman of the committee, who is an independent director. The terms of reference of this Committee have been determined in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Committee held four (04) meetings in 2017.

The Audit Committee annually reviews the financial aspects and appropriateness of resources, the corporate accounting and financial reporting process, the effectiveness and adequacy of internal controls, the management of risks and the external and internal audit process.

An independent Internal Audit function headed by the Chief Internal Auditor reports to the Board's Audit Committee. The function helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. 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.

Brief Terms of Reference of the Audit Committee:

The terms of reference of the Committee include, but are not limited to, the following:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgemental areas;
 - Significant adjustment resulting from the audit;
 - Going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with these regulations and other statutory and regulatory requirements; and
 - All related party transactions.
- Review of preliminary announcements of results prior to external communication and publications;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by the external auditors and management's response thereto;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales. Receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

- Determining of compliance with relevant statutory requirements;
- Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

Management Committee

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

Risk Management and Compliance Board

The Risk Management and Compliance Board (RMCB) comprises of GSK Pakistan's functional heads. It reviews significant risks affecting the business, including strategic, financial, operational and legal compliance risks. It oversees and ensures the identification and implementation of internal controls to mitigate significant risks. The Board monitors the various compliance initiatives and promotes risk management and compliance culture in the company.

Environment, Health and Safety Committee

The Environment, Health and Safety Committee is a governing body with the purpose of regularly reviewing the Environment, Health and Safety (EHS) performance of GSK Pakistan operations. The Committee reviews performance against previously agreed-upon targets, and prioritises actions to be taken, as well as ensures that appropriate resources and plans are in place. It also sets appropriate standards for EHS, identifies risk conditions, and monitors the implementation of major EHS projects.

Directors' Report to Shareholders

The Board of Directors of GlaxoSmithKline Pakistan Limited is pleased to present to you the Annual Report along with the Company's audited financial statements for the year ended December 31, 2017.

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 and regulation 5.19 of Pakistan Stock Exchange Limited. This report is to be submitted to members at the Seventy First Annual General Meeting of the Company to be held on April 24th, 2018.

Operating results

	Rs. in million
Profit for the year before taxation	4,883
Taxation	(1,902)
Profit after taxation	2,981
Un-appropriated profit brought forward	5,231
Other comprehensive income	(196)
Profit available for appropriation	8,016

Appropriations

Final dividend 2017	
Cash	(2,866)
Un-appropriated profit carried forward	5,150

The Board of Directors is pleased to announce a final cash dividend of Rs. 4.0 per share, amounting to Rs.1.3 billion, subject to the approval of the shareholders at the Annual General Meeting to be held on April 24th, 2018. This is in addition to the interim dividend of Rs. 3.0 (2016: Rs. Nil) per share announced by the Board of Directors in their meeting held on October 26th, 2017.

Net sales for the year were Rs. 32.9 billion, and our core pharmaceutical business delivered a turnover of Rs. 28.8 billion, with an underlying growth of 14.6%. Net profitability of the company was Rs. 3.0 billion from continuing operations, an increase of Rs. 364 million from last year.

Holding Company

As on December 31, 2017, 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, 2017, and other related information is set out on pages 128 to 131.

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

Chief Executive Officer's Review

The Chief Executive Officer's Review on pages 69 to 71 includes:

- An economic overview and a review of business performance with the latest developments in the Pharmaceutical industry
- A performance review of the Company during the year and significant changes from the previous year along with reasons.

- An effective cash management strategy. Our 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. 9.5 (2016: Rs. 8.3).

Corporate Social Responsibility (CSR)

As a socially responsible healthcare company, we at GSK are committed to conducting business in a manner that benefits society and 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 grassroots level, focusing on health, education and general medical relief. Our employees also participate in skills-based volunteering initiatives that enable them to meaningfully contribute to communities around the world.

In 2017, 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 minimize environmental impact in doing so. Details of our eco-friendly and efficient ways of working, as well as our employee-based outreach activities can be found on page 50.

Our People

GSK takes pride in being committed to creating 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

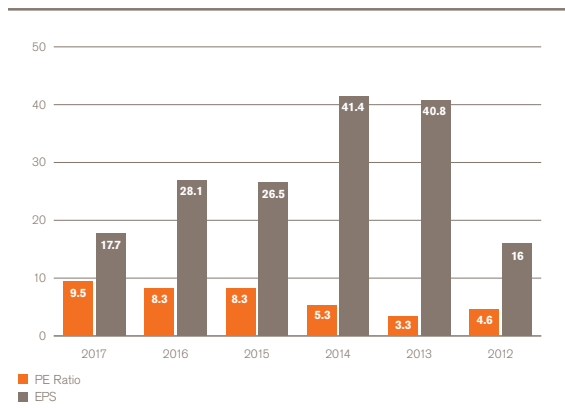
implemented our New Performance System that enhances individual accountability and rewards high achievers. A great effort has also been made to clearly outline and communicate GSK's expectations to our employees at an individual and leadership level. Moreover, we ensure that our behaviors are driven always by our values of Transparency, Respect for People, Integrity and Patient-Focus.

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 local and global opportunities to excel and deliver GSK's strategy. At the same time, we also continue to acquire external talent through recruitment drives at top universities to ensure that we maintain a rich talent pool to support our succession planning. 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 empowers employees at all levels.

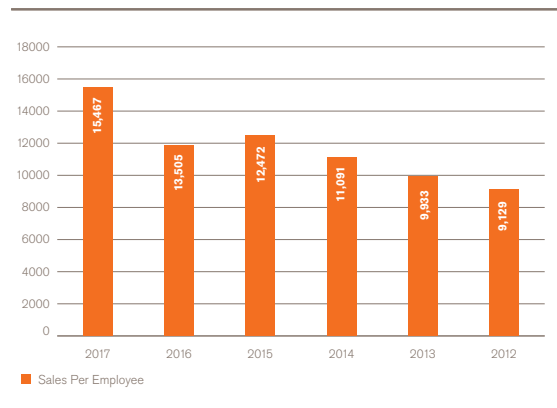
Additionally, our talent-management systems encourage honest and frequent feedback to provide our employees a holistic assessment of their behaviors and their impact, thus ensuring that as teams, we harness the best out of our employees and proactively manage performance. We have been able to build a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

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

Earning per Share & Price Earning Ratio



Sales Per Employee



On the whole, our efforts are helping us in building a high-performance culture at GSK to provide a 'Wow' Customer Experience to our internal as well as external customers.

Environment, Health and Safety (EHS)

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

GSK Pakistan is committed to demonstrating leadership by making EHS an integral part of the business. We do so by creating a safe and injury-free workplace, where everyone is healthy, energized and protected, whilst also ensuring that our environmental impact is minimized.

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, several 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 by:

- Ensuring a better understanding of operational risks, their effective management and creating a safer workplace for our people, visitors and the community.
- Enhancing the capability of our employees to put safety first, while conducting day-to-day operations.
- Ensuring Environment, Health & Safety is an integral part of our business processes, planning and decision making.
- Curtailing water usage, energy consumption, and waste generation
- Focusing on the resilience of employees through GSK's robust resilience programs so that our employees can do more, feel better and live longer.

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

Business Ethics and Anti-Corruption Measures

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

The Board of Directors of the Company has set down acceptable business practices and behaviors in a "Code of Conduct/Statement of Ethics and Business Practices", which guides our people in applying our values in everyday activities. The Code has been disseminated to be signed by all employees; including the senior management and is also available on the Company's website. Salient features of the Code of Conduct are provided in brief on page 16.

Board of Directors' Meetings and Attendance

The Board of Directors met four times in 2017. Three of these meetings were held in Pakistan and one in Sri Lanka. Each member's attendance at these meetings is listed below:

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

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

During the year, Mr. Mark Robert Dawson, Vice President, Head of Supply Chain Emerging Markets was appointed as Non-Executive Director on October 26th 2017 and replaced Nicolas Ragot who has resigned from the board. The Board would like to record its appreciation and gratitude to Mr. Nicolas for his contribution while serving on the board.

Management Committee

The Management Committee comprises of 12 senior members who meet and discuss significant business plans, issues and progress updates from their respective functions. Significant matters to be put forth to 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 five (05) 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 the Corporate Ethics & Compliance team, 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 to 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 largely be classified as follows:

Strategic Risks – These pose a significant threat to meeting business objectives, and are outside of the entity's control. Regulatory pricing policies which are overly restrictive and not market-oriented are the most significant strategic risk being faced by the Company.

Operational Risks – These hinder the entity from running its operations smoothly. Our main operational risks are supply issues, inflation, the potential for fraud, and employee turnover. These risks are being managed through the development of alternate sourcing of materials and a robust forecasting

process in commercial and manufacturing, facility upgrades, a simplification of our operating model, expense management, adequate segregation of duties, refresher trainings on our Code of Conduct, job rotations and employee empowerment.

Commercial Risks – These 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 providing affordable healthcare solutions to maintain the Company's market share.

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

The afore-mentioned risks are categorized using the following grid:

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

Auditors

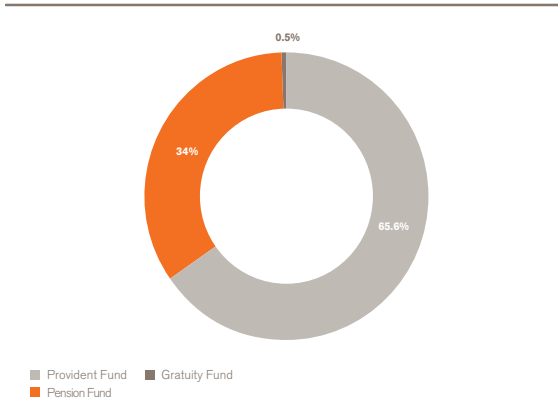
The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants, have retired, and from 2018 onwards, GSK has globally appointed Deloitte Yousuf Adil as their Auditors.

The Board of Directors endorses the appointment of Deloitte Yousuf Adil as the Auditors of the Company for the financial year ending December 31, 2018, 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



- 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 74 to 76.

By order of the Board

Value of Investments of Provident, Gratuity and Pension Funds

Rs. In millions	2017
Provident fund	3,062
Gratuity fund	1,586
Pension fund	23

M. Azizul Huq
Chief Executive Officer

Abdul Samad
Director

Contribution to National Exchequer and Economy

Your Company made a total contribution of Rs. 4.32 billion to the National Exchequer by way of Customs duties, income tax, sales tax and employees' tax during the year 2017.

Karachi
February 27, 2018

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.

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

مالیاتی خطرات - یہ ادارے کے لیے مالیاتی خسارے کا باعث بن سکتے ہیں اور انھیں مالیاتی گوشواروں کے نوٹ 38 میں زیادہ تفصیل سے بیان کیا گیا ہے۔

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

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

آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنی مدت پوری کر چکے ہیں، اور 2018 سے GSK نے Deloitte پوسٹ عادل کو عالمی سطح پر بطور آڈیٹرز مقرر کر لیا ہے۔

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2018 کو ختم شدہ مالی سال کے لیے Deloitte پوسٹ عادل کا، باہمی متفقہ فیصلے پر، بطور کمپنی آڈیٹرز مقرر کیا ہے۔

بعد کے واقعات

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

پراویڈنٹ، گریجویٹ اور چیئمن کے فنڈز کی سرمایہ کاری کی مالیت

2017	روپے (ملین میں)
3,062	پراویڈنٹ فنڈ
1,586	گریجویٹ فنڈ
23	چیئمن فنڈ

قومی خزانے اور معیشت میں حصہ

آپ کی کمپنی نے سال 2017 کے دوران، کسٹم ڈیویژن، انکم ٹیکس، ہیلتھ ٹیکس اور ملازم کے ٹیکس کی مدد میں 4.32 بلین روپے کی مجموعی رقم قومی خزانے میں جمع کروائی۔

کارپوریٹ اور مالیاتی رپورٹنگ کی ساخت

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

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

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

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

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

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

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

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

حسب احکم بورڈ

David

عبدالصمد

ڈائریکٹر

Mog

ایم۔ عزیز الحق

چیف ایگزیکٹو آفیسر

کراچی

27 فروری، 2018

کمپنی کے بورڈ آف ڈائریکٹرز نے ”ضابطہ اخلاق/اخلاقیات اور کاروباری طریقہ کار کے بیان“ میں قابل قبول کاروباری طریقہ کار درج کیے ہیں، جو ہمارے لوگوں کی روزمرہ سرگرمیوں میں اقدار کا اطلاق کرنے کے سلسلے میں رہنمائی فراہم کرتے ہیں۔ اس ضابطہ کو تمام ملازمین، بشمول اعلیٰ انتظامیہ، کے دستخط کے لیے تقسیم کیا گیا ہے، اور یہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔ ضابطہ اخلاق کے اہم نکات صفحہ 16 پر مختصر درج ہیں۔

بورڈ آف ڈائریکٹرز کی میٹنگ اور حاضری

2017 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:

اجلاسوں میں شرکت کی تعداد

نام	04
جناب حسین لوہانی	04
جناب محمود مانڈوی والا	04
جناب محمد عزیز الحق	04
جناب ڈیلان جیکسن	02
جناب عبدالصمد	04
مسٹر کولس ریگوت	03
جناب سہیل ستین	03

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

سال کے دوران جناب مارک رابرٹ ڈاکوسن، نائب صدر، جو ابھرتی ہوئی مارکیٹوں کے سپلائی چین کے سربراہ ہیں، انہیں 126 اکتوبر 2017 کو غیر انتظامی ڈائریکٹر مقرر کیا گیا اور انہوں نے کولس ریگوت کی جگہ لی، جو بورڈ سے استعفیٰ دے چکے تھے۔ بورڈ، دوران ملازمت ان کی خدمات کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتا ہے اور ان کا شکریہ ادا کرتا ہے۔

منجمنٹ کمیٹی

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

مکملہ خطرات سے نمٹنا، عملداری اور تعمیل

مکملہ خطرات سے نمٹنے پر نمٹنا، مسلسل کاروباری کامیابی کے لیے بہت اہمیت کا حامل ہے۔ خطرات سے نمٹنے کے لیے داخلی کنٹرولز پر مشتمل ہمارا منظم دائرہ کار، ہمارے کاروبار کو متاثر کرنے والے بنیادی خطرات سے نمٹنے کے لیے ہماری توجہ کو مرکوز رکھنے میں مدد دیتا ہے۔

ہمارا رسک منجمنٹ اور کمپلائنس بورڈ (RMCB) کاروبار سے منسلک اہم خطرات کی نشاندہی کرنے، تجزیہ کرنے، حل نکالنے، نگرانی کرنے اور کاروبار کو لاحق اہم خطرات کی اطلاع فراہم کرنے کا ذمہ دار ہے۔ ہمیں لاحق ممکنہ خطرات کا RMCB کی جانب سے مسلسل جائزہ لیا جاتا ہے اور اسی وجہ سے اندرونی اور بیرونی عوامل کے باعث ان میں تبدیلی ممکن ہے۔

RMCB اس بات کو بھی یقینی بناتی ہے کہ مناسب حکمت عملیاں اور پالیسیاں اختیار کی جائیں، تاکہ اہم خطرات جو مقاصد کے حصول میں رکاوٹ بن سکتے ہوں، ان کی نشاندہی و اندراج ہو اور ان میں تخفیف کی جاسکے۔ RMCB نے سال کے دوران پانچ (05) اجلاس منعقد کیے۔

کمپنی کا قائم کردہ داخلی کنٹرول کا دائرہ عمل ممکنہ خطرات میں تخفیف کے مناسب منصوبوں، مقررہ احتساب، اور کسی بھی پیش آنے والے مسئلے یا واقعے کے بارے میں اوپریٹنگ سطح تک مواصلات کا نظام یقینی بناتا ہے۔ خطرات سے نمٹنے والا عملہ، کاروباری اخلاقیات اور تعمیل عملے کے ساتھ مل کر اپنا کنٹرولنگ نظام استعمال کر کے، کمپنی کے اثاثے محفوظ رکھنے، حصہ داروں کی سرمایہ کاری کو محفوظ بنانے اور تمام مروجہ قانونی ضروریات کو یقینی بناتا ہے۔

اس سلسلے میں RMCB نے ایک ڈھانچہ تشکیل دیا ہے جہاں ممکنہ خطرات سے نمٹنے والے ذمہ دار افراد، اہم خطرات کی نشاندہی کرنے اور ان کا حل نکالنے کے حوالے سے جوابدہ ہوتے ہیں جبکہ تعمیل اور خطرے پر مبنی نقطہ نظر کو GSK میں داخلی کنٹرول کا نظام قائم کرنے کے لیے مدد فراہم کرتا ہے، تاکہ ممکنہ خطرات سے نمٹنے والی کمپنی فیصلہ سازی کا لازمی جزو بن سکے، اور یہ معمول کے کاروباری معاملات میں نافذ کر جائے۔

دستخط پیمانے پر ممکنہ خطرات کی درجہ بندی درج ذیل طریقوں سے کی جاتی ہے:

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

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

ہمارے لوگ

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

ان اقدار کے ساتھ ہم نے کارکردگی کا نظام نافذ کیا ہے جو انفرادی احتساب کو بہتر بناتا ہے اور اعلیٰ کارکردگی کا مظاہرہ کرنے والوں کو انعامات سے نوازتا ہے۔ GSK کی جانب سے اپنے ملازمین سے انفرادی اور قائدانہ سطح پر توقعات کو اپنے ملازمین تک پہنچانے اور ان کی وضاحت کے لیے بھی بہت کوشش کی گئی ہے۔ علاوہ ازیں ہم اس بات کو بھی یقینی بناتے ہیں کہ ہمارے رویے، ہماری شفافیت، لوگوں کے احترام، دیانتداری اور مریضوں پر توجہ مرکوز کرنے کی اقدار سے تحریک حاصل کریں۔

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 لیے 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 لیے کافی صلاحیت موجود ہو۔ ہمارے انسانی وسائل کے طریقہ کار کو GSK کے عالمی معیار کے مطابق بنانے کے لیے، ہم نے جدید ترین ٹیکنالوجی کو نافذ کیا ہے تاکہ ہمارے لیڈران کو مساوی حکمت عملی اور فیصلہ کرنے کے ساتھ ساتھ تمام سطحوں پر موجود ملازمین کو بااختیار کرنے کے لیے درست اعداد و شمار میسر ہوں۔

اس کے علاوہ ہمارے ٹیلنٹ مینجمنٹ سسٹمز اپنے ملازمین کو ان کے رویوں اور اثرات کا مکمل جائزہ فراہم کرنے کے لیے ایماندارانہ اور متواتر آراء کی حوصلہ افزائی کرتے ہیں، تاکہ ہم اپنے بہترین ملازمین پر مشتمل ٹیمیں بنا سکیں اور منصوبہ بندی کے ذریعے اپنی کارکردگی کو بہتر بنا سکیں۔ ہم نے اپنی اعلیٰ کارکردگی کے بہترین استعمال اور ٹیلنٹ مینجمنٹ سسٹمز کی بدولت پرانے لوگوں کی جگہ لینے کے لیے نئی مضبوط اور باصلاحیت ورک فورس تیار کی ہے۔

ملازمین کی صحت کے فوائد میں مزید بہتری کے لیے ہمارا پائرسٹپ فار پریوینشن (P4P) پروگرام ہمارے تمام ملازمین اور ان کے خاندانوں کو حفاظتی صحت عامہ کی خدمات فراہم کرتا ہے۔ مجموعی طور پر ہمارے انٹرنل اور ایکسٹرنل کسٹمرز کو بہترین خدمات فراہم کرنے کے لیے GSK میں اعلیٰ کارکردگی کا ماحول قائم کرنے کے لیے ہماری کوششیں رنگ لاری ہیں۔

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 ماحولیات 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 لانے بغیر اپنے صارفین کی ضروریات پوری کر سکیں اور انہیں معیاری مصنوعات فراہم کر سکیں۔ اس مقصد کے حصول کے لیے کئی پروگرام یا تو شروع کر دیئے گئے ہیں یا شروع کیے 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 کئی 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 وزلز، ٹھیکے دار اور کیوٹی کے لیے زیادہ محفوظ جائے کار ممکن ہو۔
- روزمرہ کے کام کے دوران ملازمین کی اپنی حفاظت کو اولین ترجیح دینے کی صلاحیت میں اضافہ کیا جاسکے۔
- ماحول، صحت اور حفاظت کو ہمارے کاروباری طریقہ کار، منصوبہ بندی اور فیصلوں کا کلیدی حصہ بنایا جاسکے۔
- پانی کے استعمال، توانائی کی کھپت اور فضلے کی مقدار کو کم سے کم رکھنا۔
- GSK کے مضبوط استحکامی پروگرامز کے ذریعے ملازمین کی مضبوطی پر توجہ مرکوز کرنا، تاکہ ہمارے ملازمین زیادہ کام کر سکیں، بہتر محسوس کریں اور لمبی زندگی چھیں۔

GSK Pakistan پوری سپلائی چین کی کارکردگی کی نگرانی کرتے ہوئے اور نئے چیلنجز اور اہداف متعین کر کے EHS نظام اپناتی رہے گی، اور EHS کی بہترین کارکردگی کے لیے کوشش کرتی رہے گی۔

کاروباری اخلاقیات اور بدعنوانی سے بچاؤ کی تدابیر

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

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

گلکسو اسمتھ کلائن پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت آپ کو کمپنی کے 31 دسمبر 2017 کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالی گوشواروں کے ساتھ ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

پٹرین آف شیئر ہولڈنگ

کمپنی کے حصص کی پاکستان اسٹاک ایکسچینج لمیٹڈ پر لین دین کی جاتی ہے۔ 31 دسمبر 2017 تک شیئر ہولڈنگ کی معلومات اور دیگر متعلقہ معلومات کو صفحات 128 تا 131 پر درج کیا گیا ہے۔

ڈائریکٹرز کی رپورٹ، کمپنیز ایکٹ 2017 کے سیکشن 227 اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی ضابطہ 5.19 کے مطابق تیار کی گئی ہے۔ یہ رپورٹ 24 اپریل 2018 کو ہونے والے کمپنی کے 71 ویں سالانہ اجلاس عام کے موقع پر اراکین کو پیش کی جائے گی۔

آپریٹنگ نتائج

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

روپے بلین میں

4,883

سالانہ قبل از ٹیکس منافع

(1,902)

ٹیکس

2,981

بعد از ٹیکس منافع

5,231

پچھلے سال کے اختتام پر غیر مختص منافع

(196)

دیگر جامع آمدنی

8,016

مختص کرنے کے لیے دستیاب منافع

چیف ایگزیکٹو کا جائزہ

چیف ایگزیکٹو کا جائزہ صفحات 69 تا 71 پر مندرجہ ذیل پر محیط ہے:

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

تخصیصات:

کمپنی کے ڈائریکٹرز اس کے مشمولات کی توثیق کرتے ہیں۔

حتمی منافع منقسمہ 2017

(2,866)

نقد

5,150

پچھلے سال کے اختتام پر غیر مختص منافع

فی شیئر بنیادی آمدنی

جاری آپریٹرز سے حاصل شدہ بعد از ٹیکس فی شیئر بنیادی آمدنی 9.5 روپے تھی (2016: 8.3 روپے)

کارپوریٹ سماجی ذمہ داری (CSR)

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

بورڈ آف ڈائریکٹرز، 24 اپریل 2018 کو ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری کے بعد مجموعی طور پر 1.3 بلین روپے کے فی شیئر 4.0 روپے کے حتمی نقد منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کر رہا ہے۔ یہ 3.0 روپے فی شیئر (2016: صفر روپے) کے عبوری منافع منقسمہ کے علاوہ ہے، جس کا اعلان 26 اکتوبر 2017 کو ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں کیا گیا تھا۔

سال کی خالص فروخت، 32.9 بلین روپے تھیں اور ہمارے بنیادی فارماسیوٹیکل کاروبار نے 14.6% اضافے کے ساتھ 28.8 بلین روپے ٹرن اور کام مظاہرہ کیا ہے۔ جاری آپریٹرز اور گزشتہ سال کے مقابلے میں 364 بلین روپے کے اضافے کے ساتھ کمپنی کا خالص منافع 3.0 بلین روپے تھا۔

ہولڈنگ کمپنی

2017 میں ہماری بنیادی توجہ پیداواری صلاحیتوں کی بہتری اور ماحول دوست ٹیکنالوجی میں سرمایہ کاری پر مرکوز رہی، تاکہ ہم کم سے کم ماحولیاتی اثر کو یقینی بناتے ہوئے مریضوں کو کم قیمت پر معیاری ادویات فراہم کر سکیں۔ ہمارے کام کرنے کے ماحول دوست اور موثر طریقوں کی تفصیلات اور ہماری ملازمین پر مبنی عوامی فلاحی سرگرمیوں کی تفصیلات صفحہ نمبر 50 تا 51 پر ملاحظہ کی جاسکتی ہیں۔

31 دسمبر 2017 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 business performance and results for the financial year ended December 31, 2017.

Overview of Economy & Business

Pakistan's economy continues to make significant progress towards macroeconomic stability with an impressive GDP growth of 5.28% in fiscal year 2016-17 (Pakistan Economic Survey). However, economic indicators for FY17 suggest that pressure is mounting on the current account front, which has been temporarily alleviated by a currency devaluation. This may result in an inflationary impact on our costs.

On the pharmaceutical retail front, 2017 witnessed a growth of 6.4%, the slowest in more than a decade for this sector. A number of factors, including a lack of new product launches, increased Government purchases, and a significant decrease in the number of patients travelling to Pakistan from Afghanistan for medical treatment, have been put forward by analysts as the reason for this slowdown. We believe that once these factors have been addressed, the market will return to double-digit growth in 2018 and beyond.

Our efforts to pursue supportive policy changes by the Government and regulators continued in 2017, but were not met with any significant success. Although the Government had declared a CPI-based inflation adjustment system, it was not granted when the CPI figures became available in July. As a result, we were not given any relief from inflationary pressures during the 2nd half of the year, contrary to our expectations. The additional burden of currency devaluation towards the end of the year will put further pressure on our operations. This will need a sympathetic and pragmatic approach from our regulators.

Despite these challenges, the pharmaceutical sector continues to support the needs of patients in Pakistan by providing quality medicines. Your company remains the leading pharmaceutical company of the country in terms of both volume and value.

In our pursuit to enhance shareholder returns, we continue to undertake exercises such as optimizing

portfolio mix, simplifying the operating model, tightening cost control, and delivering more products of value. The changes in our commercial operating model have been fully implemented in our day-to-day interaction with Health Care Professionals (HCPs), where we are guided by our Values. In the process, we have embedded the organization with Multi Channel engagement capabilities, including an increased focus on using digital channels. In 2017, our digital connects with HCPs exceeded our face-to-face interactions. Through this, we have been able to deliver high-quality science and expert interaction to the doorstep of our customers, which has been highly appreciated. We hope to be able to continue to develop this modern way of engagement and provide an exceptional customer experience.

Business Review

In 2017, the Company delivered strong results and achieved double-digit growth with sales of Rs. 32.8 billion, which include sales to GlaxoSmithKline Consumer Healthcare Pakistan Ltd. of Rs. 4.1 billion on account of products manufactured by the Company, pending transfer of marketing authorization. The underlying growth of our core pharmaceutical business is 14.6%, an increase of Rs. 3.7 billion in absolute terms. Our Antibiotics, Dermatology, Analgesics and Gastro-Intestinal portfolios were the main growth drivers during this year. GSK continued to gain significant orders from Punjab Government on account of the primary and secondary healthcare tender.

Gross profit margin of your company for the year was 26.5%, which, in absolute terms, increased by Rs. 1.2 billion. Excluding the impact of one-offs, our core pharmaceutical business displayed an improvement of 0.5% in the Gross Profit margin, from 30.6% to 31.1%, which is mainly due to manufacturing operations efficiencies and better sales mix.

Selling, marketing and distribution expenses were recorded at Rs.3.3 billion, representing an increase of 16.4% from last year. Overall, expenses are well-

controlled under this head. However, this increase is mainly driven by a greater investment on our product promotion to continue high-growth momentum, coupled with the provision of trade debtors. Administrative expenses were recorded at Rs. 1.0 billion, an increase of 4.1% over the corresponding period last year.

Other operating income totalled Rs. 1.0 billion, which was mainly generated through promotional allowance for sustainable investment in our brands, income from deposit funds/treasury bills, and liability written back pertaining to the HFA manufacturing plant.

Your Company posted an overall after-tax net profit of Rs. 3.0 billion, an increase of 14.5% over the corresponding period last year, on account of continuing operations. This strong performance is mainly driven by business growth and a tighter control over expenses.

Capital Expenditure Investment and Cash Flows

The Company continues to invest in capital expenditure necessary to upgrade its manufacturing sites, all of which investments are managed through internally generated funds.

Accordingly, a major upgrade has been made at the Korangi site by way of the construction of a new sterile facility, which has resulted in a capacity enhancement. Commercial production at this site is scheduled to commence in Q1 2018.

In order to ensure sufficient liquidity and efficient cash management, we have strong cash flow forecasting and liquidity management processes in place. Surplus funds are managed prudently, with a mix of sovereign investments and high credit rated

bank deposits to maintain a risk-averse, optimum interest-yielding portfolio.

Cash and cash equivalents decreased by Rs.2.1 billion, which was mainly due to interim dividend payment and an increase in working capital.

Dividends

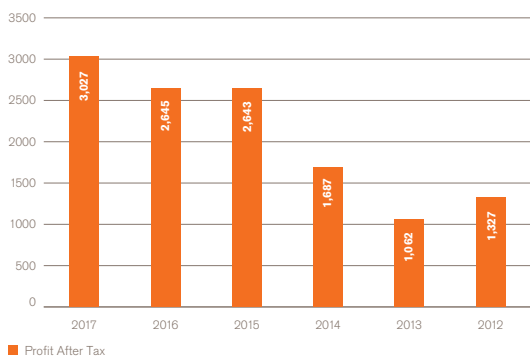
The Company maintained its history of delivering good dividend to the shareholders. The Board of Directors of the Company, in their meeting held on February 27th, 2018, have proposed a cash dividend of Rs. 4.0 (2016: Rs. 6.0) per share. This is in addition to the interim dividend of Rs. 3.0 (2016: Rs. Nil) per share announced by the Board of Directors in their meeting held on October 26th, 2017.

Future outlook and Challenges

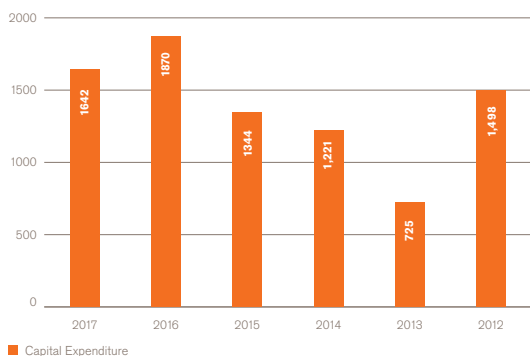
Looking forward to 2018 and beyond, we anticipate challenges and opportunities in both the internal and the external environment. Before addressing these, however, we would like to reiterate the management's commitment to continue to build on our successes in Pakistan. We are pleased to inform you that GSK Pakistan has been picked as one of the nine key markets in the Emerging Markets Region of GSK, signifying your company's importance in GSK's global operations. We are fully committed to deliver on the performance expectations that come with such recognition, by making the best use of the resources at our disposal.

Our confidence remains high in the potential of the Pakistan market to continue to provide growth opportunities. 2018 is, however, likely to be a challenging year for a variety of reasons, both local and global. With elections knocking on the door, there is a certain degree of risk to the stability that

Profit After Tax



Capital Expenditure



is required to conduct business. Geopolitical issues also add to the level of anxiety. The depreciation of the PKR at the end of the year has triggered speculations of further devaluation in the offing.

To overcome these hurdles, a true partnering approach between the Government, Regulators and the Industry is essential. With soaring costs and a fall in real product prices, the industry's sustainability will be challenged unless pragmatic steps are taken to address emerging issues. As a responsible corporate entity, we will continue to welcome any such initiative and contribute to the consultation process that will enable this important sector to meet the fundamental right of patients to have access to high-quality medicines.

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 have resulted in increased deterrence, a more robust implementation of these IPR laws remains the need of the hour for the industry.

Acknowledgment

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

On behalf of the Board, I would like to thank all our employees, customers, and suppliers for their support and hard work in 2017, and look forward to working with them to attain success in 2018

By order of the Board



M. Azizul Huq
Chief Executive Officer
Karachi
February 27, 2018

Financial Performance

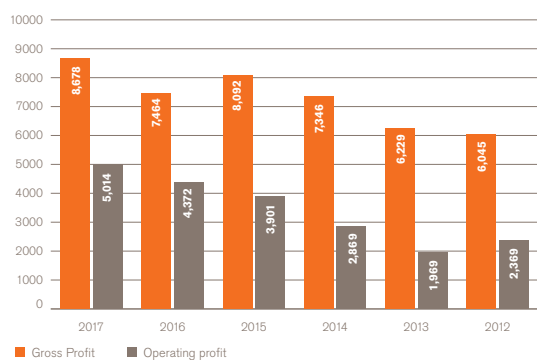
At a Glance

Rupees in millions	2017	2016
Net Sales	32,774	27,564
Gross Profit	8,678	7,464
Operating Profit	5,014	4,372
Profit Before Tax	4,925	4,353
Taxation	(1,898)	(1,708)
Profit after taxation	3,027	2,645
Dividend - cash*	2229	1911
- per share - Rs.	7.0	6.0
Paid-up Capital	3185	3185

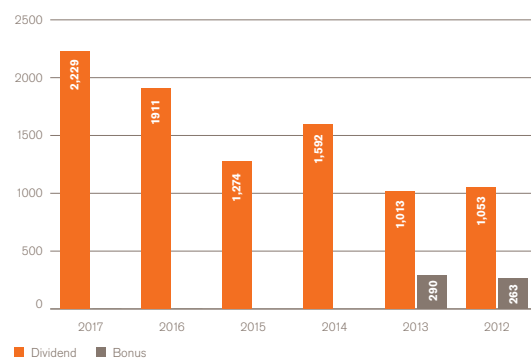
* Includes final cash dividend of Rs. 4 per share, proposed by the Board of Directors subsequent to the year end, in addition to the interim cash dividend of Rs.3 per share.

**FY 2017 & 2016 representing continuing operations for meaningful comparison.

Gross and Operating Profit (Rs. In Million)



Payout to Shareholders (Rs. In Million)



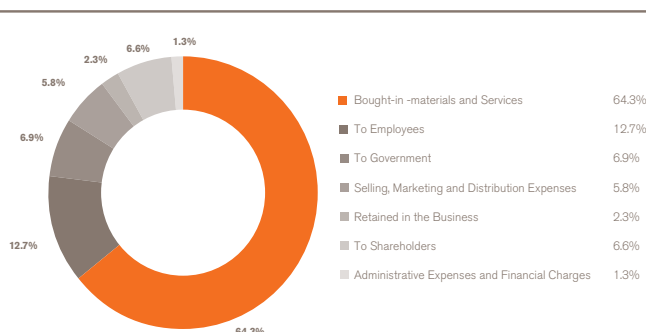
Statement of Value Added

	2017		2016	
	Rs. 000	%	Rs. 000	%
Revenue Generated				
Total revenue	33,810,114	100.0	28,604,089	100.0
Revenue distributed				
Bought-in -materials and Services	21,756,436	64.3	18,317,506	64.0
Selling, Marketing and Distribution Expenses	1,974,181	5.8	1,739,143	6.1
Administrative Expenses and Financial Charges	434,547	1.3	365,708	1.3
Income tax	1,898,180	5.6	1,707,969	6.0
Worker's funds and Central research fund	439,456	1.3	372,750	1.3
Sales tax	4,913	0.0	3,819	0.0
To Government	2,342,549	6.9	2,084,538	7.3
Salaries,Wages and other benefits	4,280,080	12.7	3,497,223	12.2
To Employees	4,280,080	12.7	3,497,223	12.2
Donations	-	-	-	-
To Society	-	-	-	-
Cash dividend*	2,229,271	6.6	1,910,804	6.7
To Shareholders	2,229,271	6.6	1,910,804	6.7
Retained in the Business	793,050	2.3	689,167	2.4
	33,810,114	100.0	28,604,089	100.0

* Includes final cash dividend of Rs. 4 per share, proposed by the Board of Directors subsequent to the year end, in addition to the interim cash dividend of Rs.3 per share.

**FY 2017 & 2016 representing continuing operations for meaningful comparison.

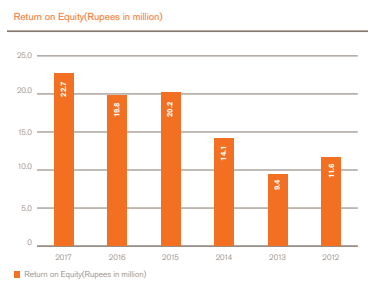
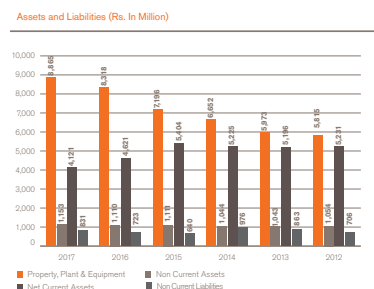
Value of Investments



Key Operating and Financial Data

Rupees in millions	2017*	2016*	2015	2014	2013	2012
Balance Sheet						
Assets employed						
Fixed Assets - tangible						
- property, plant and equipment	8,865	8,318	7,196	6,652	5,973	5,815
Assets - intangible						
- Goodwill	1,039	1,039	1,039	956	956	956
Long Term Investments	-	-	-	-	-	-
Long-term loans and deposits	114	71	72	88	87	99
Net current assets	4,121	4,621	5,404	5,198	5,196	5,231
Non Current Asset Held For Sale	-	-	-	27	-	-
	14,139	14,049	13,711	12,921	12,212	12,101
Less: Non-Current Liabilities						
Staff retirement benefits - Staff gratuity	294	78	16	382	251	175
Deferred taxation	537	645	624	594	612	531
	831	723	640	976	863	706
Net assets employed	13,308	13,326	13,071	11,945	11,349	11,395
Financed by						
Issued, subscribed and paid-up capital	3,185	3,185	3,185	3,185	2,895	2,632
Reserves	10,123	10,142	9,886	8,760	8,454	8,763
Shareholders' Equity	13,308	13,327	13,071	11,945	11,349	11,395
Turnover and profit						
Net sales	32,774	27,564	29,583	27,883	25,231	23,150
Gross profit	8,678	7,464	8,092	7,346	6,229	6,045
Operating profit	5,014	4,372	3,901	2,869	1,969	2,369
Profit before taxation	4,925	4,353	3,846	2,849	1,810	2,322
Taxation	(1,898)	(1,708)	(1,203)	(1,162)	(748)	(995)
Profit after taxation	3,027	2,645	2,643	1,687	1,062	1,327
EBTIDA	5,739	4,929	4,349	3,293	2,323	2,716
Cash Dividend including bonus shares	2,229	1,911	1,274	1,592	1,303	1,316
Sales per employees	15,467	11,865	12,472	11,091	9,933	9,129

*FY 2017 & 2016 representing continuing operations for meaningful comparison.



		2017*	2016*	2015	2014	2013	2012
Cashflows							
Operating Activities	Rs. in million	2,135	4,256	3,044	2,432	1,057	2,057
Investing Activities	Rs. in million	(1,348)	(1,623)	(249)	(920)	(285)	(1,167)
Financing Activities	Rs. in million	(2,929)	(1,197)	(1,805)	(957)	(990)	(900)
Changes in Cash equivalents	Rs. in million	(2,142)	1,436	990	555	(218)	(10)
Cash & equivalents - Year end	Rs. in million	2,168	4,310	3,642	2,652	2,097	2,316
Financial Highlights							
Cash dividend per share	Rupees	7.0	6.0	4.0	5.0	3.5	4.0
Bonus shares	%	-	-	-	-	10%	10%
Market value per share - year end	Rupees	167.88	233.3	220.0	219.3	136.2	73.3
Market value per share - high	Rupees	274	252	244.8	254.0	152.1	81.8
Market value per share - low	Rupees	153	194	161.0	136.3	68.0	61.0
Market price to Book value with surplus	Times	4.0	5.6	5.4	5.8	3.5	1.7
Market capitalization	Rs.in million	53,424	74,189	70,069	69,843	39,435	19,300
Stock Dividend per share	Rupees	-	-	-	-	10.00	10.00
Profitability Ratios							
Profit before tax ratio	%	15.0	15.8	13.0	10.2	7.2	10.0
Gross Yield on Earning Assets	%	8.2	4.0	4.9	7.1	7.6	6.9
Gross Spread ratio	Times	0.3	0.4	0.3	0.2	0.2	0.2
Cost / Income ratio	Times	0.5	0.5	0.6	0.6	0.7	0.6
Return on Equity	%	22.7	19.8	20.2	14.1	9.4	11.6
Return on Capital employed	%	14.2	12.9	13.5	9.1	6.2	8.4
Gross Profit ratio	%	26.5	28.0	27.4	26.3	24.7	26.1
Net Profit to Sales	%	9.2	9.6	8.9	6.1	4.2	5.7
EBITDA Margin to Sales	%	17.5	17.9	14.7	11.8	9.2	11.7
Operating leverage ratio	Times	0.7	(1.9)	5.7	5.5	-2.5	0.6
Investment/Market Ratios							
Earnings per share (EPS)	Rupees	9.5	8.3	8.3	5.3	3.3	4.6
Price Earnings ratio	Times	17.7	28.1	26.5	41.4	40.8	16.0
Price to Book ratio	%	0.8	1.2	1.2	1.2	0.8	0.5
Dividend Yield ratio	%	4.2	2.6	1.8	2.3	2.6	5.5
Dividend Payout ratio	Times	0.7	0.7	0.5	0.9	1.0	0.9
Dividend Cover ratio	Times	1.4	1.4	2.1	1.1	1.0	1.1
Break-up Value per share without Surplus on Revaluation of Fixed Assets	Rupees	41.8	41.8	41.0	37.5	39.2	43.3
Break-up Value per share including the effect of Surplus on Revaluation of Fixed Assets	Rupees	41.8	41.8	41.0	37.5	39.2	43.3

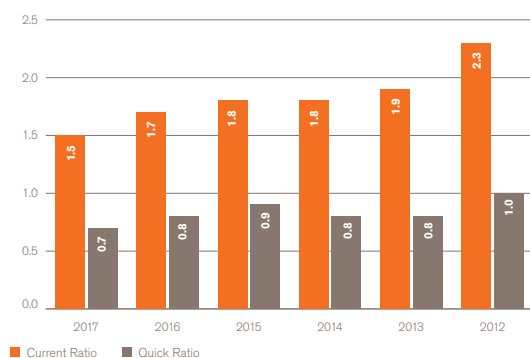
*FY 2017 & 2016 representing continuing operations for meaningful comparison.

Key Operating and Financial Data

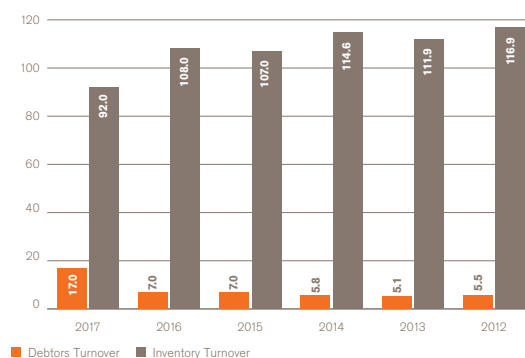
		2017*	2016*	2015	2014	2013	2012
Capital Structure Ratios							
Earning assets to total assets ratio	%	10.0	20.6	18.1	13.9	11.7	14.3
Net assets per share	Times	41.8	41.8	41.0	37.5	39.2	43.3
Debt to Equity ratio	Times	0.1	0.1	-	0.1	0.1	0.1
Financial leverage ratio	Times	0.6	0.6	0.5	0.6	0.6	0.4
Interest Cover ratio	Times	55.8	228.7	70.8	139.9	11.4	48.9
Liquidity Ratios							
Advances to Deposits ratio	Times	3.4	1.3	3.1	2.9	2.1	2.6
Current ratio	Times	1.5	1.7	1.8	1.8	1.9	2.3
Quick / Acid test ratio	Times	0.7	0.8	0.9	0.8	0.8	1.0
Cash to Current Liabilities	Times	0.3	0.6	0.6	0.4	0.4	0.6
Cash flow from Operations to Sales	%	6.5	15.4	10.3	8.7	4.2	8.9
Activity / Turnover Ratios							
Inventory turnover ratio	Times	4.0	3.4	3.4	3.2	3.3	3.1
No. of Days in Inventory	Days	92	108	107	115	112	117
Debtor turnover ratio	Times	22.7	52.5	56.1	63.0	72.1	66.7
No. of Days in Receivables	Days	17	7	7	6	5	5
Creditor turnover ratio	Times	12.0	8.6	10.6	10.6	10.5	12.8
No. of Days in Creditors	Days	31	43	35	34	35	28
Total Assets turnover ratio	Times	1.5	1.32	1.47	1.5	1.4	1.4
Fixed Assets turnover ratio	Times	3.7	3.3	4.1	4.2	4.2	4.0
Operating Cycle	Days	77	73	79	86	82	94

*FY 2017 & 2016 representing continuing operations for meaningful comparison.

Current Ratio and Quick Ratio (Number of Times)



Debtors Turnover and Inventory Turnover (Number of Days)



Cash Flow Statement

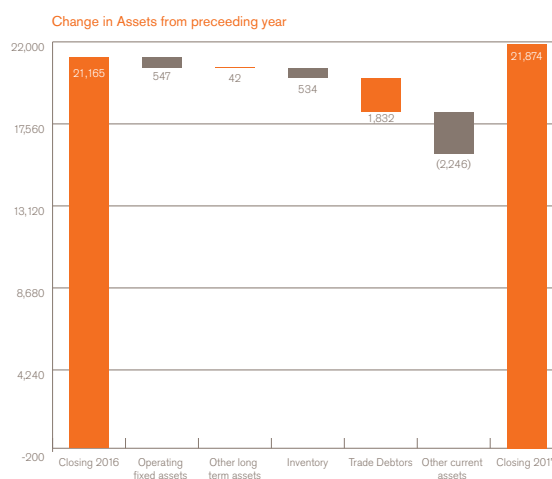
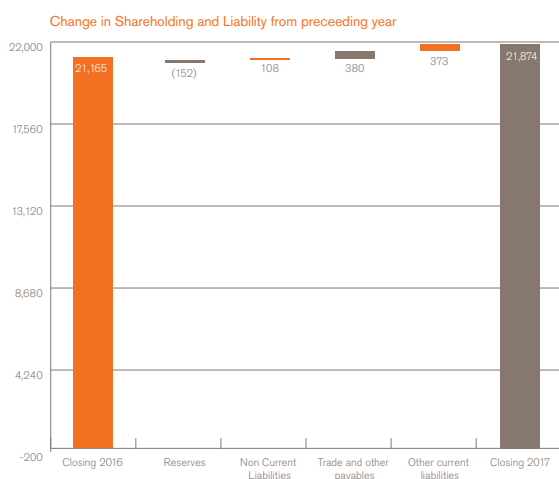
For The Year Ended December 31, 2017

Rupees in millions	2017	2016
Cash Flows from Operating Activities		
Cash receipts from customers	30,843,591	29,490,865
Cash paid to suppliers / service providers	(22,244,401)	(20,266,521)
Cash paid to employees	(3,929,336)	(3,501,874)
Payment of indirect taxes and other statutory duties	(380,201)	(242,288)
Payment of royalty and technical services fee	(212,275)	(279,733)
Payment to Retirement Funds	(24,046)	(63,154)
Financial charges paid	(88,282)	(19,032)
Income tax paid	(1,787,626)	(862,582)
Long term deposits	(42,302)	(157)
Net cash from operating activities	2,135,122	4,255,524
Cash Flows from Investing Activities		
Fixed Capital Expenditure	(1,641,919)	(1,870,363)
Proceeds from sale of operating assets	107,987	75,737
Return on investments	185,623	171,837
Net cash used in investing activities	(1,348,309)	(1,622,789)
Cash Flows from Financing Activities		
Dividends paid	(2,928,614)	(1,196,529)
Net cash used in financing activities	(2,928,614)	(1,196,529)
Net increase/(decrease) in cashflow	(2,141,801)	1,436,206
Cash transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited	-	(768,893)
Cash and cash equivalents at beginning of the year	4,309,511	3,642,198
Cash and cash equivalents at end of the year	2,167,710	4,309,511

Horizontal Analysis

%	2017*	2016*	2015	2014	2013	2012
	Change from preceding year					
Balance Sheet Analysis						
Share Capital and Reserves	(0.1)	2.0	9.4	5.2	(0.4)	3.7
Non Current Liabilities	14.9	13.0	(34.4)	13.0	22.2	21.5
Current Liabilities	11.0	6.7	3.6	7.9	38.0	7.0
Total Equity and Liabilities	4.0	3.8	5.3	6.5	10.4	5.2
Non Current Assets	6.2	13.5	7.9	9.7	2.1	17.6
Current Assets	2.2	(3.0)	3.8	4.2	16.4	(2.3)
Total Assets	4.0	3.8	5.3	6.5	10.4	5.2
Profit and Loss Analysis						
Net sales	18.9	15.7	6.1	10.5	9.0	6.4
Cost of sales	19.9	15.5	4.6	8.1	11.1	7.4
Gross profit	16.3	16.2	10.2	17.9	3.0	3.9
Selling, marketing and distribution expenses	16.4	1.0	8.2	1.9	19.7	8.5
Administrative expenses	4.1	(2.8)	4.7	9.0	19.3	(23.2)
Other operating expenses	17.9	45.8	12.0	65.4	(20.4)	(0.7)
Other operating income	(0.4)	(10.2)	135.9	8.0	37.8	(28.5)
Operating profit	14.7	22.5	36.0	45.7	(16.9)	4.2
Financial charges	363.9	(65.0)	167.0	(87.2)	235.1	30.1
Profit before taxation	13.2	23.9	35.0	57.4	(22.0)	3.8
Taxation	11.1	70.2	3.6	55.4	(24.9)	(9.2)
Profit after taxation	14.5	5.3	56.7	58.8	(19.9)	16.3

*FY 2017 & 2016 representing continuing operations for meaningful comparison.



Vertical Analysis

% **2017*** 2016* 2015 2014 2013 2012

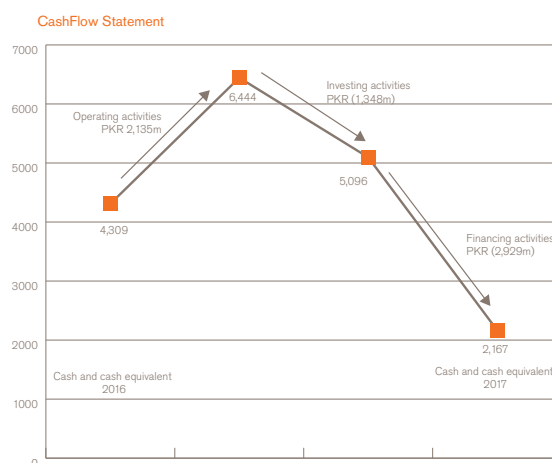
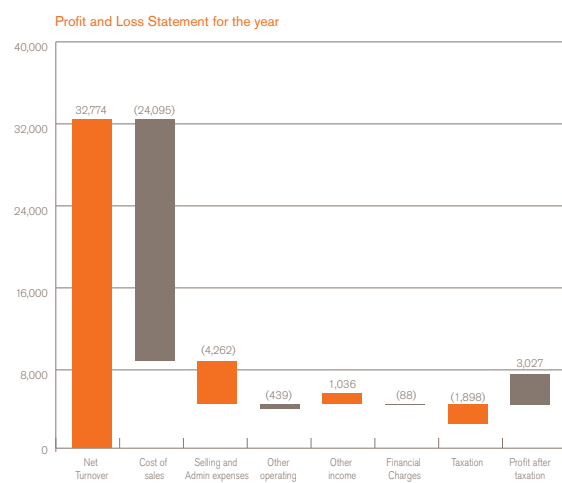
Balance Sheet Analysis

Share Capital and Reserves	61.3	63.8	65.0	62.5	63.3	70.1
Non Current Liabilities	3.8	3.5	3.2	5.1	4.8	4.3
Current Liabilities	34.9	32.7	31.8	32.4	31.9	25.5
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non Current Assets	46.1	45.2	41.3	40.3	39.1	42.3
Current Assets	53.9	54.8	58.7	59.6	60.9	57.7
Total Assets	100.0	100.0	100.0	99.9	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	73.5	72.9	72.6	73.7	75.3	73.9
Gross profit	26.5	27.1	27.4	26.3	24.7	26.1
Selling, marketing and distribution expenses	10.0	10.2	13.5	13.3	14.4	13.1
Administrative expenses	3.0	3.4	3.6	3.7	3.7	3.4
Other operating expenses	1.3	1.4	1.0	0.9	0.6	0.8
Other operating income	3.2	3.8	3.9	1.8	1.8	1.4
Operating profit	15.3	15.9	13.2	10.3	7.8	10.2
Financial charges	0.3	0.1	0.2	0.1	0.6	0.2
Profit before taxation	15.0	15.8	13.0	10.2	7.2	10.0
Taxation	5.8	6.2	4.1	4.2	3.0	4.3
Profit after taxation	9.2	9.6	8.9	6.1	4.2	5.7

*FY 2017 & 2016 representing continuing operations for meaningful comparison.



Statement of Compliance with the Code of Corporate Governance

GlaxoSmithKline Pakistan Limited

Year ended 31 December 2017

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 Director	▪ Hussain Lawai
Executive Directors	▪ M. Azizul Huq
	▪ Abdul Samad
Non-Executive Directors	▪ Mehmood Mandviwalla
	▪ Dylan Jackson
	▪ Sohail Ahmed
	▪ Mark Dawson

Mr. Nicolas Ragot retired as Non-Executive Director and Mr. Mark Dawson was appointed as Non-Executive Director of GSK Pakistan Limited with effect from October 26, 2017.

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. A casual vacancy occurred during the year; which was 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, 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 exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
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.

On behalf of the Board



M. Azizul Huq
Chief Executive Officer

Karachi
February 27, 2018

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, 2017 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, 2017.



A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 22, 2018

Auditors' Report to the Members

We have audited the annexed balance sheet of GlaxoSmithKline Pakistan Limited as at December 31, 2017 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, 2017 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 22, 2018

Engagement Partner: Syed Fahim ul Hasan





do more
feel better
live longer

GlaxoSmithKline Pakistan Limited
Financial Report 2017

Gaining your Confidence

Balance Sheet

as at December 31, 2017

Rupees '000	Note	2017	2016
ASSETS			
Non-current assets			
Fixed assets	3	8,865,334	8,318,434
Intangibles	4	1,039,072	1,039,072
Long-term loans to employees	5	91,422	49,369
Long-term deposits		22,204	21,955
		10,018,032	9,428,830
Current assets			
Stores and spares	6	219,613	201,037
Stock-in-trade	7	6,082,218	5,548,083
Trade debts	8	2,362,703	530,413
Loans and advances	9	453,116	177,653
Trade deposits and prepayments	10	131,920	134,335
Interest accrued		3,182	12,074
Refunds due from Government	11	30,113	54,178
Other receivables	12	251,325	484,945
Held-to-maturity investments	13	348,810	793,873
Cash and bank balances	14	1,818,900	3,515,638
		11,701,900	11,452,229
Assets of disposal groups classified as held for sale / disposal	15	154,000	284,048
Total assets		21,873,932	21,165,107
EQUITY AND LIABILITIES			
Equity			
Share capital	16	3,184,672	3,184,672
Reserves	17	10,277,185	10,358,113
		13,461,857	13,542,785
Liabilities			
Non-current liabilities			
Staff retirement benefits	18	294,031	78,014
Deferred taxation	19	536,886	645,171
		830,917	723,185
Current liabilities			
Trade and other payables	20	6,627,166	6,246,759
Taxation - provision less payments		542,221	391,727
Provisions	21	411,771	192,739
		7,581,158	6,831,225
Liabilities directly associated with disposal groups classified as held for sale / disposal	15	-	67,912
Total liabilities		8,412,075	7,622,322
Contingencies and commitments	22	-	-
Total equity and liabilities		21,873,932	21,165,107

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



Mehmoond Mandviwalla
Director

Profit and Loss Account

for the year ended December 31, 2017

Rupees '000	Note	2017	2016
Continuing operations:			
Net sales	23	32,773,770	27,563,533
Cost of sales	24	(24,095,384)	(20,099,062)
Gross profit		8,678,386	7,464,471
Selling, marketing and distribution expenses	25	(3,278,792)	(2,816,163)
Administrative expenses	26	(982,786)	(944,201)
Other operating expenses	27	(439,456)	(372,750)
Other income	28	1,036,344	1,040,556
Operating profit		5,013,696	4,371,913
Financial charges	29	(88,282)	(19,032)
Profit before taxation		4,925,414	4,352,881
Taxation	30	(1,898,180)	(1,707,969)
Profit after taxation from continuing operations		3,027,234	2,644,912
Discontinued operations:			
(Loss) / profit after taxation from discontinued operations	15	(46,211)	117,273
		2,981,023	2,762,185
Other comprehensive (loss) / income			
Items that will not be reclassified to profit and loss			
Remeasurement of staff retirement benefits		(267,816)	58,831
Impact of taxation		72,071	(17,258)
		(195,745)	41,573
Total comprehensive income		2,785,278	2,803,758
Earnings / (loss) per share	31		
- continuing operations		Rs. 9.51	Rs. 8.31
- discontinued operations		Re.(0.15)	Re. 0.37
		Rs. 9.36	Rs. 8.68

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


Mehmood Mandviwalla
Director

Cash Flow Statement

for the year ended December 31, 2017

Rupees '000	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations including discontinued operations	32	3,989,096	5,181,417
Staff retirement benefits paid		(24,046)	(63,154)
Income taxes paid		(1,787,626)	(862,582)
Increase in long-term loans to employees and deposits		(42,302)	(157)
Net cash generated from operating activities		2,135,122	4,255,524
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,641,919)	(1,870,363)
Proceeds from sale of operating assets		107,987	75,737
Return received		185,623	171,837
Net cash used in investing activities		(1,348,309)	(1,622,789)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,928,614)	(1,196,529)
Net (decrease) / increase in cash and cash equivalents		(2,141,801)	1,436,206
Cash transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited		-	(768,893)
Cash and cash equivalents at beginning of year		4,309,511	3,642,198
Cash and cash equivalents at end of year	33	2,167,710	4,309,511

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



Mehmood Mandviwalla
Director

Statement of Changes in Equity

for the year ended December 31, 2017

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

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


Mehmood Mandviwalla
Director

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

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 and pharmaceutical 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** Due to the pending transfer of marketing authorisations and certain permissions for Over the Counter (OTC) products of GlaxoSmithKline Consumer Healthcare 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

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated October 04, 2017 in continuation of circular no. CLD/CCD/PR(11)/2017 and the related press release dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) companies the financial year of which closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 prevail.

2.1.2 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 and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2017, and are considered to be relevant to the Company's operations.

IAS 7, 'Cashflow statements' - This amendment requires disclosure to explain changes in liabilities for which cashflows have been, or will be classified as financing activities in the statement of cashflows. The amendment is part of the IASB's Disclosure Initiative. In the first year of adoption, comparative information need not be provided.

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

Except as stated in (a), new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2017 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 but relevant

Amendments to IFRS 2, 'Share based payments' clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

In addition to the foregoing, the Companies Act, 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

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.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

2.4 Staff retirement benefits

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

Contribution to the gratuity plan is based on actuarial recommendations. The latest actuarial valuation of the scheme was carried out as at December 31, 2017 using the Projected Unit Credit Method.

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

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

2.5 Compensated absences

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

2.6 Taxation

2.6.1 Current

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

2.6.2 Deferred

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

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

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 Fixed assets

(i) Operating assets

Operating assets are stated at cost less accumulated depreciation / amortisation and accumulated impairment.

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

Major spare parts and stand-by equipment qualify for recognition as fixed assets when the entity expects to use

these for more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Maintenance and normal repairs are charged to profit and loss account 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.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

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 Held-to-maturity investments

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 Assets held for sale / disposal

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

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

2.16 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 transactions and translation

Foreign currency transactions are recorded in 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 Rupee, 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 saving accounts, deposit accounts, investments, scrap sales, service fee 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 Off-setting of financial assets and liabilities

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

2.21 Dividend

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

2.22 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.

2.23 Segment reporting

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

Rupees '000	Note	2017	2016
3. FIXED ASSETS			
Operating assets	3.1	6,270,004	5,594,858
Major spare parts and stand-by equipments	3.3	107,860	89,383
Capital work-in-progress	3.4	2,487,470	2,634,193
		<u>8,865,334</u>	<u>8,318,434</u>

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

3.1 Operating assets

	Leasehold land	Building On leasehold land	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
Rupees '000							
Net carrying value basis							
Year ended December 31, 2017							
Opening net book value (NBV)	319,315	1,400,264	3,084,209	140,464	353,850	296,756	5,594,858
Additions (at cost)	-	150,495	995,118	49,710	215,902	139,241	1,550,466
Disposals							
- Cost	-	(286)	(74,010)	(3,030)	(172,982)	(23,694)	(274,002)
- Accumulated depreciation	-	63	56,104	1,507	123,312	9,871	190,857
- Accumulated impairment	-	-	13,082	-	-	15	13,097
Disposals (at NBV)	-	(223)	(4,824)	(1,523)	(49,670)	(13,808)	(70,048)
Transfers	(33,418)	(63,142)	82,576	(29,557)	(2,861)	46,402	-
Depreciation charge	(5,235)	(47,500)	(315,015)	(22,619)	(114,003)	(76,843)	(581,215)
Write offs	-	(110)	(1,657)	(351)	-	(422)	(2,540)
Impairment charge	-	(6,231)	(214,796)	(265)	-	(225)	(221,517)
Closing net book value	280,662	1,433,553	3,625,611	135,859	403,218	391,101	6,270,004
Gross carrying value basis							
At December 31, 2017							
Cost	331,167	1,959,695	6,607,239	319,021	683,598	968,753	10,869,473
Accumulated depreciation	(50,505)	(520,441)	(2,716,863)	(182,742)	(280,380)	(577,514)	(4,328,445)
Accumulated impairment	-	(5,701)	(264,765)	(420)	-	(138)	(271,024)
Net book value	280,662	1,433,553	3,625,611	135,859	403,218	391,101	6,270,004
Depreciation rate							
% per annum							
	2.5 to 10	2.5	5 to 6.67	10	25	10 to 33.33	
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	5 to 6.67	10	25	10 to 33.33	

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

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Plant & machinery - various items	5,170	2,664	2,506	211	Tender	M/s Ganatra Salvaging, B-37, S.I.T.E, Karachi
Items sold with tender having individual book values less than Rs. 50,000						
- Plant & machinery - various items	281	207	74	4,335	Tender	M/s Honda Quaideen, 233-A/2, PECHS, Karachi
Motor vehicle	1,129	282	847			
Items sold with tender having individual book values less than Rs. 50,000"						
- various motor vehicles	11,494	11,494	-			
Plant & machinery - various items	3,637	2,786	851	564	Tender	M/s Landhi Traders, House # 258/C-1, Landhi No. 2, Karachi
Furniture and fixtures	2,334	817	1,517	1,517	Tender	M/s Mohammad Ashraf Traders, Warehouse No. 202/7, Noor Road, Near Wapda Grid Station, Misri Shah, Lahore.
Plant & machinery - various items	6,936	4,254	2,682	2,466	Tender	M/s Mujeeb Alam & Co., M.C 464 B Green Town, Shah Faisal Colony, Karachi.
Office equipment - various items	549	483	66			
Items sold with tender having individual book values less than Rs. 50,000				70	Tender	M/s National Pak Overseas Motors, D-1/3, F.C. Area, T&T Flat, Karachi.
Plant & machinery - various items	2,030	1,991	39			
Plant & Machinery	1,873	968	905			
Office equipment - various items	422	257	165	2,070	Tender	M/s Oriental Trading - Super General Godown, Sher Shah, Karachi.
Plant & machinery - various items	1,789	951	838			
Items sold with tender having individual book values less than Rs. 50,000				658	Tender	M/s Rehman Steel Furnace Pvt Ltd, L-841-42, Shireen Jinnah Colony, Near Post Office, Clifton, Karachi.
Plant & machinery - various items	13,980	13,859	121			
Office equipment - various items	502	499	3			
Office equipment - various items	1,285	627	658	260	Tender	M/s Shakoore Brothers, Plot No. SA-6, ST-4, Sector-27, Korangi Industrial Area, Karachi.
Items sold with tender having individual book values less than Rs. 50,000						
Office equipment - various items	970	799	171			
Plant & machinery - various items	2,991	1,921	1,070	2,806	Tender	M/s Shakoore Brothers, Plot No. 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	19,378	19,236	142	3,996	Tender	M/s Suzuki South, 25/1, Sector 23 Korangi Industrial Area, Karachi.
Office equipment - various items	1,836	1,836	-			
Motor vehicles	5,605	4,467	1,138			
"	2,989	2,819	170	2,206	"	M/s Waqar Enterprises, D-8, Block-B, North Nazimabad, Karachi
"	1,163	854	309	1,053	"	Mr. Abdul Manan, House No. M- 1023 Masan Road Kemari, Karachi
"	1,773	1,329	444	1,470	"	Mr. Dilawar Ahmed Khan, 5C, 11/9 Nazimabad, Karachi
"	1,019	934	85	820	"	Mr. Farrukh Amjad Shah, R-25, Sector- 5/L, North Karachi, Karachi
"	367	275	92	342	"	Mr. Ghulam Jilani, House No. 1727/518, Shensha Kachi Colony Baldia Town No. 7, Karachi

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Motor vehicles	1,350	738	612	824	Tender	Mr. Muhammad Munir, House No. 69, Khayaban e Ghazi, DHA Phase-5, Karachi
"	1,009	924	85	763	"	Mr. Numeri Abrar, A-80, Block 3, Gulistan-e-Johar, Karachi
"	2,810	2,108	702	1,319	"	Mr. Syed Wali Najam, Z-102 Block 7 & 8, BYJCHS Shaheed-e-Millat Road, Karachi
"	1,365	768	597	915	"	Mr. Usman Shahid, H # B-6, Sector 11-B, North Karachi, Karachi
"	1,315	822	493	944	"	Mr. Waqar Ahmed Khan, Flat No. 307, West Point Tower, Phase 2 Extension DHA, Karachi
"	6,243	3,532	2,711	5,004	"	Mr. Wasim Mirza, A-32, Block-10 A, Gulshan-e-Iqbal, Karachi
"	1,735	325	1,410	1,502	"	Ms. Asma Nadeem, House No. E-13/1, Block No.7, Gulshan e Iqbal, Karachi
"	1,006	960	46	1,502	"	Ms. Farnaz Shamim, 50/30, Darul Aman Housing Society, Hyder Ali Road, Karachi
"	1,123	842	281	283	Company policy	Mr. Abdul Rauf - Ex - Executive
"	1,148	861	287	289	"	Mr. Abdul Wahid - Executive
"	1,768	580	1,188	1,615	"	Mr. Abid Subhan - Executive
"	1,482	1,112	370	371	"	Mr. Abid Subhan - Executive
"	1,176	882	294	470	"	Mr. Adeel Farooq - Executive
"	1,365	810	555	798	"	Mr. Adnan Khan - Executive
"	1,868	1,080	788	934	"	Mr. Aijaz Ali Naseer - Ex - Executive
"	1,365	725	640	905	"	Mr. Ali Hirani - Ex - Executive
"	1,673	1,254	419	418	"	Mr. Amanullah Sahibzada - Ex - Executive
"	1,291	968	323	520	"	Mr. Anjum Jamal - Executive
"	2,489	1,672	817	1,488	"	Mr. Azam Burney - Ex - Executive
"	2,043	1,532	511	518	"	Mr. Bacha Said - Executive
"	1,529	1,147	382	382	"	Mr. Faheem Syed - Ex - Executive
"	1,760	1,320	440	707	"	Mr. Faisal Bin Suleman - Executive
"	1,712	588	1,124	1,650	"	Mr. Farrukh Shahid Khan - Ex - Executive
"	1,315	781	534	798	"	Mr. Hamadullah Kalhoro - Executive
"	1,361	255	1,106	807	"	Mr. Hameed Khan - Ex - Executive
"	2,519	1,417	1,102	800	"	Mr. Hammad Khalid - Ex - Executive
"	2,148	1,611	537	541	"	Mr. Haris Jabbar - Executive
"	1,858	1,132	726	1,097	"	Mr. Hasham Babar - Executive
"	1,302	854	448	786	"	Mr. Hassan Ejaz - Executive
"	1,365	789	576	945	"	Mr. Iqbal Tabani - Executive
"	1,291	908	383	779	"	Mr. Irfan Malik - Ex - Executive
"	1,203	902	301	727	"	Mr. Kashif Hanif - Executive
"	5,128	2,804	2,324	3,102	"	Mr. Khalid M Sethi - Ex - Head of Business Unit
"	1,148	861	287	462	"	Mr. Khalid Mehmood Mirza - Executive
"	1,789	252	1,537	1,758	"	Mr. Khalid Mehmood Sheikh - Executive
"	1,223	917	306	492	"	Mr. Khalil Ur Rehman - Executive
"	1,315	863	452	927	"	Mr. M. Arif Malik - Ex - Executive
"	1,733	785	948	1,350	"	Mr. M. Kashif Ayub - Executive
"	1,310	962	348	786	"	Mr. Mazhar Ali - Executive
"	1,524	1,143	381	381	"	Mr. Mohsin Farooq - Executive
"	1,524	1,143	381	381	"	Mr. Muhammad Jahangir - Ex - Executive
"	1,608	1,206	402	643	"	Mr. Munir Ahmed - Executive
"	1,760	1,320	440	442	"	Mr. Munir Tahir Sandhu - Ex - Executive
"	1,365	1,052	313	798	"	Mr. Naseem Shamsi - Executive
"	1,211	908	303	484	"	Mr. Nasir Aleem Qureshi - Executive
"	1,524	1,143	381	381	"	Mr. Nazir Ahmed - Executive
"	1,203	1,203	-	484	"	Mr. Noor Un Nabi - Executive
"	1,315	801	514	798	"	Mr. Sajjad Hadi - Executive
"	1,203	1,203	-	303	"	Mr. Sajjad Hussain - Executive
"	1,291	847	444	779	"	Mr. Saleem Khambati - Executive
"	1,315	884	431	798	"	Mr. Saqib Azmat - Executive
"	1,302	875	427	786	"	Mr. Shahzada Faisal - Executive
"	1,123	842	281	283	"	Mr. Shehzad Ahmed Khan - Executive
"	1,608	1,206	402	402	"	Mr. Syed Zafar Ahmed - Executive
"	1,733	785	948	1,330	"	Mr. Tabish Karimi - Executive

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees '000						
"	1,365	363	1,002	711	"	Mr. Waheed Anwar Kundi - Ex - Executive
"	2,303	899	1,404	1,900	"	Mr. Yahya Jan - Director Medical
"	1,524	1,143	381	381	"	Mr. Zain Ul Abedin - Executive
"	1,512	1,134	378	1,105	"	Ms. Humaira Ahmed - Ex - Executive
"	2,573	1,206	1,367	1,615	"	Ms. Mariam Illahi - Ex - Executive
"	1,291	968	323	779	"	Ms. Maryam Tariq - Executive
"	1,335	897	438	810	"	Ms. Nusrat Khurram - Executive
"	2,531	791	1,740	2,250	"	Ms. Ruby Sheikh - Ex - Executive
"	1,291	908	383	779	"	Ms. Saba Masti Khan - Executive
"	1,783	696	1,087	1,665	"	Ms. Samreen Kidwai - Executive
"	1,768	414	1,354	1,700	"	Ms. Shumaila Amir - Ex - Executive
"	2,519	1,850	669	1,615	"	Ms. Zainab Hameed - Ex-Head of IT
"	1,527	310	1,217	1535	Insurance Claim	M/s EFU General Insurane Ltd
"	1,863	407	1,456	1863	"	M/s EFU General Insurane Ltd
"	766	766	0	600	"	M/s EFU General Insurane Ltd
Total	208,695	147,565	61,130	93,245		

Rupees '000	2017	2016
3.3 Major spare parts and stand-by equipments		
Balance at beginning of year	89,383	80,514
Additions during the year	55,641	13,972
Transfers made during the year	(37,164)	(5,103)
Balance at end of year	107,860	89,383
3.4 Capital work-in-progress		
Civil work	612,377	510,648
Plant and machinery	1,716,205	1,876,685
Furniture and fixtures	8,014	34,462
Office equipments	13,637	113,885
Advances to suppliers	137,237	98,513
	2,487,470	2,634,193

3.4.1 Capital work-in-progress is net off of accumulated impairment of Rs. 63.33 million (2016: Rs. 52.24 million).

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

Rupees '000	2017	2016
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 IV from Akhai Pharmaceuticals (Private) Limited.

Notes to and Forming Part of the Financial Statements

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- 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	2017	2016
5. LONG - TERM LOANS TO EMPLOYEES		
Considered good		
Secured		
- Executives	34,883	26,545
- Other employees } note 5.1	107,871	66,160
	142,754	92,705
Recoverable within one year - note 9		
- Executives	(13,591)	(11,414)
- Other employees	(37,740)	(31,922)
	(51,331)	(43,336)
	91,423	49,369
Reconciliation of carrying amount of loans to executives:		
Opening balance	26,545	17,642
Disbursements including promotions	24,292	21,111
Recoveries and amortisation	(15,954)	(12,208)
	34,883	26,545

- 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 (2016: 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. 35.2 million (2016: Rs. 26.55 million).

Rupees '000	2017	2016
6. STORES AND SPARES		
Stores and spares	247,123	221,773
Less: Provision for slow moving and obsolete items	(27,510)	(20,736)
	219,613	201,037
7. STOCK-IN-TRADE		
Raw and packing materials including in transit Rs. 1.06 billion (2016: Rs. 545.22 million)	3,528,994	2,229,555
Work-in-process	566,707	495,716
Finished goods including in transit Rs. 353.09 million (2016: Rs. 749.53 million)	2,304,420	3,064,030
	6,400,121	5,789,301
Less: Provision for slow moving, obsolete and damaged items - note 7.3	(317,903)	(241,218)
	6,082,218	5,548,083
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	80,597	42,617
- Pharmatec Pakistan (Private) Limited	189,608	130,108
Stock held with distributors and at third party warehouses		
- Emirates Supply Chain Services (Private) Limited	269,276	262,441
- DHL Global Forwarding (Private) Limited	237,777	332,262

- 7.2** Stock-in-trade includes items costing Rs. 1.87 billion (2016: Rs. 1.37 billion) valued at net realisable value of Rs. 1.61 billion (2016: Rs. 1.25 billion).

- 7.3** During the year, stock-in-trade of Rs. 90.03 million (2016: Rs. 124.81 million) have been written off against provision.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

Rupees '000	2017	2016
8 TRADE DEBTS		
Considered good		
- Associated companies - note 8.1	308,907	32,027
- Others	2,053,796	498,386
	2,362,703	530,413
Considered doubtful	185,228	84,786
	2,547,931	615,199
Provision for doubtful debts	(185,228)	(84,786)
	2,362,703	530,413
8.1 Due from associated companies		
GlaxoSmithKline Consumer Healthcare Pakistan Limited	308,907	-
GlaxoSmithKline Trading Services Limited	-	32,027
	308,907	32,027

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

Rupees '000	2017	2016
Upto 3 months	262,190	56,058
3 to 6 months	656,471	113,510
	918,661	169,568

8.3 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 308.91 million (2016: Rs. 32.03 million).

Rupees '000	2017	2016
9. LOANS AND ADVANCES		
Considered good		
Current portion of long-term loans to employees - note 5	51,331	43,336
Advances:		
- to employees - note 9.1	29,234	31,484
- to suppliers	286,447	102,833
- against letter of credit	86,104	-
	453,116	177,653
Considered doubtful		
Advances to suppliers	6,387	4,092
	459,503	181,745
Provision for doubtful advances	(6,387)	(4,092)
	453,116	177,653

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

Rupees '000	2017	2016
10. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits		
- considered good	114,923	68,740
- considered doubtful	49,775	44,009
	164,698	112,749
Provision for doubtful deposits	(49,775)	(44,009)
	114,923	68,740
Prepayments	16,997	65,595
	131,920	134,335
11. REFUNDS DUE FROM GOVERNMENT		
Custom duty and sales tax		
- considered good	30,113	54,178
- considered doubtful	37,347	18,464
	67,460	72,642
Provision for doubtful refundables	(37,347)	(18,464)
	30,113	54,178
12. OTHER RECEIVABLES		
Considered good		
Due from related parties		
- Associated companies - note 12.1	156,860	294,086
- BMS Pakistan (Private) Limited		
Staff Gratuity Fund - note 18.1	-	136,501
Workers' Profits Participation Fund - note 12.3	14,881	11,608
Others		
- Considered good	79,584	42,750
- Considered doubtful	20,775	-
	272,100	484,945
Provision for doubtful receivables	(20,775)	-
	251,325	484,945

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Rupees '000	2017	2016
12.1 Due from associated companies		
GlaxoSmithKline Services Unlimited, UK	6,903	4,881
GlaxoSmithKline Export Limited, UK	-	2,377
GlaxoSmithKline Biologicals, S.A.	4,044	10,112
Stiefel Laboratories (Ireland) Limited	-	145,004
Stiefel Laboratories (Pte) Limited, Singapore - note 12.1.1	123,247	123,247
Stiefel Laboratories Limited, USA	-	6,578
SB Corporate Centre, USA	3,720	1,112
GW Asia Pacific Singapore	1,252	491
Glaxo Operations UK Limited	7,827	-
GlaxoSmithKline OTC (Private) Limited	7,092	-
GlaxoSmithKline Research & Development, UK	2,775	284
	<u>156,860</u>	<u>294,086</u>

12.1.1 The Company also has Rs. 123.25 million (2016: Rs. 123.25 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. 162.57 million (2016: Rs. 294.09 million).

Rupees '000	2017	2016
12.3 Workers' Profits Participation Fund		
Opening balance	11,608	5,467
Allocation for the year	(266,119)	(242,859)
	(254,511)	(237,392)
Amount paid to the Fund net of refund received amounting to Rs. 11.61 million (2016: Nil)	269,392	249,000
Closing balance	<u>14,881</u>	<u>11,608</u>

13. HELD-TO-MATURITY INVESTMENTS

These represent three treasury bills (2016: five treasury bills) which are held with Company's banker for safe custody yielding 5.99% per annum (2016: 5.86% to 5.95% per annum) with maturity by February 2018 (2016: by March 2017).

Rupees '000	2017	2016
14. CASH AND BANK BALANCES		
With banks		
on deposit accounts - note 14.1	1,250,000	3,150,000
on PLS savings accounts - notes 14.1 & 14.2	463,306	160,457
on current accounts [including foreign currency account Rs. 25.26 million (2016: Rs. 25.50 million)]	105,384	201,611
Cash and cheques in hand [including foreign currency in hand of Rs. 4,890 (2016: Rs. 4,890)]	210	3,570
	<u>1,818,900</u>	<u>3,515,638</u>

14.1 At December 31, 2017 the rates of mark-up on PLS savings accounts and on term deposit accounts were 3.75% to 4.32% (2016: 3.75% to 4.32%) per annum and 5.35% to 5.50% (2016: 5.15% to 5.25%) per annum respectively.

14.2 These include Rs. 1.45 million (2016: Rs. 1.45 million) under lien with bank against bank guarantee issued on behalf of the Company.

15. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

15.1 (Loss) / profit after taxation from discontinued operations includes Mencevax vaccines for the year and Oncology business for the period from January 01, 2017 to May 31, 2017 (2016: January 01, 2016 to December 31, 2016).

Rupees '000	2017	2016
Net sales	157,070	1,893,024
Cost of sales - note 15.1.1	(193,144)	(1,247,673)
Gross (loss) / profit	(36,074)	645,351
Selling, marketing and distribution expenses	(6,411)	(418,645)
Administrative expenses	-	(24,840)
Other operating expenses	-	(14,677)
(Loss) / profit before taxation	(42,485)	187,189
Taxation - note 15.2	(3,726)	(69,916)
(Loss) / profit after taxation	<u>(46,211)</u>	<u>117,273</u>

15.1.1 This includes impairment charge in respect of land and other assets located at Sundar Industrial Estate amounting to Rs. 46.49 million (including Rs. 8 million pertaining to cost of obtaining completion certificate and title documents).

15.2 This represents charge for current taxation.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

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

Rupees '000	2017	2016
ASSETS		
Fixed assets - note 15.4	154,000	200,492
Stock-in-trade - note 15.5	-	83,556
	154,000	284,048
LIABILITIES		
Trade and other payables	-	67,912
Net assets	154,000	216,136

15.4 This represents land having approximate area of 5.13 acres alongwith building and other assets located at Sundar Industrial Estate, Lahore for which the Company is in the process of obtaining completion certificate and title documents. The Company after competitive bidding process and negotiation has entered into an agreement to sell the property at a price of Rs. 164 million. The estimated cost of obtaining completion certificate and title documents is approximately Rs. 8 million. The sale transaction is expected to be completed in 2018.

15.5 During the year, pursuant to the global three-part interconditional transaction with Novartis Pharma (Pakistan) Limited (NPPL), marketing authorisation rights of the Oncology portfolio have been transferred by the Drug Regulatory Authority of Pakistan (DRAP) to NPPL.

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

Rupees '000	2017	2016
Net cash generated from operating activities	15,925	759,056
Net cash used in investing activities	-	(53,469)

16. SHARE CAPITAL

Rupees '000			2017	2016
Authorised share capital				
	2017	2016		
	500,000,000	500,000,000	5,000,000	5,000,000
				Ordinary shares of Rs. 10 each
Issued, subscribed and paid-up capital				
Ordinary shares of Rs. 10 each				
	2017	2016		
	5,386,825	5,386,825	53,868	53,868
				Shares allotted for consideration paid in cash
	64,339,835	64,339,835	643,398	643,398
				Shares allotted for consideration other than cash
	248,740,618	248,740,618	2,487,406	2,487,406
				Shares allotted as bonus shares
	318,467,278	318,467,278	3,184,672	3,184,672

16.1 As at December 31, 2017 S.R. One International B.V., Netherlands and its nominees held 263,029,794 shares (2016: 263,029,794 shares).

Rupees '000	2017	2016
17. RESERVES		
Capital reserve - note 17.1	1,126,923	1,126,923
General reserve	3,999,970	3,999,970
Unappropriated profit	5,150,292	5,231,220
	<u>10,277,185</u>	<u>10,358,113</u>

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

Rupees '000	2017	2016
18. STAFF RETIREMENT BENEFITS		
18.1 Staff retirement benefit plans		
- BMS Pakistan (Private) Limited Management Staff Pension Fund	-	-
- BMS Pakistan (Private) Limited Staff Gratuity Fund	-	(136,501)
- GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund - note 18.1.3	294,031	78,014

18.1.1 The Company operates approved funded gratuity schemes for its permanent employees (the Plan). Actuarial valuation of this Plan is carried out every year and the latest actuarial valuation was carried out as of December 31, 2017.

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

18.1.3 The latest actuarial valuation of the Plan as at December 31, 2017 was carried out using the Projected Unit Credit Method. Details of the Plan as per the actuarial valuation are as follows:

Notes to and Forming Part of the Financial Statements

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Rupees '000	Gratuity plans		Pension plan	
	2017	2016	2017	2016
18.1.4 Balance sheet reconciliation				
Present value of defined benefit obligation at December 31 - note 18.1.5	1,880,479	1,618,862	23,407	123,308
Fair value of plan assets at December 31 - note 18.1.6	(1,586,448)	(1,677,349)	(23,407)	(123,308)
Deficit / (surplus)	294,031	(58,487)	-	-
18.1.5 Movement in the present value of defined benefit obligation				
Balance at January 1	1,618,862	1,525,156	123,308	168,569
Benefits paid by the Plans	(141,900)	(161,672)	-	(8,031)
Transfer to GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund	-	(41,142)	-	-
Transfer to GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund due to transfer of employees	(4,540)	-	-	-
Current service cost	102,072	101,256	-	5,253
Settlement loss	-	-	-	53,010
Liability settled in respect of harmonisation	-	-	(99,901)	(104,374)
Interest cost	128,692	133,918	-	17,568
Remeasurement on obligation	177,293	61,346	-	(8,687)
Balance at December 31	1,880,479	1,618,862	23,407	123,308
18.1.6 Movement in the fair value of plan assets				
Balance at January 1	1,677,349	1,626,654	123,308	156,805
Contributions made to the Plans	24,046	-	-	63,154
Benefits paid by the Plans	(141,900)	(161,672)	-	(8,031)
Compensation paid in respect of hamonisation	-	-	(99,901)	(104,374)
Transfer to GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund	-	(41,142)	-	-
Transfer to GSK Consumer Healthcare Pakistan Limited Employees' Gratuity Fund due to transfer of employees	(4,540)	-	-	-
Interest income	122,016	141,602	-	16,171
Remeasurement on plan assets	(90,523)	111,907	-	(417)
Balance at December 31	1,586,448	1,677,349	23,407	123,308

Rupees '000	Gratuity plans		Pension plan	
	2017	2016	2017	2016
18.1.7 Expense recognised in profit and loss account				
Current service cost	102,072	101,256	-	5,253
Net interest cost / (income)	6,676	(7,684)	-	1,397
Settlement loss	-	-	-	53,010
Expense recognised in profit and loss account	108,748	93,572	-	59,660
18.1.8 Remeasurements recognised in Other Comprehensive Income				
Loss / (gain) from changes in actuarial assumptions	38,960	(39,087)	-	-
Experience loss / (gain)	138,333	100,433	-	(8,687)
Remeasurement of fair value of plan assets	90,523	(111,907)	-	417
	267,816	(50,561)	-	(8,270)
18.1.9 Net recognised liability / (asset)				
Net (asset) / liability at the beginning of year	(58,487)	(101,498)	-	11,764
Expense recognised in profit and loss account	108,748	93,572	-	59,660
Contribution made to the Plan during the year	(24,046)	-	-	(63,154)
Remeasurements recognised in other comprehensive income	267,816	(50,561)	-	(8,270)
Recognised liability / (asset) as at December 31	294,031	(58,487)	-	-

Percentage	Gratuity plans		Pension plan	
	2017	2016	2017	2016
18.1.10 Plan assets comprise of the following:				
Plan assets are comprised of the following:				
- Equity and mutual funds	18.97	20.89	-	-
- Bonds	72.23	64.59	-	20.13
- Others	8.80	14.52	100	79.87
	100.00	100.00	100.00	100.00
18.1.11 Actuarial Assumptions				
Discount rate at December 31	8.25	8.00	N/A	N/A
Future salary increases	8.25	8.00	N/A	N/A

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for the year ended December 31, 2017

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

18.1.13 In case of the funded plans, investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of government bonds and listed securities. The Company believes that government bond offers the best returns over the long term with an acceptable level of risk.

The Company's gratuity expense for the year ending December 31, 2018 is expected to be Rs. 145.36 million.

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

18.2 Sensitivity analysis for actuarial assumptions

The 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%	(127,073)	144,256
Future salary increases	1%	101,336	(91,635)

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

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

Rupees '000	2017	2016	2015	2014	2013
18.3 Historical information					
Gratuity plan					
Present value of defined benefit obligation	(1,880,479)	(1,618,862)	(1,525,156)	(1,585,653)	(1,292,228)
Fair value of plan assets	1,586,448	1,677,349	1,626,654	1,203,400	1,041,251
(Deficit) / surplus in the plan	(294,031)	58,487	101,498	(382,253)	(250,977)
Experience Adjustments					
(Loss) / gain on obligation (as percentage of plan obligation)	(9.43)%	(3.79)%	5.93%	(10.06)%	(7.04)%
(Loss) / gain on plan assets (as percentage of plan assets)	(5.71)%	6.67%	1.79%	5.66%	1.06%
Pension plan					
Present value of defined benefit obligation	(23,407)	(123,308)	(168,569)	(141,270)	(105,433)
Fair value of plan assets	23,407	123,308	156,805	147,312	136,231
(Deficit) / surplus in the plan	-	-	(11,764)	6,042	30,798
Experience Adjustments					
Gain / (loss) on obligation (as percentage of plan obligation)	N/A	7.04%	7.91%	(17.38)%	2.25%
Loss on plan assets (as percentage of plan assets)	N/A	(0.34)%	(0.23)%	(0.08)%	(2.62)%

18.4 The weighted average duration of approved funded gratuity schemes for its permanent employees is 6.76 years.

18.5 Expected maturity analysis of undiscounted retirement benefit plans.

Rupees '000	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years	Total
At December 31, 2017	166,715	211,490	633,159	1,532,215	2,664,541	5,208,120
At December 31, 2016	122,900	166,369	548,743	1,238,558	2,426,134	4,502,704

18.6 Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2017.

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Rupees '000	2017	2016
19. DEFERRED TAXATION		
Credit balance arising in respect of:		
- Accelerated tax depreciation allowances	786,812	722,588
- Staff retirement benefits	-	17,159
	786,812	739,747
Debit balances arising in respect of:		
- Provision for doubtful debts, other receivables and refunds due from government	65,488	28,239
- Provision for trade deposits and doubtful advances	15,114	12,911
- Provision for slow moving & obsolete stocks and stores & spares	90,199	53,426
- Staff retirement benefits	79,125	-
	249,926	94,576
	536,886	645,171
20. TRADE AND OTHER PAYABLES		
Creditors		
- Associated companies	830,825	1,054,023
- Others	664,671	985,705
Bills payable	273,194	211,215
Royalty and technical assistance fee payable		
- Associated companies	457,785	677,855
- Others	199,394	61,224
Accrued liabilities - note 20.1	3,451,541	2,554,599
Advances from customers	176,381	178,934
Contractors' retention money	27,502	28,326
Taxes deducted at source and payable to statutory authorities	60,832	75,062
Workers' Welfare Fund	302,893	183,205
Central Research Fund	53,648	48,572
Unclaimed dividend	70,906	61,917
Dividend payable	-	71,397
Others	57,594	54,725
	6,627,166	6,246,759

20.1 This includes liability for share based compensation amounting to Rs. 93.33 million (2016: Rs. 81.76 million).

Rupees '000	2017	2016
21. PROVISIONS		
Balance as at January 1	192,739	187,113
Charge for the year	352,556	95,953
Payments during the year	(133,524)	(90,327)
Balance as at December 31	411,771	192,739

21.1 Provisions include restructuring costs and government levies of Rs. 244.01 million and Rs. 167.76 million (2016: Rs. 9.53 million and Rs. 183.21 million) respectively.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

- (a) Claims against the Company not acknowledged as debt for reinstatement of employment and other labour cases amount to Rs. 151.42 million (2016: Rs. 137.98 million) as at December 31, 2017.
- (b) Income Tax
- (i) While finalising the Company's assessments for the years 1999-2000 through 2002-2003 (accounting years ended December 31, 1998 through 2001) the Assessing Officer (AO) had made additions to income raising tax demands of Rs. 73.6 million on the contention that the Company had allegedly paid excessive amount for importing certain raw materials. Upon Company's appeal, the Commissioner of Inland Revenue (Appeals) (CIRA) had maintained the addition to income for assessment years 1999-2000 and 2000-2001 while the additions made in assessment years 2001-2002 and 2002-2003 were deleted. In respect of assessment years 1999-2000 and 2000-2001, the Company, and in respect of assessment years 2001-2002 and 2002-2003, the department, filed respective appeals with the 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 with the same amount of additions. The Company filed appeals against the orders of AO with CIRA. In 2014, Company's appeals to CIRA in respect of its income tax assessments for tax years 2000-01 to 2002-03 were decided whereby certain additions were deleted, resulting in deletion of tax demand to the extent of Rs. 26.8 million. The Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the additions to income confirmed by the CIRA whereas the department has filed appeal before the ATIR against the additions to income deleted by CIRA. In 2015, the CIRA passed the order for assessment year 1999-2000, whereby the additions made have been deleted resulting in deletion of tax demand amounting to Rs. 13.01 million. In 2016, the ATIR maintained the order of CIRA in respect of assessment years from 2000-2001 to 2002-2003. During the year, an appeal against the said order has been filed before the Honourable High Court of Sindh (HCS).
- (ii) While finalising the assessment of former Smith Kline & French of Pakistan Limited for the assessment year 2002-2003 (accounting year ended December 31, 2001), the AO had made addition to income raising tax demands of Rs. 4.03 million on the contention that the Company had allegedly paid excessive amount for importing certain raw materials. Upon 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 with addition of same amount. The Company filed an appeal against the said order with CIRA who maintained the aforesaid addition. The Company has filed an appeal against the decision of the CIRA before the ATIR.
- (iii) While amending the assessments of the Company for the tax years 2005, 2006, 2007 and 2008, the 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 ATIR against remaining additions on which relief has not been granted by CIRA.
- (iv) While finalising the assessment of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for tax year 2006 (accounting year ended December 31, 2005) the AO made additions to income raising tax demands of Rs. 10.04 million. The Company filed an appeal with CIRA in respect of the said matter. In 2015, the CIRA has annulled the order of AO.
- (v) While finalising the assessments of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for assessment years 1989-1990 through 2002-2003 (accounting years ended December 31, 1989 through 2001) the AO made additions to income raising

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tax demands of Rs. 314.10 million. CIRA also maintained the additions. On GSKPPL's appeals, the additions made by the AO were deleted by ITAT. Later, the department filed appeals against the decision of ITAT in the HCS.

In 2007, the HCS awarded its verdict for the assessment years 1989-1990 and 1990-1991 in favour of the tax department confirming tax demands of Rs. 11.99 million. The Company filed an appeal in the Supreme Court of Pakistan (SCP) against the above decision. During the year, the SCP decided the case in favour of the Company by deleting the tax demand. The tax department filed review application which has also been dismissed by the SCP.

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

- (vi) While finalising the assessments of the Company for tax year 2009 (accounting year December 31, 2008), the Deputy Commissioner Inland Revenue (DCIR) issued an order raising tax demand amounting to Rs. 68.23 million on the contention that the Company had allegedly paid excessive amount on account of royalty and certain imported raw materials. The Company has filed an appeal with the CIRA in respect of the said matter.
- (vii) While finalising the assessments of the Company for tax year 2011 (accounting year ended December 31, 2010) the 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) 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 CIRA in respect of the said matter. The CIRA has deleted the order passed under section 122(5A) of the Ordinance. The tax department has filed an appeal against the said order.
- (ix) As a result of monitoring of withholding tax for the tax year 2012 (accounting year ended December 31, 2011) DCIR issued an order raising tax demand amounting to Rs. 80 million. Such demand has been made on the contention that the Company has not deducted tax @ 20% at the time of making payment on account of meetings and symposia and gifts and giveaways under section 156 of Income Tax Ordinance 2001. On Company's appeal against the said order, the CIRA ordered for re-consideration of matter by setting aside DCIR order. In 2016, the proceedings were concluded by DCIR restricting the tax demand to Rs. 15.5 million. The Company has filed an appeal before CIRA against the order of DCIR.
- (x) As a result of monitoring proceedings of withholding tax for the tax year 2014 and 2015, Assistant Commissioner Inland Revenue (ACIR) issued notices under section 161 (1A) / 205 of the Income Tax Ordinance, 2001. Such notices have 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 filed a civil suit before the HCS against the said notices. The HCS has granted stay against the recovery proceedings.
- (xi) While finalising the assessments of the Company for tax year 2014 (accounting year December 31, 2013), the DCIR issued an order raising tax demand amounting to Rs. 124.9 million on the contention that the Company had allegedly paid excessive amount on account of royalty and certain imported raw materials. The Company had filed an appeal with the CIRA in respect of the said matter. During the year, CIRA has decided the case on royalty in favour of the Company and on raw material in favour of tax department. The Company has filed an appeal before ATIR on the matter relating to raw material.

During the year, the DCIR through an amended order has made further tax demand amounting to Rs. 21.42 million. The Company has filed appeal against further amended order before CIRA which is pending for hearing.

- (xii) During the year, while finalising the assessments of the Company for the tax years 2013, 2015 and 2016, the DCIR issued orders raising tax demands aggregating to Rs. 260.58 million. The orders have been issued on the contention that the Company had allegedly paid excessive amount on account of certain imported raw materials. The Company has filed appeals before the CIRA in respect of the said orders.
- (xiii) As a result of audit of former GlaxoSmithKline Pharmaceutical (Private) Limited for the tax year 2010 (accounting year ended December 31, 2009), the DCIR issued a show cause notice under Section 122(9)/177 of Income Tax Ordinance, 2001 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 sought stay from HCS which has been granted by the Court.

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

In view of this, the Company has jointly filed a constitutional petition with M/s Pharmatec Pakistan (Private) Limited (toll manufacturer of the Company) before the HCS contending that toll manufacturing is a process and not a service; therefore comes under the legislative authority of the Federal Government; hence, Sindh Sales Tax is not chargeable on toll manufacturing charges billed to the Company. The HCS has issued a stay order and restrained Sindh Revenue Board from collection of sales tax on toll manufacturing charges till the time aforesaid petition is decided by the HCS. The management of the Company on the advice of its legal counsel is confident that the eventual outcome of the petition would be in favour of the Company, hence, no provision is made in the financial statements for sales tax on toll manufacturing charges which estimates to an amount of Rs. 425.03 million (2016: Rs. 282.93 million).

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

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

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22.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2017 amount to Rs. 506.19 million (2016: Rs. 517.59 million).

Rupees '000	2017	2016
23. NET SALES		
Gross sales		
Local - note 23.1	33,455,050	27,874,243
Export	105,172	102,810
	33,560,222	27,977,053
Less: Commissions, returns and discounts	781,539	409,701
Sales tax	4,913	3,819
	<u>32,773,770</u>	<u>27,563,533</u>

23.1 This includes sales of OTC Products amounting to Rs. 4.05 billion (2016: Rs. 2.51 billion) to GSK CH being manufactured by the Company due to pending transfer of marketing authorisations by Drug Regulatory Authority of Pakistan ('DRAP').

23.2 Sales of major product categories i.e. antibiotics, dermatologicals and respiratory during the year amounted to Rs. 13.93 billion, Rs. 3.34 billion and Rs. 1.40 billion (2016: Rs. 11.11 billion, Rs. 2.93 billion and Rs. 1.43 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 (2016: two distributor) exceed 10 percent of the net sales during the year, amounting to Rs. 3.46 billion and Rs. 4 billion (2016: Rs. 3.62 billion and Rs. 3.98 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) through a notification dated March 5, 2015. Under the Policy, pending hardship cases were to be decided within a 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.

The Company availed hardship prices on its certain products upon obtaining a stay order from the High Court of Sindh (HCS). The HCS notified to DRAP and Federation of Pakistan not to take any coercive action against the Company in respect of hardship price increases.

On December 19, 2016, HCS passed Judgement in respect of the case ('the Judgement'). The DRAP, in pursuance of the said Judgement issued a letter on December 28, 2016 requiring the Company to recall all the products from the market on which the Company availed the price increase. The Company, based on legal advice, believes that there are certain ambiguities in the Judgment and has filed an Appeal against the Judgement before the HCS in respect of which the HCS has notified to DRAP and Federation of Pakistan not to take any coercive action against the Company.

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	2017	2016
24. COST OF SALES		
Raw and packing materials consumed	14,931,984	13,280,953
Manufacturing charges to third parties	929,709	511,852
Stores and spares consumed	75,276	66,495
Salaries, wages and other benefits - note 24.1	2,095,189	1,767,905
Fuel and power	537,295	544,046
Rent, rates and taxes	4,502	5,297
Royalty and technical assistance fee	294,176	296,931
Insurance	110,691	136,457
Publication and subscriptions	765	5,991
Repairs and maintenance	354,453	270,645
Training expenses	1,900	3,740
Travelling and entertainment	19,064	28,603
Vehicle running	29,275	22,350
Depreciation	426,129	366,930
Provision for impairment on fixed assets - note 24.2	232,611	52,276
Provision / (reversal) of slow moving, obsolete and damaged stock-in-trade	149,765	(30,067)
Provision / (reversal) of slow moving and obsolete stores and spares	6,774	(10,843)
Provision for doubtful advances	2,295	-
Provision for doubtful sales tax refundables	18,883	-
Canteen expenses	97,125	93,740
Laboratory expenses	75,798	43,288
Communication and stationery	8,147	7,351
Security expenses	15,140	14,677
Stock written off	15,681	311,940
Stores and spares written off	2,358	-
Restructuring cost - note 24.3	243,759	13,651
Other expenses	74,295	45,096
	<u>20,753,039</u>	<u>17,849,304</u>
Opening stock of work-in-process	495,716	342,790
Closing stock of work-in-process	(566,707)	(495,716)
	<u>20,682,048</u>	<u>17,696,378</u>
Opening stock of finished goods	3,064,030	2,569,245
Purchase of finished goods	2,653,726	2,899,150
	<u>26,399,804</u>	<u>23,164,773</u>
Closing stock of finished goods	(2,304,420)	(3,064,030)
Cost of samples shown under selling, marketing and distribution expenses - sales promotion expenses	-	(1,681)
	<u>24,095,384</u>	<u>20,099,062</u>

24.1 Salaries, wages and other benefits include Rs. 50.70 million and Rs. 52.45 million (2016: Rs. 68.39 million and Rs. 45.91 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

24.2 This includes an impairment charge of Rs. 166.87 million recognised in respect of Hydrofluoroalkanes (HFA) manufacturing plant. This unit was acquired for the purpose of localising the product, however, due to development and commercialization of revised formulation of the product globally, this unit has been assessed as not feasible.

A part of related liability of Rs. 145.98 million representing the cost of plant which remained unpaid to an associated company has also been written back as other income.

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

Rupees '000	2017	2016
25. SELLING, MARKETING AND DISTRIBUTION EXPENSES		
Salaries, wages and other benefits - note 25.1	1,252,470	1,058,005
Sales promotion and symposiums - note 25.2	776,187	623,186
Advertising	28,904	59,205
Restructuring cost - note 24.3	52,141	19,015
Handling, freight and transportation	493,663	463,901
Travelling and entertainment	271,827	281,988
Depreciation	82,041	73,609
Vehicle running	74,723	65,321
Publication and subscriptions	37,155	39,051
Fuel and power	32,909	38,086
Communication	9,482	10,349
Provision for doubtful debts	100,442	18,696
Trade debts written off	7,690	-
Provision for doubtful deposits	5,766	-
Repairs and maintenance	37,041	24,208
Insurance	20,837	22,443
Printing and stationery	15,035	11,711
Security expenses	20,793	18,836
Rent, rates and taxes	847	306
Canteen expenses	3,941	2,159
Training expenses	382	10,540
Other expenses	32,691	34,179
	3,356,967	2,874,794
Less: Recovery of expenses - note 25.3	78,175	58,631
	3,278,792	2,816,163

25.1 Salaries, wages and other benefits include Rs. 40.67 million and Rs. 43.64 million (2016: Rs. 56.99 million and Rs. 37.45 million) in respect of defined benefit plans and contributory provident fund respectively.

25.2 This includes stocks of promotional materials destroyed due to fire at one of the third party warehousing facilities amounting to Rs. 111.96 million. The Company has filed an insurance claim which is in the process of being acknowledged by the insurance company.

25.3 These represent cost reimbursements from GSK CH and GlaxoSmithKline OTC (Private) Limited against various functions / services provided under cost sharing agreements.

Rupees '000	2017	2016
26. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits - note 26.1	636,521	562,879
Depreciation	73,045	83,563
Communication	5,054	1,596
Training expenses	4,391	2,990
Legal and professional charges	50,342	46,430
Travelling and entertainment	31,482	32,963
Repairs and maintenance	42,767	41,642
Printing and stationery	10,100	9,480
Auditors' remuneration - note 26.2	10,360	10,741
Provision for doubtful receivables	20,775	-
Vehicle running	16,377	19,409
Security expenses	39,448	38,599
Publication and subscriptions	10,205	16,302
Rent, rates and taxes	6,683	7,925
Insurance	11,019	13,234
Canteen expenses	15,882	19,862
Restructuring cost	-	34,646
Other expenses	40,973	33,918
	1,025,424	976,179
Less: Recovery of expenses - note 25.2	42,638	31,978
	982,786	944,201

26.1 Salaries, wages and other benefits include Rs. 17.38 million and Rs. 15.55 million (2016: Rs. 17.19 million and Rs. 14.34 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

Rupees '000	2017	2016
26.2 Auditors' remuneration		
Audit fee	5,411	5,153
Fee for review of half yearly financial statements, special certifications and others	4,023	7,295
Out-of-pocket expenses	926	793
	10,360	13,241
Less: Fee for special audit in respect of Scheme of Arrangements	-	(2,500)
	10,360	10,741
27. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund - note 12.3	266,119	232,766
Workers' Welfare Fund	119,688	91,412
Central Research Fund	53,649	48,572
	439,456	372,750

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Rupees '000	2017	2016
28. OTHER INCOME		
Income from financial assets		
Return on Treasury Bills	31,095	34,038
Income on savings and deposit accounts	145,636	138,965
	176,731	173,003
Income from non-financial assets		
Gain on disposal of operating assets	37,939	18,435
Others		
Scrap sales	48,636	35,357
Insurance commission	20,968	35,169
Service fee on clinical trial studies	-	287
Liabilities no longer required written back	202,946	32,883
Exchange gain - net	-	66,947
Promotional allowance - note 28.1	537,124	389,442
Insurance claim recovery	-	280,033
Service fee - note 1.1	12,000	9,000
	1,036,344	1,040,556

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

Rupees '000	2017	2016
29. FINANCIAL CHARGES		
Exchange loss - net	71,835	-
Bank charges	16,447	19,032
	88,282	19,032
30. TAXATION		
Current		
- for the year	1,765,394	1,498,606
- for prior year - note 30.1	169,000	212,131
Deferred	(36,214)	(2,768)
	1,898,180	1,707,969

30.1 This includes prior year charge of super tax amounting to Rs. 159 million (2016: Rs. 105.8 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	2017	2016
30.2 Relationship between tax expense and accounting profit		
Profit before taxation including profit from discontinued operations	4,882,929	4,540,070
Applicable tax rate	30%	31%
Tax calculated at applicable tax rate	1,464,879	1,407,422
Impact of taxability at different rate and Final Tax Regime	341,359	310,086
Effect of prior year charge	169,000	212,131
Effect of tax credits	(110,377)	(60,530)
Effect of exempt income	-	-
Effect of change in tax rate	-	(92,707)
Tax effect of other than temporary differences	37,045	1,483
	<u>1,901,906</u>	<u>1,777,885</u>
31. EARNINGS / (LOSS) PER SHARE		
Profit after taxation from continuing operations	3,027,234	2,644,912
(Loss) / profit after taxation from discontinued operations	(46,211)	117,273
Weighted average number of outstanding shares (in thousand)	318,467	318,467
Earnings per share - continuing operations	Rs. 9.51	Rs. 8.31
(Loss) / earnings per share - discontinued operations	Re.(0.15)	Re. 0.37
Earnings per share - basic	<u>Rs. 9.36</u>	<u>Rs. 8.68</u>

31.1 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2016 and 2017 which would have any effect on the earnings per share if the option to convert is exercised.

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Rupees '000	2017	2016
32. CASH GENERATED FROM OPERATIONS INCLUDING DISCONTINUED OPERATIONS		
Profit before taxation	4,882,929	4,540,070
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	860,318	579,022
Gain on disposal of operating assets	(37,939)	(18,435)
Interest income	(176,731)	(173,003)
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	165,446	281,873
Provision for slow moving and obsolete stores and spares	9,132	(10,843)
Provision for doubtful debts	100,442	18,696
Provision for doubtful advances	2,295	-
Provision for doubtful receivables	20,775	-
Provision for staff retirement benefits	108,748	153,232
	1,052,486	830,542
Profit before working capital changes	5,935,415	5,370,612
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(27,708)	(31,630)
Stock-in-trade	(616,025)	(622,952)
Trade debts	(1,932,732)	(262,058)
Loans and advances	(277,758)	204,457
Trade deposits and prepayments	2,415	(11,112)
Refunds due from Government	24,065	54,947
Other receivables	76,344	(127,698)
	(2,751,399)	(796,046)
Increase in current liabilities		
Trade and other payables	586,048	601,225
Provisions	219,032	5,626
	(1,946,319)	(189,195)
	3,989,096	5,181,417
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 14	1,818,900	3,515,638
Held-to-maturity investments - note 13	348,810	793,873
	2,167,710	4,309,511

34. SEGMENT INFORMATION

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

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

(Rupees '000)	Chief Executive		Director		Executives	
	2017	2016	2017	2016	2017	2016
Managerial remuneration	14,877	13,524	6,680	6,159	685,949	545,427
Bonus - note 35.1	19,938	15,303	4,949	4,262	214,507	153,796
Retirement benefits *	2,870	2,609	1,289	1,188	121,775	94,411
House rent	6,694	8,737	3,006	2,771	284,048	220,245
Utilities	1,488	1,352	668	616	63,122	48,937
Medical expenses	60	76	16	65	35,675	27,441
Others	1,103	3,947	1,465	1,346	174,919	178,805
	<u>47,030</u>	<u>45,548</u>	<u>18,073</u>	<u>16,407</u>	<u>1,579,995</u>	<u>1,269,062</u>
Number of person (s)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>579</u>	<u>452</u>

* 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. 71.11 million (2016: Rs. 53.37 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 (2016: two) non-executive Directors during the year amounted to Rs. 900 thousand (2016: Rs. 750 thousand).

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

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36. TRANSACTIONS WITH RELATED PARTIES

Rupees '000		2017	2016
Relationship	Nature of transactions		
Holding Company:	Dividend paid	2,438,665	980,722
Associated companies / undertakings:	a. Purchase of goods	5,340,504	5,322,708
	b. Purchase of fixed assets	-	129,712
	c. Sale of goods	4,157,492	2,613,014
	d. Royalty expense charged	279,366	284,110
	e. Recovery of expenses	120,813	95,994
	f. Service fee on clinical trial studies	-	287
	g. Service fee	12,000	9,000
	h. Sales as an agent of GSK CH	6,221,359	3,855,254
	i. Promotional allowance	537,124	389,442
Staff retirement funds:	a. Expense charged for retirement benefit plans	220,391	252,930
	b. Payments to retirement benefit plans	140,837	162,852
Key management personnel:	a. Salaries and other employee benefits	188,188	177,156
	b. Post employment benefits	13,873	13,872
	c. Sale of assets - sales proceeds	6,617	11,616

36.1 Balances of related parties as at December 31, 2017 are included in the respective notes to the financial statements. These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

37. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS

The facility for running finance available from a bank amounted to Rs. 100 million (2016: Rs. 100 million). Rate of mark-up is three month KIBOR plus 1.25% (2016: 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, 2017 amounted to Rs. 2.1 billion (2016: Rs. 2.1 billion) of which unutilised balances at the year end amounted to Rs. 1.14 billion (2016: Rs. 1.10 billion).

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial assets and liabilities

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

Rupees '000	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Financial assets							
Loans and Receivables							
Loans to employees	773	702	1,475	50,558	90,721	141,279	142,754
Advances and deposits	-	-	-	230,261	22,204	252,465	252,465
Trade debts	-	-	-	2,362,703	-	2,362,703	2,362,703
Interest accrued	-	-	-	3,182	-	3,182	3,182
Other receivables	-	-	-	236,444	-	236,444	236,444
Cash and bank balances	1,713,306	-	1,713,306	105,594	-	105,594	1,818,900
Held-to-maturity investments	348,810	-	348,810	-	-	-	348,810
December 31, 2017	2,062,889	702	2,063,591	2,988,742	112,925	3,101,667	5,165,258
December 31, 2016	4,104,422	69	4,104,491	1,332,989	71,255	1,404,244	5,508,735
Financial liabilities							
Trade and other payables	-	-	-	6,033,412	-	6,033,412	6,033,412
December 31, 2017	-	-	-	6,033,412	-	6,033,412	6,033,412
December 31, 2016	-	-	-	5,760,986	-	5,760,986	5,760,986
On balance sheet gap							
December 31, 2017	2,062,889	702	2,063,591	(3,044,670)	112,925	(2,931,745)	(868,154)
December 31, 2016	4,104,422	69	4,104,491	(4,427,997)	71,255	(4,356,742)	(252,251)

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, 2017 the Company does not have any borrowings. Further, the entire interest bearing financial assets of Rs. 2.06 billion (2016: Rs. 4.1 billion) are on fixed interest rates, hence management believes that the Company is not exposed to interest rate changes.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

(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, 2017 amount to Rs. 1.41 billion (2016: Rs. 1.65 billion). The liability is mainly denominated in US Dollars. At December 31, 2017, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 70.6 million (2016: Rs. 82.45 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	2017	2016
Trade debts	2,362,703	530,413
Loans to employees, interest accrued and other receivables	382,380	555,292
Advances and deposits	252,465	100,224
Held-to-maturity investments	348,810	793,873
Bank balances	1,818,690	3,512,068
	<u>5,165,048</u>	<u>5,491,870</u>

Trade debts of the Company are not exposed to significant credit risk as the Company trades with credit worthy third parties. Trade debts of Rs. 1.1 billion (2016: Rs. 261.80 million) are past due of which Rs. 185.23 million (2016: Rs. 84.79 million) have been impaired. Past due but not impaired balances include Rs. 656.47 million (2016: Rs. 113.51 million) outstanding for more than three months.

Loans to employees are secured against their retirement benefits.

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

(c) Liquidity risk

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

39. PROVIDENT FUND RELATED DISCLOSURES

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

Rupees '000	2017	2016
Size of the Funds - Total assets	3,112,564	3,215,718
Fair value of investments	3,062,366	3,091,571
Percentage of investments made	98.39%	96.14%

39.1 The cost of the above investments amounted to Rs. 2,909.45 million (2016: Rs. 2,606.3 million).

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

	2017		2016	
	Rupees '000	Percentage	Rupees '000	Percentage
Government securities	2,011,946	65.70%	2,229,145	72.10%
Equity securities	565,830	18.48%	642,682	20.79%
Bank deposits	484,590	15.82%	219,744	7.11%
	3,062,366	100.00%	3,091,571	100.00%

39.3 The investments out of the Funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2017	2016
40. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at the end of year	2,119	2,041
Average number of employees including contractual employees during the year	2,071	2,074

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 February 27, 2018 proposed a cash dividend of Rs. 4 per share (2016: Rs. 6 per share) amounting to Rs. 1.27 billion (2016: Rs. 1.91 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 February 27, 2018


M. Azizul Huq
Chief Executive Officer


Abdul Samad
Chief Financial Officer


Mehmood Mandviwalla
Director

Pattern of Shareholding

FORM-34

NUMBER OF SHAREHOLDERS	SHARES HOLDING		TOTAL SHARES HELD
	From	To	
2497	1	100	85,133
1959	101	500	604,249
1416	501	1000	1,100,110
1602	1001	5000	3,972,673
411	5001	10000	3,064,723
162	10001	15000	2,018,532
82	15001	20000	1,452,486
63	20001	25000	1,435,789
46	25001	30000	1,282,207
20	30001	35000	661,393
20	35001	40000	756,683
14	40001	45000	587,477
9	45001	50000	422,999
15	50001	55000	794,764
6	55001	60000	348,190
5	60001	65000	307,005
5	65001	70000	336,173
10	70001	75000	733,327
3	75001	80000	238,000
6	80001	85000	496,883
3	85001	90000	266,549
7	90001	95000	645,782
4	95001	100000	394,046
4	105001	110000	435,276
1	110001	115000	110,800
1	115001	120000	115,500
1	120001	125000	122,987
1	125001	130000	125,191
1	130001	135000	130,100
1	140001	145000	140,002
2	145001	150000	300,000
1	150001	155000	151,365
1	155001	160000	156,300
1	160001	165000	164,300
1	165001	170000	170,000
2	175001	180000	357,911
2	180001	185000	362,975
1	185001	190000	189,500
1	190001	195000	191,719
1	195001	200000	200,000
1	225001	230000	227,000
1	235001	240000	235,100
1	240001	245000	244,538
1	255001	260000	255,500
1	275001	280000	278,700
1	295001	300000	300,000
1	300001	305000	302,580
1	320001	325000	321,099
1	325001	330000	330,000
1	350001	355000	352,000
1	370001	375000	374,500
1	465001	470000	467,600
1	500001	505000	500,900
1	640001	645000	642,800
1	730001	735000	732,700
1	845001	850000	846,818
1	1760001	1765000	1,764,000
1	3720001	3725000	3,721,808
1	8930001	8935000	8,934,056
1	9175001	9180000	9,176,686
1	263025001	263030000	263,029,794
8409			318,467,278

Categories of Shareholders

As at December 31, 2017

Sr. No.	Categories of Shareholders	Number of Shareholder	Shares Held	Percentage (%)	
1	Individuals	2,134	3,981,388	1.25	
2	Investment Companies	4	2,755	0.00	
3	Insurance Companies	1	1	0.00	
4	Joint Stock Companies	9	8,542	0.00	
5	Financial Institutions	2	6,038	0.00	
6	Associated Companies	1	263,029,794	82.59	
7	Central Depository Company (b)	6,254	51,395,748	16.14	
8	Others (see below)	4	43,012	0.01	
		8,409	318,467,278	100.00	
Others:					
i	5422	Mohsin Trust	1	26,452	0.01
ii	3570	The Al-Malik Charitable Trust	1	704	0.00
iii	3195	The Punjabi Saudagar Multipurpose Co-Op Soc Ltd	1	332	0.00
iv	5497	Anjuman Wazifa Sadat-O-Momineen Pakistan	1	15,524	0.00
		4	43,012	0.01	

(b) Categories of Account holders and Sub-Account holders as per Central Depository Company of Pakistan as at December 31, 2017

S.No.	Categories of Shareholders	Number of Shareholders	Shares Held	Percentage (%)	
1	Individuals	6,089	20,983,510	6.59	
2	Investment Companies	26	11,202,143	3.52	
3	Insurance Companies	10	9,763,249	3.07	
4	Joint Stock Companies	47	727,392	0.23	
5	Financial Institutions	11	5,300,950	1.66	
6	Modarabas	3	169,130	0.05	
7	Foreign Shareholders	11	887,519	0.28	
8	Others (see below)	57	2,361,855	0.74	
		6,254	51,395,748	16.14	
Others:					
1	00695-10718	Trustee Pak Tobacco Co Ltd Staff Def Contri Pen Fd (1384-1)	1	9,700	0.00
2	00695-10759	Trustee Pak Tobacco Co Ltd Staff Pension Fund [1390-2]	1	156,300	0.05
3	00695-14108	Trustee-Shell Pakistan Dc Pension Fund	1	51,700	0.02
4	00695-14132	Trustee-Shell Pakistan Management Staff Pension Fund	1	68,300	0.02
5	03277-78335	Trustee National Bank Of Pakistan Employees Pension Fund	1	846,818	0.27
6	12690-889	Trustees Engro Corp Ltd Mpt Employees Def Contr Pension Fund	1	40,700	0.01
7	13748-592	Trustee-Millat Tractors Ltd. Employees Pension Fund	1	7,900	0.00
8	13748-667	Trustee-The Kot Addu Power Co. Ltd. Employees Pension Fund	1	3,700	0.00
9	00547-8693	Unilever Pension Plan	1	4,450	0.00
10	00695-14116	Trustee-Shell Pakistan Staff Pension Fund	1	965	0.00
11	00547-8651	Unilever Pakistan Limited Non-Management Staff Gratuity Fund	1	4,900	0.00
12	00547-8669	The Union Pakistan Provident Fund	1	74,600	0.02
13	00547-6432	Trustee - Ibm Italia S.p.a. Pakistan Employees Gratuity Fund	1	580	0.00
14	00547-6457	Trustee - Ibm Semea Employees Provident Fund	1	19,700	0.01
15	00547-8701	Trustee-Rafhan Best Foods Employees Provident Fund	1	10,300	0.00

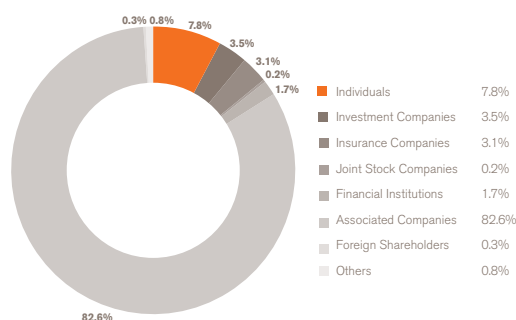
Categories of Shareholders

S.No.	Categories of Shareholders	Number of Shareholders	Shares Held	Percentage (%)
16	00695-10684 Trustee Pak Tobacco Co. Ltd Management Prov Fund (1386-2)	1	23,600	0.01
17	00695-10692 Trustee Pak Tobacco Co. Ltd Employees Provident Fund(1385-5)	1	17,700	0.01
18	00695-10700 Trustee Pak Tobacco Co Ltd Employees Gratuity Fund(1383-4)	1	35,400	0.01
19	00695-14066 Trustee-Shell Pakistan Management Staff Provident Fund	1	33,600	0.01
20	00695-14074 Trustee-Shell Pakistan Management Staff Gratuity Fund	1	11,350	0.00
21	00695-14082 Trustee-Shell Pakistan Labour & Clerical Staff Gratuity Fund	1	5,200	0.00
22	00695-14090 Trustee-Shell Pakistan Labour Provident Fund	1	6,700	0.00
23	03277-2102 The Aga Khan University Foundation	1	21,710	0.01
24	03277-3397 Pakistan Memon Educational & Welfare Soc	1	23,125	0.01
25	03277-6164 Trustees Kandawalla Trust	1	68,360	0.02
26	03277-7421 Trustees Saeeda Amin Wakf	1	92,500	0.03
27	03277-7633 Trustees Mohamad Amin Wakf Estate	1	189,500	0.06
28	03277-12637 Trustees Lotte Chemical Pakistan Mngt Staff Gratuity Fund	1	9,700	0.00
29	03277-13122 Mang.com.karachi Zarhosti Banu Mandal	1	29,012	0.01
30	03277-14004 Trustees Lotte Chemical Pakistan Non Mgn Staff G.fund	1	210	0.00
31	03277-14005 Trustees Lotte Chemical Pakistan Mng Staff Provident Fund	1	16,000	0.01
32	03277-18596 Trustees Of Aminia Muslim Girls School	1	33,000	0.01
33	03277-19048 Trustees Lotte Chemical Pakistan Mgt.staff Def. Cont. S.fund	1	13,850	0.00
34	03277-45148 Trustees Mrs.khorshed H.dinshaw &Mr.hoshang N.e.dinshaw C.tr	1	54,239	0.02
35	03277-47336 Trustees D.n.e. Dinshaw Charity Trust	1	73,610	0.02
36	03277-69336 Ribat-Ul-Ulum-Il-Islamiyah	1	1,000	0.00
37	03277-74694 Trustees Of Magnus Investment Advisors Ltd. Empl. Prov. Fund	1	520	0.00
38	03277-76863 Trustees Of Pakistan Refinery Ltd Manag. Staff Gratuity Fund	1	2,400	0.00
39	03277-76866 Trustees Of Pakistan Refinery Ltd Provident Fund	1	19,700	0.01
40	03277-82127 Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	29,713	0.01
41	03525-28788 Trustees D.g.khan Cement Co.ltd.emp. Pf	1	52,000	0.02
42	04895-6494 The Al-Malik Charitable Trust	1	3,453	0.00
43	11387-31107 Trustee Abdul Shakoor Haji Hussain	1	70	0.00
44	12690-509 Trustees International Indust. Ltd Employees Provident Fund	1	23,500	0.01
45	12690-517 Trustees International Indust. Ltd Employees Gratuity Fund	1	26,200	0.01
46	12690-533 Trustees International Steels Ltd Employees Gratuity Fund	1	7,050	0.00
47	12690-541 Trustees International Steels Ltd Employees Provident Fund	1	7,600	0.00
48	03277-82969 Trustee Momin Adamjee Welfare Trust	1	400	0.00
49	04424-2648 Begum Aisha Ahmed And Latif Bawany Foundation	1	10,000	0.00
50	12690-897 Trustees Habib High School Trust	1	11,850	0.00
51	12690-905 Trustees Habib Girls School Trust	1	6,400	0.00
52	13748-691 Akhuwat	1	1,100	0.00
53	00547-8719 Trustee-Rafhan Best Foods Limited Employees Gratuity Fund	1	1,520	0.00
54	11544-5332 Trustee - Greaves Pakistan (Pvt) Ltd. - Staff Gratuity Fund	1	1,000	0.00
55	12690-863 Trustees Engro Corporation Limited Gratuity Fund	1	14,200	0.00
56	12690-871 Trustees Engro Corp Ltd Mpt Employees Def Cont Gratuity Fund	1	81,700	0.03
57	12690-608 Trustees Maple Leaf Cement Factory Ltd Employees Prov Fund	1	1,500	0.00
		57	2,361,855	0.74

Categories of Shareholders

Categories of Shareholders	Shareholders	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.	1	263,029,794	82.59
Executives	6	5,047	0.00
Public Sector Companies and Corporations	10	13,163,170	4.13
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	48	6,153,896	1.93
Mutual Funds			
Cdc - Trustee Picic Investment Fund	1	255,500	0.08
Cdc - Trustee Picic Growth Fund	1	500,900	0.16
Cdc - Trustee First Dawood Mutual Fund	1	89,450	0.03
Cdc - Trustee Akd Index Tracker Fund	1	11,073	0.00
Cdc - Trustee Meezan Islamic Fund	1	816	0.00
Cdc - Trustee Nafa Stock Fund	1	2,000	0.00
Cdc - Trustee Kse Meezan Index Fund	1	90,434	0.03
Cdc - Trustee Piml Islamic Equity Fund	1	21,000	0.01
Cdc - Trustee National Investment (Unit) Trust	1	8,934,056	2.81
Cdc - Trustee Piml Value Equity Fund	1	20,000	0.01
Cdc - Trustee Nit Islamic Equity Fund	1	352,000	0.11
Cdc - Trustee Nafa Multi Asset Fund	1	34,500	0.01
Cdc - Trustee Dawood Islamic Fund	1	38,200	0.01
Cdc - Trustee Nafa Islamic Asset Allocation Fund	1	97,100	0.03
Cdc - Trustee Nit-Equity Market Opportunity Fund	1	178,500	0.06
Cdc - Trustee Nafa Islamic Stock Fund	1	278,700	0.09
Cdc - Trustee Nafa Islamic Active Allocation Equity Fund	1	83,400	0.03
Cdc - Trustee Akd Opportunity Fund	1	235,100	0.07
Cdc - Trustee Atlas Islamic Stock Fund	1	82,200	0.03
Cdc - Trustee Piml Asset Allocation Fund	1	20,500	0.01
Cdc - Trustee Meezan Asset Allocation Fund	1	600	0.00
Cdc-Trustee Nitipf Equity Sub-Fund	1	12,500	0.00
General Public			
a. Local	8149	21,016,944	6.60
b. Foreign	1	191,719	0.06
Foreign Companies	10	695,800	0.22
Others	160	2,868,506	0.90
Totals	8409	318,467,278	100.00
Share holders holding 5% or more			
S.R.one International B.v.		263,029,794	82.59

Categories of Shareholder



Notice of Annual General Meeting

Notice is hereby given that the 71st Annual General Meeting of GlaxoSmithKline Pakistan Limited will be held at Beach Luxury Hotel, Karachi at 11:00 a.m. on Tuesday, April 24, 2018 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, 2017.
2. To approve cash dividend.
3. To appoint External Auditors of the Company for the ensuing year and to fix their remuneration. The Board of Directors and the Audit Committee, has thus proposed the appointment of M/s. Deloitte Yousuf Adil, Chartered Accountants in place of retiring auditors A.F. Ferguson & Co. Chartered Accountants, for the year ending December 31, 2018.

ANY OTHER BUSINESS:

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

By Order of the Board

Karachi
April 03, 2018

SYED AZEEM ABBAS NAQVI
Company Secretary

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 Shahra-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 and therefore will be constrained under SECP Notification S.R.O. 1145(I)/2017 dated November 06, 2017 under section 242 and 243 of the Companies Act, 2017 to withhold the dispatch of dividend warrants of such shareholders to withhold the dispatch of dividend warrants of such shareholders.
2. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of Final Dividend from April 18, 2018 to April 24, 2018 (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, 2018 (Tuesday) will be treated in time for the purposes of entitlement to the transferees.
3. A member entitled to attend and vote at the Meeting may appoint another member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Office of the Share Registrar of the Company at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shahra-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. <http://www.pk.gsk.com> and send the said form duly filled in and signed along with copy of his / her / its CNIC / Passport to the Company's Share Registrar.

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

Annual Accounts of the Company for the year ended December 31, 2017 can be downloaded from the Company's website <http://www.pk.gsk.com>

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 2017 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 15% 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, 2018; 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. UNCLAIMED DIVIDEND / SHARES:

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Section 244(l)(a) of the ACT requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further SECP vide Direction No. 16 of 2017 issued on July 07, 2017 directed all listed Companies issued such notice to the members and submit statement of unclaimed shares or dividend or any other instruments which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017.

10. Consent for Video Conference Facility:

In accordance with Section 132(2) of the Companies Act, 2017, the Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 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

- 11.** Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website i.e. <http://www.pk.gsk.com> and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. Central Depository Company of Pakistan Limited, Shares Registrar Department, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shakra-e-Faisal Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.
- 12.** SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and Directors' report etc ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2017 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2017 may send a request using a Standard Request Form placed on Company website.

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

میں/ہم _____ کے _____ بطور ممبر، GlaxoSmithKline پاکستان لمیٹڈ
 عمومی شیئر/شیئرز کے مالک کی حیثیت سے برطانیہ رجسٹرڈ فولیو/CDCA کاؤنٹ نمبر _____
 بذریعہ بڈا ویڈیو کانفرنس منعقدہ بہ مقام _____ میں شرکت کرنا چاہتا/چاہتی ہوں/چاہتے ہیں۔

دستخط ممبر

(11) کمپنیز ایکٹ 2017 کے سیکشن 242 کی دفعات کے تحت لسٹڈ کمپنی کے لیے یہ ضروری قرار دیا گیا ہے کہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ، صرف الیکٹرانک ذریعے سے براہ راست شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں جمع کر کے ادا کیا جائے۔ اپنے بینک اکاؤنٹ میں منافع منقسمہ، براہ راست حاصل کرنے کے لیے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ، الیکٹرانک کریڈٹ مینڈیٹ فارم پُر کریں جو کہ کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر دستیاب ہے۔ فزیکل شیئرز رکھنے کی صورت میں دستخط شدہ فارم اپنے CNIC کی نقل کے ہمراہ کمپنی کے شیئرز رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، شیئرز رجسٹرار ڈپارٹمنٹ، CDC ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس سوسائٹی، مین شاہراہ فیصل، کراچی پر ارسال کریں۔ اگر شیئرز CDC میں موجود ہوں تو الیکٹرانک کریڈٹ مینڈیٹ فارم براہ راست شیئر ہولڈرز کے بروکر/شریک کار/CDC کاؤنٹ سروسز میں جمع کروایا جائے۔

(12) SECP اپنے مورخہ 31 مئی 2016 کے SRO 470(1)/2016 کے ذریعے کمپنیوں کو یہ اجازت فراہم کر چکا ہے کہ اپنے ممبرز کو سالانہ بیننس شیڈ، پرافٹ اینڈ لوس اکاؤنٹ، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ ("سالانہ آڈیٹرز اکاؤنٹس") بذریعہ CD/DVD/USB، ان کے رجسٹرڈ پتوں پر ارسال کی جائیں۔ درج بالا نکات کے تناظر میں، کمپنی نے اپنی سالانہ رپورٹ 2017 اپنے شیئر ہولڈرز کو CD کی شکل میں ارسال کر دی ہے۔ وہ ممبر جو سالانہ رپورٹ 2017 کی طبع شدہ نقل حاصل کرنے کے خواہشمند ہوں، کمپنی کی ویب سائٹ پر موجود اسٹینڈرڈ درخواست فارم کو استعمال کرتے ہوئے اپنی درخواست بھیج سکتے ہیں۔

(8) منافع منقسمہ کی آمدنی پر کوئی ٹیکس پر نظر ثانی:

برائے مہربانی مزید نوٹ کیجیے کہ آمدنی ٹیکس آرڈیننس 2001 کے سیکشن 150 اور مالیاتی ایکٹ 2017 کے تحت 'فاکٹر' اور 'غیر فاکٹر' شیئرز ہولڈرز کے لیے منافع منقسمہ کی آمدنی پر وہ ہولڈنگ ٹیکس کی کوئی باترتیب 15 فیصد اور 20 فیصد ہوگی۔ فیڈرل بورڈ آف ریونیو (FBR) سے حاصل شدہ وضاحت کے مطابق، پرنسپل شیئر ہولڈر اور جو انٹ شیئر ہولڈر کی فاکٹر یا نان فاکٹر حیثیت کے اعتبار سے ان پر وہ ہولڈنگ ٹیکس عائد کیا جائے گا۔ جو انٹ شیئر ہولڈر پر ان کے شیئرز کے تناسب سے ٹیکس لاگو کیا جائے گا۔ اس حوالے سے، وہ تمام شیئر ہولڈرز جن کے شیئرز مشترکہ شیئر ہولڈرز کے ساتھ ہیں، سے درخواست کی جاتی ہے کہ وہ جو شیئرز رکھتے ہیں، ان کے بارے میں ہمارے شیئر رجسٹر اکو مندرجہ ذیل تحریری طریقہ کار کے ذریعے، پرنسپل شیئر ہولڈر اور مشترکہ ہولڈر/ ہولڈرز کے شیئرز کے ملکیتی تناسب فراہم کریں:

فولیو/ CDS اکاؤنٹ نمبر	مجموعی شیئرز	نام اور CNIC نمبر	پرنسپل شیئر ہولڈر	نام اور CNIC نمبر	مشترکہ شیئر ہولڈر
		شیئرز کا ملکیتی تناسب	شیئرز کا ملکیتی تناسب	نام اور CNIC نمبر	شیئرز کا ملکیتی تناسب
		(شیئرز کی تعداد)	(شیئرز کی تعداد)		(شیئرز کی تعداد)

نوٹس:

مطلوبہ معلومات ہمارے شیئر رجسٹر اکو 17 اپریل 2018 تک لازماً پہنچ جانی چاہئیں، بصورت دیگر یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور مشترکہ شیئر ہولڈر/ ہولڈرز دونوں مساوی شیئرز کے حامل ہیں۔

لہذا شیئر ہولڈرز سے گزارش کی جاتی ہے کہ ایف بی آر کی ویب سائٹ <http://www.fbr.gov.pk> پر موجود فعال ٹیکس ادا کنندگان کی فہرست (اے ٹی ایل) سے فاکٹر کی حیثیت کی جانچ پڑتال کریں اور اس بات کو یقینی بنائیں کہ ان کا CNIC / پاسپورٹ نمبر / سرمایہ کار اکاؤنٹ سروسز یا شیئر رجسٹر (فزیکل شیئرز کی ملکیت کی صورت میں) کی جانب سے ان کا اندراج کیا گیا ہے۔ کارپوریٹ اداروں (جو انفرادی شیئر ہولڈرز نہیں) کو یہ یقینی بنانا چاہیے کہ ان کے نام اور نیشنل ٹیکس نمبرز (NTN)، ایف بی آر کی ویب سائٹ پر اے ٹی ایل میں موجود ہیں اور متعلقہ شریک / سرمایہ کار اکاؤنٹ سروسز یا فزیکل شیئرز کی ملکیت کی صورت میں کمپنی کے شیئر رجسٹر کی جانب سے درج شدہ ہیں۔

(9) غیر دعویٰ شدہ منافع منقسمہ / شیئرز:

کمپنیز ایکٹ 2017 کے سیکشن 244 کے مطابق، کمپنی کے جاری کردہ کوئی بھی شیئر یا اعلان کردہ منافع منقسمہ، جو اپنی واجب الادا تاریخ سے تین سال کی مدت تک غیر دعویٰ شدہ یا ناقابل ادارہ ہیں تو اس صورت میں کمپنی ایکٹ 2017 کے تحت کارروائی مکمل کرنے کے بعد وفاقی حکومت کے سپرد کر دیے جائیں گے۔ ایکٹ کے (1) 244، کمپنی سے تقاضہ کرتا ہے کہ وہ ممبرز کو کمپنی میں اپنے دعوے جمع کروانے کے لیے 90 دن کا نوٹس دے۔ مزید برآں SECP کی 7 جولائی 2017 کو جاری کردہ ہدایت نمبر 16 از 2017 کے تحت تمام لسٹڈ کمپنیوں کو ہدایت کی گئی کہ وہ ایسے نوٹس اراکین کو جاری کریں اور غیر دعویٰ شدہ شیئرز یا منافع منقسمہ یا کوئی بھی دیگر اثاثے جن کا واجب الادا تاریخ سے تین سال تک کوئی دعویٰ نہ کیا گیا ہو یا غیر ادا شدہ ہوں اور 30 مئی 2017 کو واجب الادا ہوں کی اسٹیٹمنٹ جمع کروائیں۔

(10) ویڈیو کانفرنس کی سہولت کے لیے رضامندی:

کمپنیز ایکٹ 2017 کے سیکشن (2) 132 کے تحت، ممبرز، لاہور اور اسلام آباد میں ویڈیو کانفرنس کی سہولت سے مستفید ہو سکتے ہیں۔ اس کو مد نظر رکھتے ہوئے، براہ مہربانی نیچے موجود فارم پُر کریں اور کمپنی کے رجسٹرڈ پتہ پر سالانہ اجلاس عام سے 10 دن پہلے ارسال کریں۔

اگر کمپنی کو مجموعی طور پر کسی جغرافیائی علاقے میں رہائش پذیر 10 فیصد یا اس سے زائد شیئرز کے مالک ممبرز کی جانب سے ویڈیو کانفرنس کے ذریعے اجلاس میں شمولیت کے لیے کم از کم 10 دن پہلے رضامندی موصول ہو جائے تو کمپنی اس شہر میں ممبر سہولیات کے مطابق اس شہر میں ویڈیو کانفرنس کا انعقاد کرے گی۔

(4) شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر پتوں میں کوئی تبدیلی ہو تو کمپنی کو ضرور آگاہ کریں۔

(5) CDC کے اکاؤنٹ ہولڈرز کو مندرجہ ذیل ہدایات پر بھی عمل کرنا ہوگا جو کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ مراسلہ نمبر 1 برائے سال 2000 مورخہ 26 جنوری 2000 میں درج ہیں۔

.A اجلاس میں شرکت کے لیے:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن ضابطے کے مطابق اپ لوڈ کی گئی ہو، اجلاس میں شرکت کے وقت اپنا کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت کرائیں گے۔

(ii) کارپوریٹ ادارے کی صورت میں، اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد شدہ شخص کے نمونہ دستخط (اگر پہلے فراہم نہ کیے گئے ہوں) پیش کیے جائیں گے۔

.B پراسیسز مقرر کرنے کے لیے:

(i) فرد واحد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن ضابطے کے مطابق اپ لوڈ کی گئی ہو، پراسیس فارم مندرجہ بالا شرائط کے مطابق جمع کرائیں گے۔

(ii) پراسیس فارم پر دو افراد بطور گواہ دستخط کریں گے، جن کے نام، پتے اور CNIC نمبرز فارم پر درج کیے جائیں گے۔

(iii) بینیفیشیل اونرز اور پراسیس کی CNIC یا پاسپورٹ کی تصدیق شدہ نقول، پراسیس فارم کے ساتھ مہیا کی جائیں گی۔

(iv) پراسیس، اجلاس کے وقت اپنا اصل CNIC یا پاسپورٹ مہیا کرے گا/گی۔

(v) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد شدہ سترہ شخص کے نمونہ دستخط (اگر پہلے فراہم نہ کیے گئے ہوں)، پراسیس فارم کے ہمراہ کمپنی میں جمع کروائے جائیں گے۔

(6) فزیکل شیئرز کے حامل شیئر ہولڈرز کو اپنا اصل CNIC اور/یا پراسیس کے حامل ممبران کے سی این آئی سی کی کاپی ہمراہ لانی ہوگی ورنہ حصص یافتگان کو سالانہ اجلاس عام میں شرکت کرنے اور/یا شیئر ہولڈرز/ممبرز کے رجسٹر پر دستخط کرنے کی اجازت نہیں دی جائے گی۔

(7) سالانہ مالی گوشواروں کی بذریعہ ای میل ترسیل:

SECP کی جانب سے مورخہ 8 ستمبر 2014 کے SRO 787 (1)/2014 کے تحت دی گئیں ہدایات کے مطابق، ایسے شیئر ہولڈرز جو سالانہ مالیاتی گوشوارے مستقبل میں ڈاک کے بجائے ای میل کے ذریعے وصول کرنے کے خواہشمند ہوں، انہیں ہدایت دی جاتی ہے کہ وہ اپنی باضابطہ رضامندی، مستند ای میل ایڈریس کے ہمراہ اسٹینڈرڈ درخواست فارم پر دیں، جو کہ کمپنی کی ویب سائٹ <http://www.pk.gsk.com> پر دستیاب ہے اور مذکورہ فارم باقاعدہ طور پر پُر کرنے کے بعد اپنے دستخط اور، اپنے CNIC/پاسپورٹ کی کاپی کے ہمراہ کمپنی کے شیئر رجسٹرار کو ارسال کریں۔

برائے مہربانی یاد رکھیں کہ سالانہ مالیاتی گوشوارے ڈاک کے بجائے ای میل ایڈریس پر وصول کرنا آپ کی اختیار پر منحصر ہے، اگر آپ اس سہولت کو استعمال نہیں کرنا چاہتے تو اس نوٹس کو نظر انداز کر دیں۔ سالانہ مالیاتی گوشوارے آپ کے درج پتے پر معمول کے مطابق ارسال کر دیئے جائیں گے۔

کمپنی کے 31 دسمبر 2017 کو ختم شدہ سال کے سالانہ اکاؤنٹس کو کمپنی کی ویب سائٹ <http://www.pk.gsk.com> سے ڈاؤن لوڈ کیا جاسکتا ہے۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا، اطلاع دی جاتی ہے کہ درج ذیل امور کی انجام دہی کے لیے گلکسیو اسمتھ کلائن پاکستان لمیٹڈ کا 71 واں سالانہ اجلاس عام مورخہ 24 اپریل، 2018 بروز منگل، صبح 11:00 بجے پتھ لگژری ہوٹل، کراچی میں منعقد کیا جائے گا:

عمومی کاروباری امور:

- (1) 31 دسمبر 2017 کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ ساتھ آڈٹ شدہ اکاؤنٹس کی وصولی، ان پر غور و خوض اور نفاذ کرنا۔
- (2) منافع منقسمہ کی منظوری دینا۔
- (3) آئندہ سال کے لیے کمپنی کے ایکسٹرنل آڈیٹرز کی تقرری اور مشاہرے کا تعین کرنا۔ بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے 31 دسمبر، 2018 کو ختم شدہ سال کے لیے سبکدوش ہونے والے آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جگہ میسرز Deloitte یوسف عادل کی تقرری کی تجویز پیش کی ہے۔

دیگر کاروباری امور:

- (1) صدر اجلاس کی اجازت سے دیگر امور پر کارروائی عمل میں لانا۔

حسب الحکم بورڈ

سید عظیم عباس نقوی
کمپنی سیکرٹری

کراچی، 13 اپریل، 2018

نوٹس:

- (1) انفرادی اراکین جنہوں نے ابھی تک کمپنی کو اپنے مستند کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل جمع نہیں کروائی، انہیں دوبارہ درخواست کی جاتی ہے کہ اپنے CNIC (کی نقل) جلد از جلد کمپنی کے شیئر رجسٹرار کو سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، CDC ہاؤس، 99-B بلاک، ایس ایم سی ایچ ایس سوسائٹی، مین شاہراہ فیصل، کراچی پر ارسال کریں۔ کارپوریٹ اداروں سے درخواست ہے کہ وہ CNIC کی نقل کے ساتھ ساتھ اپنے پیشکش ٹیکس نمبر (این ٹی این) اور فوئیو نمبر فراہم کریں۔ مستند قومی شناختی کارڈ موصول نہ ہونے کی صورت میں کمپنی 2012/831(1) SRO مورخہ 5 جولائی، 2012 کے تسلسل میں SRO 19(1)/2014 مورخہ 10 جنوری، 2014 پر عملدرآمد کرنے سے قاصر ہوگی اور اس وجہ سے ایس ای سی پی کے حکم نامہ SRO 1145(1)/2017 مورخہ 6 نومبر 2017 اور کمپنیز ایکٹ 2017 کے سیکشن 242 اور 243 کے تحت اس بات پر مجبور ہوگی کہ شیئر ہولڈرز کے ڈیوڈنڈ وائٹس کی ترسیل روک دے۔
- (2) کمپنی کے شیئر ڈرائنگ کرنے کی بکس حتمی منافع منقسمہ کی ادائیگی کے استحقاقی تعین کے مقصد کے لیے 18 اپریل، 2018 سے 24 اپریل، 2018 (بشمول دونوں ایام) بند رہیں گی۔ جوڈانسفرز، کمپنی کے شیئر رجسٹرار سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، CDC ہاؤس، 99-B بلاک، ایس ایم سی ایچ ایس سوسائٹی، مین شاہراہ فیصل، کراچی میں 17 اپریل 2018 (بروز منگل) کو کاروباری اوقات ختم ہونے سے قبل موصول ہوں گے ٹرانسفر کنندگان کے استحقاق کے مقصد کے لیے بروقت موصول شدہ تصور کیے جائیں گے۔
- (3) اجلاس میں شرکت اور ووٹ دینے کا حقدار ممبر، کسی دوسرے ممبر کو اجلاس میں شرکت، بولنے اور ووٹ دینے کے لئے تخریری طور پر کسی مقرر کر سکتا ہے پراسی کے تقرری کی اطلاع کمپنی کے شیئر رجسٹرار کے دفتر سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، CDC ہاؤس، 99-B بلاک، ایس ایم سی ایچ ایس سوسائٹی، مین شاہراہ فیصل، کراچی، میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل، لازمی جمع کرادی جائے۔

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 نمائندگی (پراسی)

گلیکسو اسمتھ کلائن پاکستان لمیٹڈ

میں/ہم _____ از _____، بحیثیت رکن گلیکسو اسمتھ کلائن پاکستان لمیٹڈ،
مالک _____ عمومی شیئرز، بذریعہ بلڈا _____ از _____ کو کمپنی کے دوسرے
رکن کے طور پر مقرر کرتا/کرتی ہوں/کرتے ہیں اور ان کی غیر موجودگی میں
اپنی غیر حاضری کی صورت میں موقع پر موجود ہونے اور ووٹ دینے اور میری/ہماری نمائندگی کرنے اور میری/ہماری جانب سے کمپنی کے سالانہ اجلاس عام، منعقدہ بیچ لکٹری ہوٹل، کراچی، بروز منگل، مورخہ
124 اپریل، 2018: 11:00 بجے یا اتوار کی صورت میں کسی اور وقت منعقد ہونے والے اجلاس عام میں شرکت کے لیے مقرر کرتا/کرتی ہوں/کرتے ہیں۔

(مہینے کا) دن _____ مہینہ _____ 2018 کو میری/ہماری تحریر اور دستخط/دستخطوں کے ساتھ۔



درج ذیل کی موجودگی میں دستخط کیے گئے:

(گواہ نمبر 1 کے دستخط)
گواہ کا نام:

(گواہ نمبر 2 کے دستخط)
گواہ کا نام:

CNIC نمبر: _____
پتہ: _____

CNIC نمبر: _____
پتہ: _____

شیئر ہولڈر کے دستخط

(نام بڑے حروف میں)
فولیو نمبر

نوٹس:

- 1) رکن سے درخواست کی جاتی ہے کہ:
(a) اوپر نشاندہی کی گئی جگہ پر 10 روپے کار ریونیوٹ چسپاں کیا جائے؛
(b) ہو بہو وہی دستخط کیے جائیں جو کمپنی میں رجسٹرڈ ہیں؛
(c) اپنا فولیو نمبر درج کیا جائے۔

- 2) درج بالا نمائندگی کی تقرری کا عمل مکمل ہونے کے لیے ضروری ہے کہ نمائندہ بنانے جانے کی بدستور کمپنی کے شیئر رجسٹرار کے دفتر بہ مقام شیئر رجسٹرار ڈپارٹمنٹ، سینٹرل ڈپارٹمنٹ آف پاکستان لمیٹڈ، B-99، بلاک B، ایس ایم سی ایچ ایل، مین شاہراہ فیصل، کراچی پر اجلاس کا وقت شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جانی چاہئے۔
- 3) اس دستاویز پر برائے نمائندگی میں کسی بھی تبدیلی کی صورت میں اس پر زبردستی کے متفقہ دستخط ہونے چاہئیں۔
- 4) مشترکہ ہولڈرز ہونے کی صورت میں، سینئر فریق کا دیا گیا ووٹ، خواہ وہ خود سے یا اس کے نمائندے کی جانب سے دیا جائے، دیگر مشترکہ ہولڈرز کے مقابلے میں قبول کیا جائے گا، اور اس مقصد کے لیے سینئر ہونے کا تعین ارکان کے رجسٹر میں ناموں کی ترتیب سے کیا جائے گا۔
- 5) پراسی کمپنی کا رکن ہونا ضروری ہے۔

ICDC کا ووٹ ہولڈرز/کارپوریٹ اداروں کے لیے:

درج بالا کے علاوہ، درج ذیل لوازمات کی تکمیل بھی ضروری ہوگی:

- (i) فارم برائے نمائندگی پر دو افراد کی کوائٹی لی جانے کی جن کے نام، سہی اور CNIC نمبر فارم پر درج کیے جائیں گے۔
- (ii) مستفید ہونے والے مالکان اور نمائندے کی CNIC یا پاسپورٹ کی تصدیق شدہ نقل، فارم برائے نمائندگی کے ساتھ لازماً منسلک کی جائیں گی۔
- (iii) اجلاس کے وقت نمائندے کو اپنا اصل CNIC یا اصل پاسپورٹ لازماً پیش کرنا ہوگا۔
- (iv) کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد اختیار نامہ اور نمونے کے طور پر کیے گئے دستخط، فارم برائے نمائندگی کے ساتھ شیئر رجسٹرار کے پاس لازماً جمع کروانا ہوگا (اگر انہیں پہلے جمع نہ کروایا گیا ہو تو)۔



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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

Standard Request Form Circulation Of Annual Audited Accounts

The Company Secretary
GSK Pakistan Limited
35 Dockyard Road,
West Wharf, Karachi 74000,
Pakistan

Subject: Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Media

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) to its members/shareholders, along with the Notice of the Annual General Meeting (AGM) through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hard copy of Audited Annual Financial Statements along with a Notice of the AGM via e-mail, shall have to fill the below form and send us to Company address.

I/We hereby consent Option 1 or Option 2 to the above said SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me hard form instead Email/CD/DVD/USB or any others Electronic Media.

OPTION 1 – VIA EMAIL

Name of the Members/ Shareholders:	
CNIC /SNIC #:	
Folio / CDC Account Number:	
Valid Email Address (to receive Financial Statements along with Notice of General Meeting(s) instead of hard copy, CD/DVD/USB.):	

OPTION 2 – HARD COPY

Name of the Members/ Shareholders:	
CNIC /SNIC #:	
Folio / CDC Account Number:	
Address (to receive Financial Statements along with Notice of General Meeting(s) instead of CD/DVD/USB.):	

I/We hereby confirm that the above – mentioned information is correct and in case of any change therein, i/we will immediately intimate to the Company's Share Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

SHAREHOLDER SIGNATURE



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-  Jamapunji application for
mobile device



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Commission of Pakistan

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*Mobile apps are also available for download for android
and ios devices

بذریعہ ہذا، میں / ہم تصدیق کرتا / کرتی ہوں / کرتے ہیں کہ متذکرہ بالا معلومات درست ہیں اور ان میں کسی قسم کی تبدیلی ہونے کی صورت میں، میں / ہم فوری طور پر کمپنی کے رجسٹرار کو مطلع کروں گا / گی / کریں گے۔ میں / ہم اس بات کی بھی تصدیق کرتا / کرتی ہوں / کرتے ہیں کہ کمپنی کی سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس اور نوٹس برائے عمومی اجلاس / زائد اجلاس کی ترسیل میرے / ہمارے درج بالا پتے پر ترسیل کمپنیز ایکٹ، 2017 کے مطابق کی جائے گی۔

حصص مالک / شیئر ہولڈر کے دستخط

اسٹینڈرڈ درخواست فارم
سالانہ آڈٹ شدہ اکاؤنٹس کا مراسلہ

کمپنی بیکریٹری
GSK
35 ڈاکٹر ڈروڈ،
ویسٹ وہارف، کراچی 74000،
پاکستان

عنوان: سالانہ آڈٹ شدہ اکاؤنٹس کا مراسلہ بذریعہ ای میل / DVD/USB/CD یا دیگر ذرائع

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے بذریعہ SRO 787(1)/2014 مورخہ 8 ستمبر، 2014 اور SRO 470(1)/2016 مورخہ 31 مئی، 2016 دی جانے والی ہدایات کے بموجب، کمپنیوں کو اپنے سالانہ آڈٹ شدہ اکاؤنٹس (یعنی سالانہ بیلنس شیٹ اور پرافٹ اینڈ لوس اکاؤنٹس، جامع آمدنی کی اسٹیٹمنٹس، کیش فلوا اسٹیٹمنٹس، مالیاتی اسٹیٹمنٹس کے نوٹس، آڈیٹ اور ڈائریکٹرز کی رپورٹ) اپنے اراکین/حصص مالکان کو مع نوٹس برائے سالانہ عمومی اجلاس (AGM) بذریعہ ای میل / DVD/USB یا کسی اور برقی ذرائع سے ان کے رجسٹرڈ پتے پر ارسال کرنے کی اجازت دی گئی ہے۔

وہ حصص مالکان جو سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس کی دستاویزی نقل مع AGM کے نوٹس بذریعہ ای میل وصول کرنا چاہتے ہیں، انہیں درج ذیل فارم پُر کر کے کمپنی کے پتے پر روانہ کرنا ہوگا۔

میں/ہم سالانہ مالیاتی اسٹیٹمنٹس اور عمومی اجلاس/اجلاسوں کے نوٹس کے لیے متذکرہ بالا SROs کو بذریعہ ای میل / DVD/USB یا کسی اور الیکٹرانک ذریعے سے مجھے/ہمیں دستاویزی نقل میں ارسال کرنے کے لیے آپشن 1 یا آپشن 2 پر رضامند ہوں/ہیں۔

آپشن 1 - بذریعہ ای میل

اراکین/حصص مالکان کا نام:	
CNIC/SNIC نمبر:	
فولیو/ CDC اکاؤنٹ نمبر:	
درست ای میل ایڈریس، USB/DVD/CD کے بجائے مالیاتی اسٹیٹمنٹس مع نوٹس برائے عمومی اجلاس وصول کرنے کے لیے):	

آپشن 2 - دستاویزی نقل

اراکین/حصص مالکان کا نام:	
CNIC/SNIC نمبر:	
فولیو/ CDC اکاؤنٹ نمبر:	
درست ایڈریس، USB/DVD/CD کے بجائے مالیاتی اسٹیٹمنٹس مع نوٹس برائے عمومی اجلاس وصول کرنے کے لیے):	

E-Dividend Mandate Letter

To:

Date:

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs., _____, being a/the shareholder(s) of GlaxoSmithKline Pakistan Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours truly,

Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:

Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.

ای۔ ڈیویڈنڈ کا مینڈیٹ

برائے:

تاریخ:

عنوان: الیکٹرانک ذرائع سے ڈیویڈنڈ کی ادائیگی کے لیے بینک اکاؤنٹ کی تفصیلات

جناب عالی،

میں/ہم/میسرز، _____، گلکیسو اسمتھ کلائن پاکستان لمیٹڈ [بنام ”کمپنی“] کا شیئر ہولڈر/کے شیئر ہولڈرز ہونے کی حیثیت سے، بذریعہ ہذا، کمپنی کو یہ اختیار دیتا/ دیتی ہوں/ دیتے ہیں کہ کمپنی کی جانب سے اعلان کردہ کیش ڈیویڈنڈز کو براہ راست میرے/ ہمارے درج ذیل تفصیلات کے حامل بینک اکاؤنٹ میں جمع کروادیا جائے۔

(i) شیئر ہولڈر کی تفصیلات:	
شیئر ہولڈر کا نام	
CDC کی شریقی آئی ڈی اور ذیلی اکاؤنٹ نمبر / CDC IAS	
رابطہ نمبر (لینڈلائن اور موبائل نمبرز)	NTN/پاسپورٹ/ NICOP/CNIC نمبر (براہ مہربانی نقل منسلک کریں)
شیئر ہولڈر کا پتہ	
(ii) شیئر ہولڈر کے بینک اکاؤنٹ کی تفصیلات:	
بینک اکاؤنٹ کا نام	
IBAN (ذیل میں نوٹ 1 ملاحظہ کیجیے)	
بینک کا نام	
برانچ کا نام اور کوڈ نمبر	
برانچ کا پتہ	

اس بات کی تصدیق کی جاتی ہے کہ میری جانب سے فراہم کی گئیں درج بالا معلومات درست ہیں اور مستقبل میں ان معلومات میں کوئی بھی تبدیلی ہونے پر میں کمپنی کو فوری طور پر مطلع کروں گا/گی۔

آپ کا/کی مخلص،

شیئر ہولڈر کے دستخط

(کاروباری ادارے کی صورت میں براہ مہربانی کمپنی کی مہر ثبت کریں)

نوٹس:

- اپنے بینک اکاؤنٹ میں براہ راست رقم جمع کروانے کو ممکن بنانے کے لیے، براہ مہربانی اپنی متعلقہ برانچ سے رابطہ کر کے مکمل IBAN فراہم کریں۔
- یہ مراسلہ شیئر ہولڈر کے CDC اکاؤنٹ کو منظم رکھنے والی شریک/ CDC سرمایہ کار اکاؤنٹ سروسز کو لازماً ارسال کیا جانا چاہیے، تاکہ وہ کمپنی کی جانب سے وقتاً فوقتاً دی جانے والی ہدایات کے مطابق براہ راست کیش ڈیویڈنڈ اکاؤنٹ میں جمع کروانے کے لیے بینک اکاؤنٹ کی تفصیلات کو اپنے پاس محفوظ کر لیں۔

Glossary

TERM	DEFINITION	TERM	DEFINITION
AC	Additional Commissioner	IFRIC	Internal Financial Reporting Interpretation Committee
AHU	Air Handling Unit	IFRS	International Financial Reporting Standards
AO	Assessing Officer	IPR	Intellectual Property Rights
ATIR	Appellate Tribunal Inland Revenue	IR	Industrial Relations
CHC	Consumer Healthcare	IT	Information Technology
CIRA	Commissioner Of Inland Revenue (Appeals)	ITAT	Income Tax Appellate Tribunal
CIS	Commonwealth of Independent States	KIBOR	Karachi Interbank Offer Rate
CME	Continuing Medical Education	KOLs	Key Opinion Leaders
CNS	Central Nervous System	LGTM	Legal: Global Trademarks
CRM	Customer Relationship Management	LOC	Local Operating Company
CSR	Corporate Social Responsibility	MA	Medical Affairs
CTC	Commercial Trade Channel	MCM	Multi Channel Marketing
CTS	Cost To Serve	MEA	Middle East & Africa
DCIR	Deputy Commissioner Of Inland Revenue	MENA	Middle East & North Africa
EBIT	Earnings Before Interest And Taxation	MSL	Medical Scientific Liaison
EBIT	DA Earnings Before Interest, Taxation, Depreciation, And Amortization	NBV	Net Book Value
EHS	Environment, Health & Safety	NFEH	National Forum for Environment & Health
EMA	Emerging Market and Asia	NGO	Non-government Organization
EPI	Expanded Program on Immunisation	OCI	Other Comprehensive Income
EPS	Earnings Per Share	OTIF	On Time Full Inventory
EU	European Union	PMA	Pakistan Medical Association
FLP	Future Leaders Program	PMDC	Pakistan Medical & Dental Council
FPAP	Fire Protection Association of Pakistan	PSE	Pakistan Stock Exchange
FTSE	100 Financial Times Stock Exchange 100	QIP	Quality Improvement Plan
Index		QOMS	Quality Management System
GMS	Global Manufacturing & Supply	R&D	Research and Development.
GP's	General Practitioners	RMCB	Risk Management Governance and Compliance
GPS	Global Production System	RVGE	Rotavirus Gastroenteritis
GSK	GlaxoSmithKline	Rx	Pharma
GSKP	GlaxoSmithKline Pakistan	SWOT	Strengths, Weakness, Opportunities and Threats
GTP	Global Talent Programme	SDM	Service Delivery Model
HCP	Healthcare Professional	SKU	Stock Keeping Unit
HEM	High Efficiency Motors	SVP	Senior Vice President
HPV	Human Papillomavirus	TRA	Technical Risk Assessment
HR	Human Resources	VFD	Variable Frequency Drive
HSE	Health, Safety & Environment	VSD	Variable Speed Drive
HVAC	Heating, Ventilating & Air Conditioning	W&D	Warehousing & Distribution
IAS	International Accounting Standards	WHO	World Health Organization
IBP	Institute of Behavioural Psychology	ZAP	Zero Accident Promotion
ICAP	Institute of Chartered Accountants of Pakistan		
ICMAP	Institute Of Cost And Management Accountants Of Pakistan		
IFAC	International Federation of Accountants		



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