



CREATING A COLOURFUL TOMORROW



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As a socially responsible global healthcare company, we at GSK aspire to provide quality products that enable people to **DO MORE, FEEL BETTER, LIVE LONGER.**

Today, as society's expectations of healthcare companies are changing, demanding more for patients, we as a Company want to lead this change and stay true to the values that are the foundation of our business.

While we have made great strides to reshape the business by taking leadership positions in areas such as innovation, transparency, access and collaboration, our passion to serve the needs of our customers drives us to continually deliver products of value that touch millions of lives every day and create a colourful tomorrow.

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Board of Directors

Mr. Renaud Savary
Chairman

Mr. M. Salman Burney
Chief Executive

Mr. Husain Lawai
Independent Director

Mr. Mehmood Mandviwalla
Non-Executive Director

Mr. Dave Cooper
Non-Executive Director

Mr. Yahya Zakaria
Director Finance

Audit Committee

Mr. Husain Lawai
Chairman

Mr. Mehmood Mandviwalla
Member

Mr. Dave Cooper
Member

Mr Renaud Savary
Member

Human Resource & Remuneration Committee

Mr. Mehmood Mandviwalla
Chairman

Mr. Husain Lawai
Member

Mr. M. Salman Burney
Member

Mr. Renaud Savary
Member

Management Committee

Mr. M. Salman Burney
Chief Executive

Mr. Yahya Zakaria
Director Finance

Mr. Azeem A. Naqvi
Head of Legal

Mr. Sohail Matin
Country Manager - Consumer Healthcare

Ms. Pouruchisty Sidhwa
Director Human Resources

Dr. Khawar Saeed Khan
Director Medical Affairs

Dr. Naved Masoom Ali
Business Unit Head

Mr. Khalid Mehmood Sethi
Business Unit Head

Ms. Zainab Hameed
Head of IT

Mr. Syed Salman Haider
*Director Commercial Excellence
and Speciality Business Unit*

Company Secretary

Mr. Azeem A. Naqvi

Chief Financial Officer

Mr. Yahya Zakaria

Chief Internal Auditor

Ms. Ayesha Muharram

Bankers

Barclays Bank PLC Pakistan

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
Orr, Dignam & Co.
Rizvi, Isa, Afridi & Angell
Vellani & Vellani

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CORPORATE INFORMATION



OUR VISION, MISSION & VALUES

Our Vision

GSK's vision is inspiring:

“ The opportunity to make a difference to the millions of lives everyday ”

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

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

GSK follows its core values of respect for people, patient focused, transparency and integrity. We are proud of our commitment that enables us to enhance the quality of peoples' lives and helps us to provide them with quality products.

Our Mission

GSK's quest is to improve the quality of human life by enabling people to

“ Do more, feel better, live longer ”

At GSK our mission acts as an underlying principle to whatever we do. We follow a legacy of great science and innovative healthcare that provides people around the world with healthier and fulfilled lives, every single day.

Our Values

Respect for People

We believe that respecting each other is the key to progress and growth for our business, employees and customers. Our employment practices are designed to create a culture, in which all GSK employees feel valued, empowered and inspired to achieve our goals.

Patient Focused

Our commitment to our purpose of improving the lives of billions ensures that all our efforts, be it research, manufacturing or distribution are geared towards improving patient access to quality health solutions.

Transparency

As our business evolves to meet global challenges, so do our existing systems for which transparency is integral. By being transparent about what we do and how, we earn and build trust.

Integrity

Our guiding principles go beyond complying with legal and ethical regulations. Each member of the GSK family takes pride in doing what is right for the patients and consumers, placing them at the heart of every decision we make. In doing so, we demonstrate integrity in action, at every level, every day.



GSK EXPECTATIONS



Set direction and inspire



Work across boundaries



Release energy



Develop capability and talent



Drive performance



Live our values

Leadership Expectations

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

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

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

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

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

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

Individual Expectations

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

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

Engaging constructively with others and demonstrating a positive mindset

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

Holding yourself and others accountable for delivering quality results

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

STRATEGIC PRIORITIES

We are focused on the delivery of five strategic priorities to achieve our mission of helping people “Do more, feel better, live longer.”

Everyone at GSK has a role to play in delivering our strategic priorities:

Grow a diversified, global business

We are creating a more balanced business with a wider global reach and broad portfolio. This expands access to our products and produces sustainable growth for our shareholders.

Deliver more products of value

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

Create a culture of individual empowerment

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

Simplify the operating model

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

Building trust

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

COMPANY PROFILE & GROUP STRUCTURE

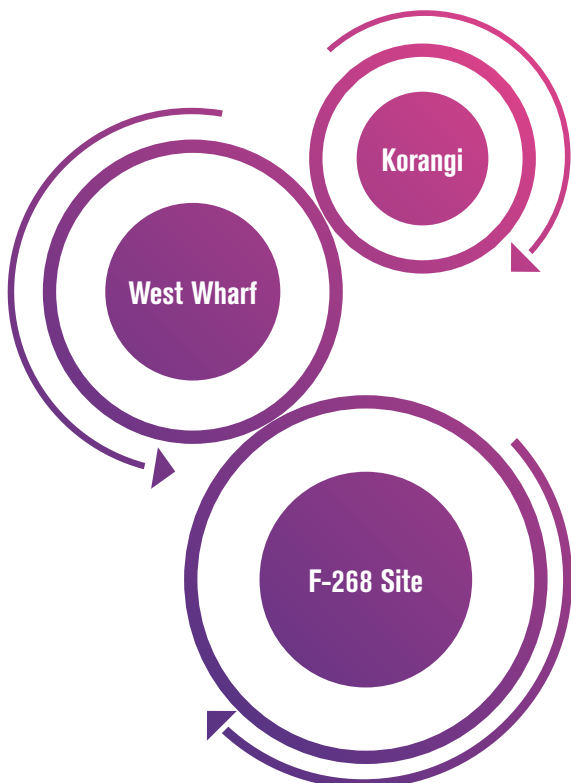
GSK Pakistan Profile

GlaxoSmithKline Pakistan Limited was created 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, 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 and renowned consumer healthcare brands, which include Panadol, Horlicks, Sensodyne and ENO. Prominent vaccines include Synflorix, Infanrix Hexa, Rotarix, Havrix and Priorix Tetra.



Today GSK Pakistan is highly successful business with 11% of the value and over 18% of the volume share. Major competitors are MNCs such as Abbott, Novartis, Pfizer, Sanofi Aventis and local companies like Getz and Sami. GSK Pakistan has built a competent commercial capability with a track record of successfully integrating the BMS, UCB, 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 Services (GMS), Pharma division and Consumer Health Care functions. Our Global Manufacturing Services (GMS) in Pakistan consists of three facilities:

GMS, West Wharf, Karachi

This manufacturing site is located on the sea shore close to the Karachi Port and city centre. The major manufacturing operations at this site are Dermatological products, Ointments and Creams, including a sterile facility for liquid ampoules. The West Wharf site also has a small unit for aerosols and spansules manufacturing. Over 77 Stock Keeping Units (SKUs) are manufactured here, with an annual volume of around 146.4 million packs. Major products manufactured at this site are Betnovate, Dermovate, Polyfax and Fefol Vit.

GMS, F-268, SITE Karachi

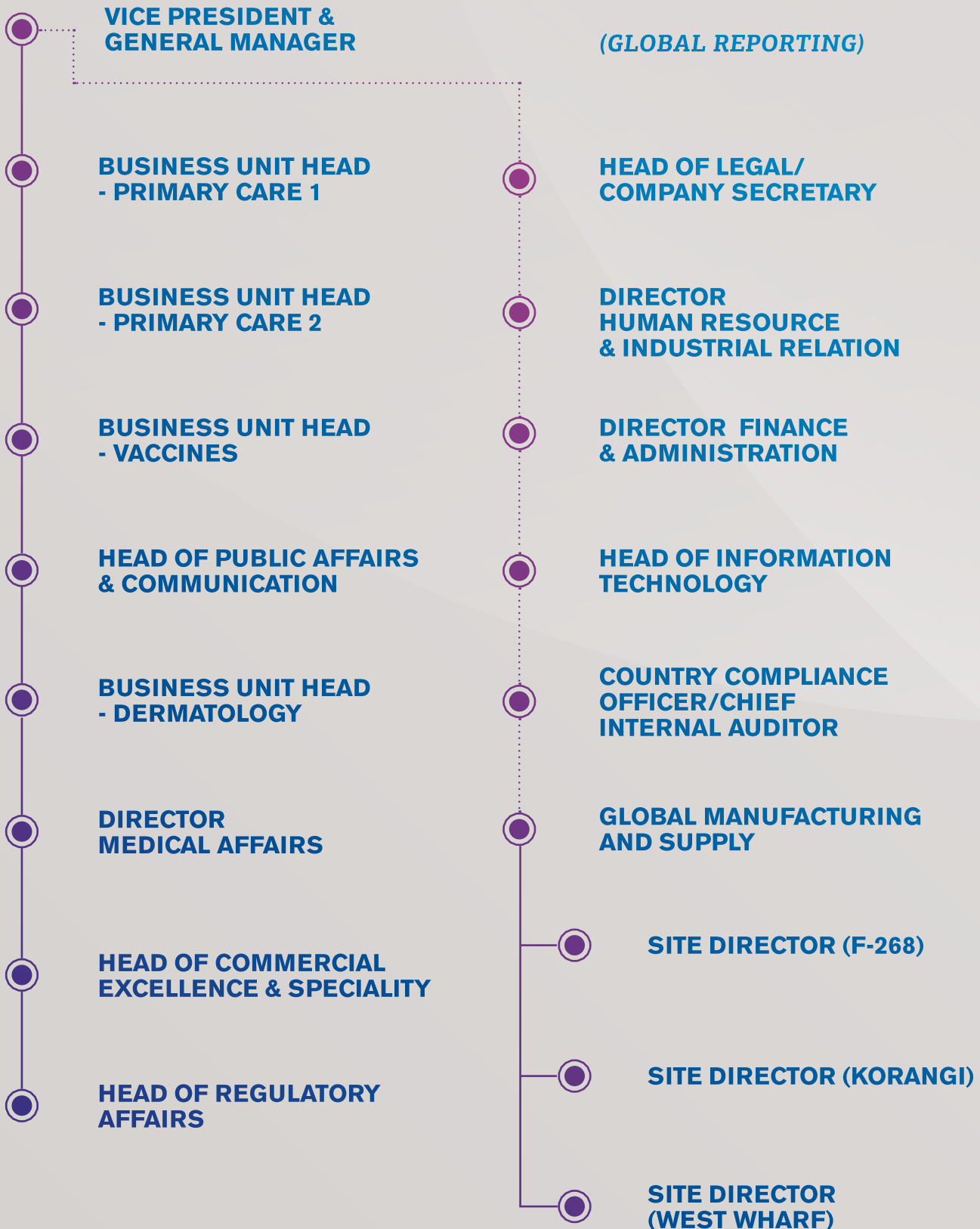
This site is located in the Sindh Industrial Trading Estate and is the biggest GMS site in Pakistan. It has three manufacturing blocks - Liquid Block, Tablets Block and a dedicated Penicillin Block. The site also has a small dedicated unit for Iodex Cream. Over 182 SKUs are manufactured at this site, with an annual volume of around 208 million packs. Major products manufactured at this site are Augmentin, Amoxil, Calpol, Zantac and Actifed.

GMS, Korangi, Karachi

Located in the Korangi Industrial State, this manufacturing site has a dedicated block for Cephalosporin, both orals and injectables, as well as a small unit for tablets. GMS Korangi manufactures around 103 SKUs and produces an annual volume of around 37 million packs. Major products manufactured at this site are Velosef, Ceprorex and Theragran Ultra.

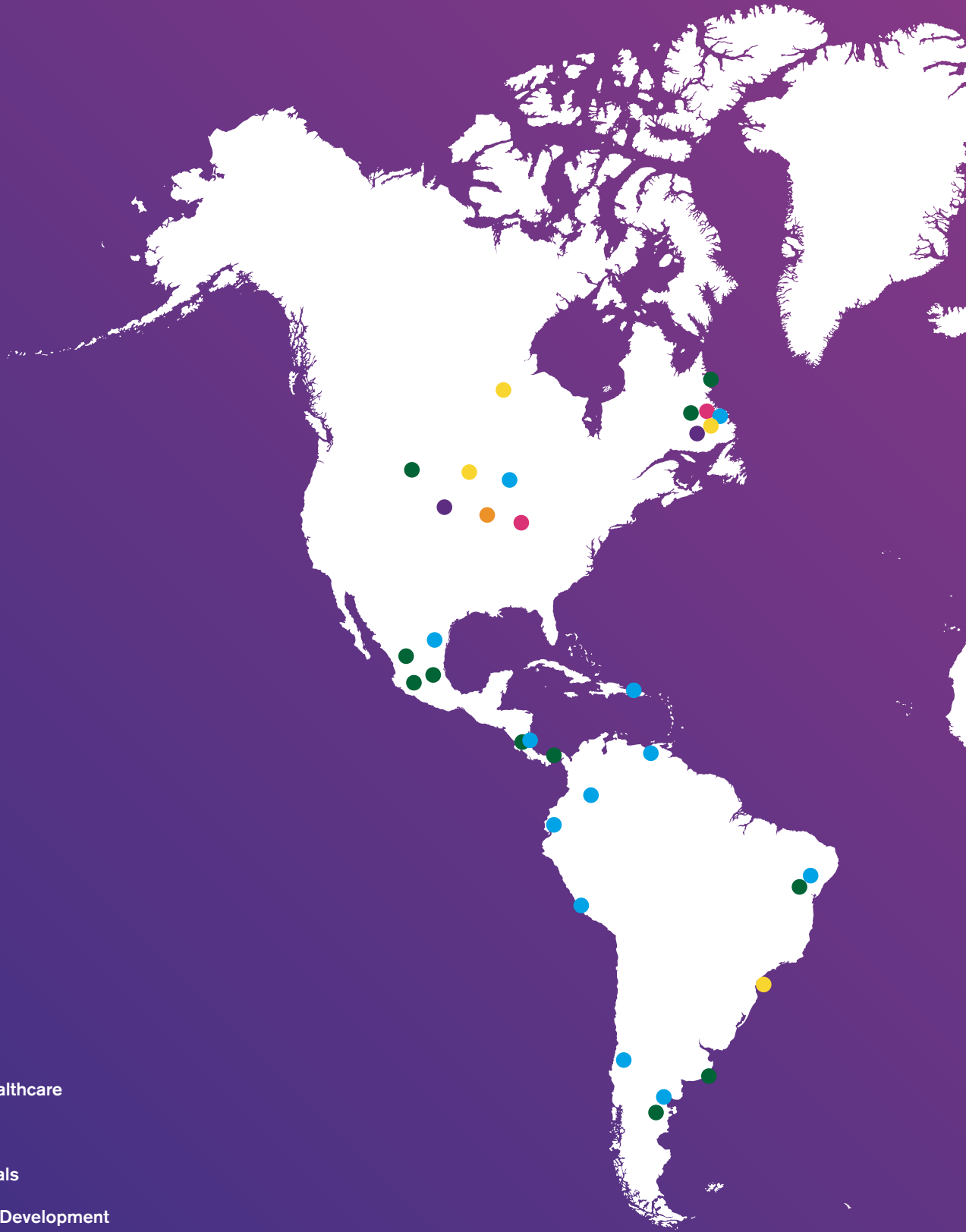


ORGANOGRAM

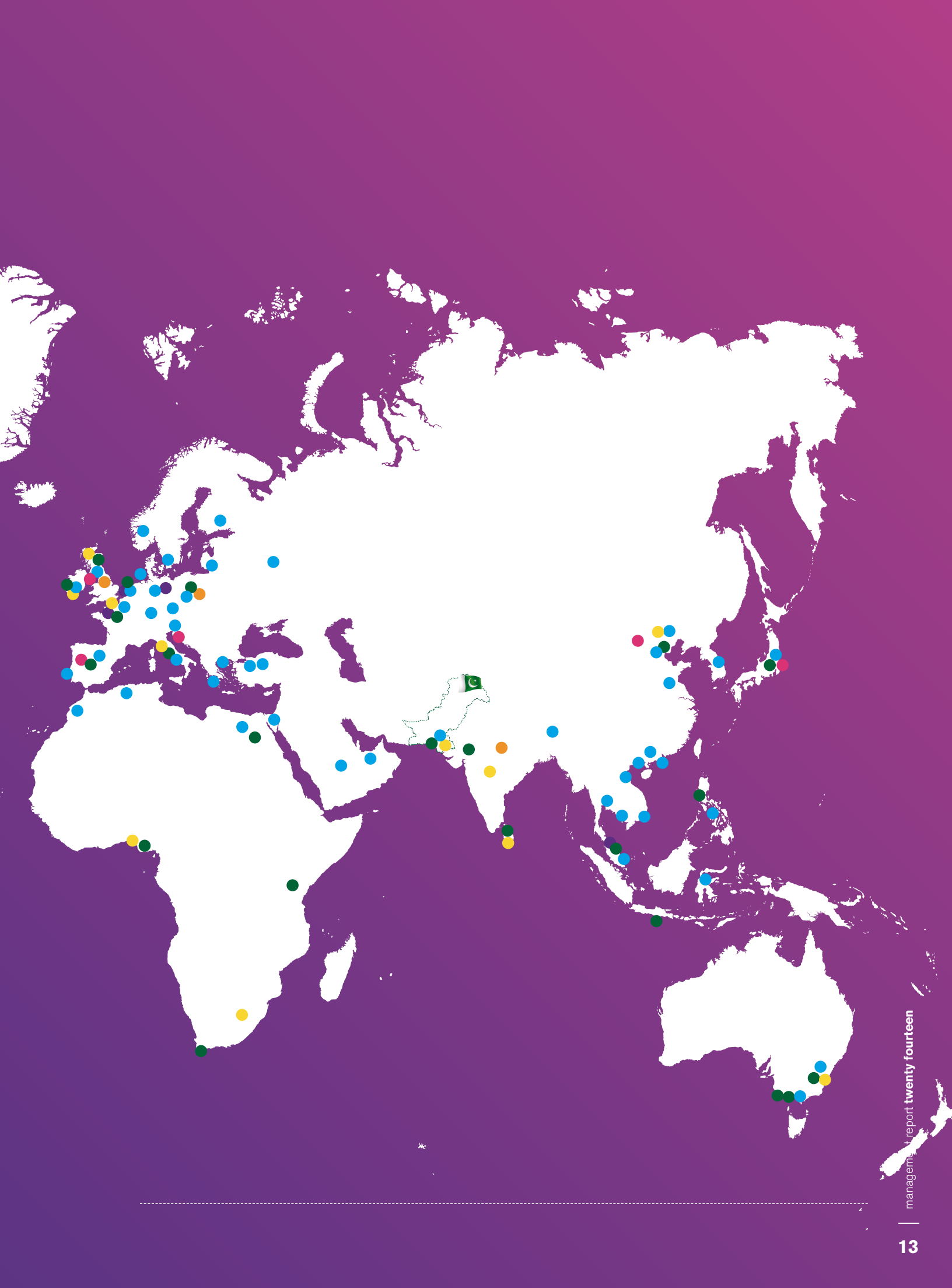




GEOGRAPHICAL PRESENCE



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



ETHICAL LEADERSHIP

At GSK, we are committed to develop and sustain a strong ethical culture, where being patient focused is our core responsibility. Our belief in complying with the Code of Corporate Governance in letter and spirit facilitates the promotion of good governance in our organization, while our core values of Respect for people, Patient focused, Transparency and Integrity underpin this belief.

GSK's Code of Conduct Highlights

The main contents of the Code of Conduct are briefed below:

- Conducting business with honesty, integrity and in a professional manner.
- Building relationships with customers and fellow employees that are based on trust.
- Treating individuals with respect and dignity.
- Becoming familiar and complying with legal requirements, company policies and procedures.
- Avoiding any activity that could involve or lead to involvement in any unlawful practices.
- Avoiding actual or potential conflicts of interest with the Company or the appearance thereof, in all transactions.
- Providing accurate and reliable information in records submitted and to respect the confidential information of other parties.
- Where permitted by local laws, promptly report to the Company any breach of laws or regulations, ethical principles or company policies that come to attention. Cooperate fully in any audit, enquiry, review or investigation by the Company.
- Employees to report any misconduct or violation of company policies whether resulting in financial implications or not, without fear of retaliation or retribution.
- Undertaking the Company business with free and open competition by complying with the competition law of the country.
- Facilitate External Auditors in audits and provide required information in a timely manner.
- Managers to ensure that all their employees receive guidance, training and communication on ethical behaviour and legal compliance relevant to their duties for the Company.
- The Company maintains policies regarding prevention of corrupt practices & maintenance of standards of documentation.

The Statement of Compliance with the Code of Corporate Governance has been presented on pages 2 to 3 of the Financial Report.



Respect for
people

focus
Patient



Transparency

Integrity



QUALITY MANAGEMENT SYSTEM (QMS)

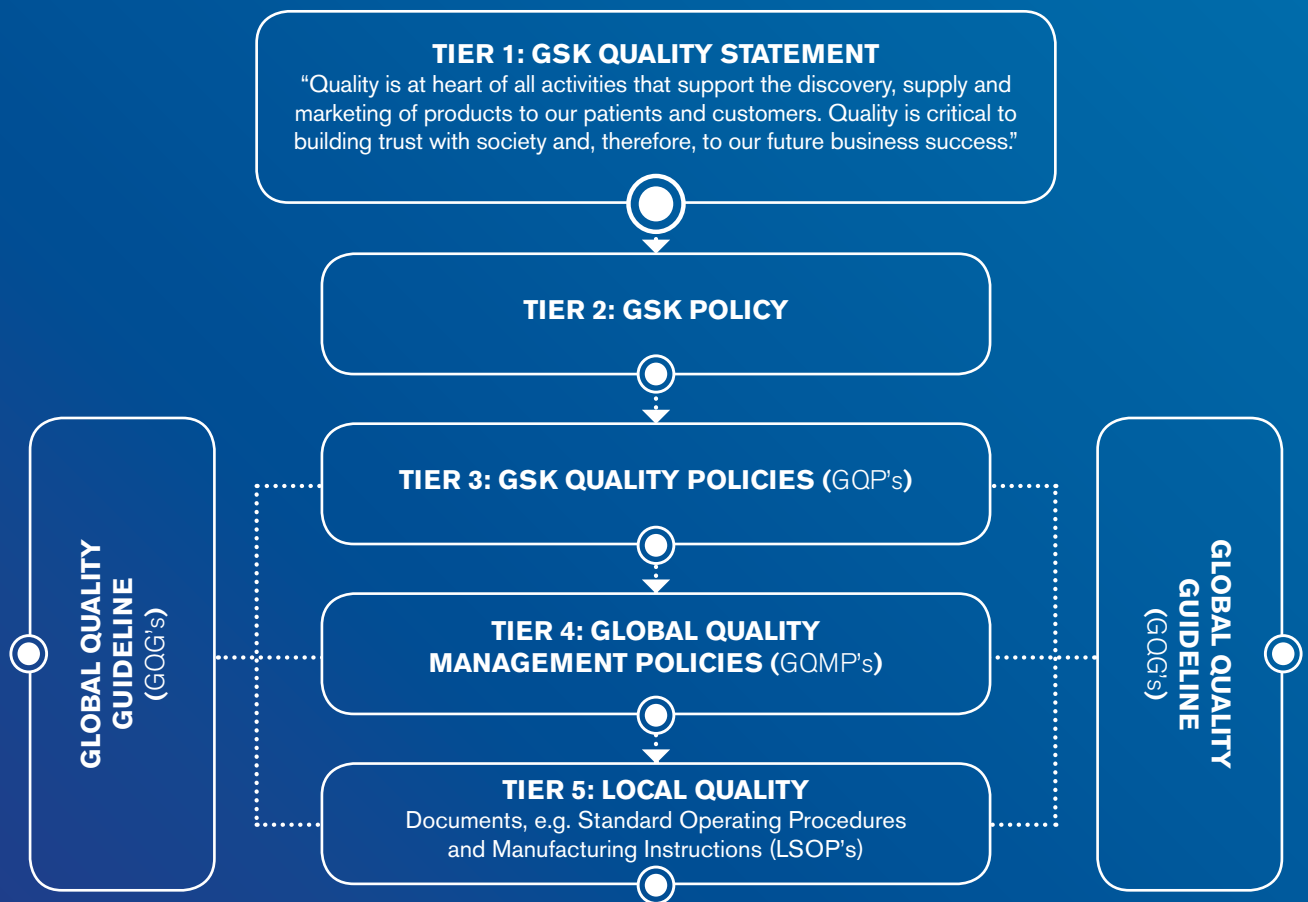


The Quality Management System (QMS) at GSK Pakistan delivers Quality for patient and customers, Compliance for the regulators, and Improvement in performance for the business and shareholders. It continuously strives to improve current policies and procedures with the aim of delivering quality products to patients. Quality Management is at the heart of every operation we perform at GSK. To uphold expectations of our patients, we focused on the following areas in 2014:

- To ensure compliance with GSK standards, all procedures were aligned with GSK policies of QMS.
- Distributor awareness workshops were organized and executed in local language all over Pakistan to educate distributors and quality audits were conducted to ensure QMS compliance.
- Capability building sessions were organized for staff members to build trust and empower them to be more effective in their respective work areas.
- Use of temperature controlled vehicles to ensure products reaching patients are stable, efficacious and of the highest quality.
- Thermal mapping of GSK maintained warehouses to enhance temperature monitoring of products.
- Lead time of packaging material was improved by 10% using the concept of Lean Sigma tool, which improved both batch completion and release time.
- A database for the validation of on-going site activities was established which helped quick retrieval of documents, resulting to a simplified system and smooth workflow.
- Change control management capability improved by training the staff, monitoring Site Quality Council, effective correspondence with group, the development of Visual Workflow, followed by the After Action Review (AAR).
- Effective record retention was carried out to protect intellectual property.

2014 was all about embedding QMS culture throughout various functions of GSK Pakistan. As a result our F-268 facility was recognized one of the best sites in Asia. In 2015, the focus will be sustainability of QMS to deliver products of premier quality to end users.

Procedures adopted for quality assurance of products/services.



To assure GSK Pakistan provides quality products and services, Global Quality Policies and Global Quality Management Policies have been embedded within our system. With the help of Gap analysis, all applicable policies have been converted into Local Standard Operating Procedures.

Following measures have been adopted to assure highest standard of quality provided to the end users:

- Quality Management System Implementation
- Quality Management System Review
- Management of Compliance Training
- Conducting Self Inspection
- Conducting Monitoring Audit
- Risk Management
- Deviation Handling
- CAPA Management
- Conducting Root Cause Analysis

ENVIRONMENT, HEALTH & SAFETY (EHS)

GSK Pakistan is committed to a safe and accident free environment. The theme “EHS for all” signifies that GSK Pakistan takes responsibility for its staff, community and contractors. 2014 witnessed a number of initiatives and achievements that demonstrated GSK Pakistan’s commitment to EHS.

Environment

For its efforts in EHS, GSK Pakistan received the “11th Annual Environment Excellence Award 2014” by the National Forum for Environment and Health (NFEH). The award was given on its outstanding contribution towards sustainable development and in protecting the environment for “Cleaner & Greener Pakistan”. GSK was also given a special recognition as an “Exemplary Leader TOP 10”.

Environmental Sustainability

Efficient use of natural resources, water and air were the priorities of our environmental management system during 2014. Multiple projects were also initiated by our Korangi site to reduce our carbon footprint. These initiatives resulted in a 27% reduction in the consumption of water and 12% reduction in CO₂ emission as compared to last year. The projects included:

- Installation of Hot Water System.
- Optimizing Chiller and Boiler operations (including: Installing energy saving VFDs on chiller plant).
- Performing Energy Audits to identify potential energy saving.
- Awareness sessions on environmental sustainability.

Health

GSK Pakistan has never compromised on its employee's health and considers it to be a top priority. Several initiatives were taken to address and eliminate issues related to Musculoskeletal Disorders and Ergonomics. Moreover, manual handling in one of its value streams was avoided by applying adequate engineering controls.

In order to identify key health risks and determine the exposure limits of an individual dealing with hazardous chemicals, Health Needs Assessment survey and Health Diagnostics were conducted. The insights drawn from both these initiatives helped in building an enthusiastic and resilient workforce. It also identified the appropriate measures to control the exposure of harmful chemicals and avoid illness.

Safety

To ensure GSK's ambition of 'Work with Zero accidents, defects and waste' a ground-breaking training program “Leading EHS” was designed and implemented across all GMS sites. This program aims at identification of the complacencies that every manager needs to address to fulfill their EHS responsibilities

Furthermore, “I AM EHS” was introduced to increase the capability of staff in identifying the potential hazards and eliminating them before they cause harm. Extensive exercises were also carried out to determine the site readiness in case of any fire emergency and to ensure the Health & Operability of fire emergency response equipments. CAPAs were taken to rectify gaps that

were identified during the exercise to ensure the system operates properly whenever required.

2014 witnessed major improvements and accomplishments by exceeding "1 million safe working hour's milestone" without any reportable accident/incident/illness. This was achieved by a collective and proactive approach against hazards and putting safety first in all of the operations.

I GEMBA *to avoid accidents*

I ZAP *to improve safety culture*

I COMPETE *to be the world class*

I CARE *I love my family so work safely. Because they are waiting for me*

I AM
EHS



GLOBAL MANUFACTURING & SUPPLY (GMS)

GMS Pakistan is part of GSK's Regional Pharma Supply. Our goal is to invest in a winning team, deliver products of value at optimal cost, and connect across GSK to drive performance with zero accidents, defects and waste. These initiatives help align us with GMS's Supply Chain Transformation and GSK's Production System, which in turn enables us to become a world class leader in integrated supply chain.

Our supply chain is the lifeblood of GSK. The better it flows, the happier our patients and consumers and the greater our competitive advantage.

Investment in new State-of-the-art De ionized Quality water plant for Liquid Stream

The products being delivered to patients and consumers must be of the utmost quality in order to meet our goals. Investment in State-of-the-art De ionized Water Plant by our F-268 facility has been done for the Liquid Stream, which employs hi-polisher technique to generate de ionized water and thereby, results in enhancing the quality of products being manufactured. This addition will also help overcome any future capacity issues for purified water. Hence, it will help strengthen the assurance of quality products supplied to our patients at the end of our supply chain.

Addition of new High-speed Hoonga Blister line in Tablet packaging

To fulfill the growing needs of patients at the end of our supply chain, a new blister packaging line has been installed in the Tablet block of F-268. Hoonga is a high-speed packaging machine with a speed up to 300 blisters per minute as compared to old lines operating at 70 blisters per minute. This upgradation will lead to higher efficiency, along with better safety and quality compliance. Moreover, this will also aid in reducing waste, increasing productivity and reducing defects through elimination of manual operations.

Automation of Sterile Powder Vials' Packaging Line: Productivity Improvement

Efficient production is only possible when factors of efficient machinery, optimum processes and well-trained staffing are perfectly matched. As part of our process improvement program, Vial's Packaging Line at our Korangi facility are now working at a combined speed of 300 packs per minute and are also capable of on-line labeling and packaging of vials and water for injection ampoules with security sealing features. This enhancement has doubled the packaging capacity to cater future demand and will also enhance quality standards with improved security and by eliminating manual handling. Moreover, the fully automated packaging will help reduce the overall manufacturing lead time with improved safety and health standards.

Our focus is now to further enhance overall performance by making our core processes more efficient by eliminating waste, reducing cycle times and empowering employees to make operational improvements.

RESEARCH & DEVELOPMENT (R&D)



Patient focused research and development is the heart of GSK business and is a driving factor in pursuing our mission of helping people to “Do more, feel better, live longer.” Our mission is two-fold, to develop more effective ways of treating diseases for which medicines are already available or providing breakthrough treatment for conditions for which there is no treatment at all.

This year GSK has globally delivered 10 significant first approvals, including Tafinlar + Mekinist for metastatic melanoma in US, Eperzan/Tanzeum in EU/US and Triumeq in US; four significant first submission acceptances including mepolizumab for severe asthma; six commit to

medicines development; 11 first time in human studies; and 16 candidate selections (with a couple more planned before year end). These achievements have relied on discovery, platforms, medical, regulatory and all the support functions pulling together to build a sustainable pipeline.

INFORMATION TECHNOLOGY



With the advancement of technology and new ways of working at GSK, effective and innovative technological solutions, both for internal processes and external engagements, is becoming a key success factor. At GSK Pakistan, we have not only aligned Information Technology with the strategic direction of our business, but we have also introduced new ways of engaging with our customers via various digital platforms, thus managing to minimize distances and geographies locally and globally. 2014 saw the launch of a website for vaccines, an IOS application for e-detailing and the launch of one-of-a-kind service to setup up fixed VTC facilities at various teaching hospitals across Pakistan. Additionally, a new approach to internal communication is introduced, to help us interact seamlessly with our teams using iPads and mobile devices.

As business demands digital enablement at all levels, the development of a digital capability framework to engage HCPs via a multi channel engagement program is underway. Various channels such as emails, webcasts, websites, learning portals, mobile applications, social media and e-detailing have been identified to enable us in achieving our goals and connecting with patients and customers.

Information is one of our most valuable assets, and at GSK, we are committed to safeguard information pertaining to our employees, complementary workers, shareholders and other third parties. For this purpose, GSK has devised a system to protect the records of the Company, which focuses on categorizing proprietary information based on its level of risk.

In 2014, further steps were taken, via the roll out of an advance planning optimizer from a leading ERP (Enterprise Resource Planning) to improve our demand planning along with advanced HR systems to optimize HR services and operations. At the customer level, the sales force is equipped with mobility devices to communicate with customers and engage them in a more interactive way. This enables the prospect for multi channel engagement opportunities with healthcare professionals for GSK Pakistan.

In 2015, GSK Pakistan plans to enhance its distributors productivity and efficiency along with plans to continuously improve the overall IT infrastructure and connectivity options for the sales force.

AWARDS FOR THE YEAR 2014

Best Corporate Report Award

GSK Pakistan was awarded Certificate of Merit for "Best Corporate Report Award 2013" in the Other/ Miscellaneous Sector. This award was presented to GSK by The Joint Committee of The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). This award has been instrumental in encouraging local companies to follow transparency in preparing their annual reports according to international best practices.



Environment Excellence Award

GSK Pakistan has been awarded "11th Annual Environment Excellence Award 2014" by the National Forum for Environment and Health (NFEH). The award was given on its outstanding contribution towards sustainable development and in protecting the environment for "Cleaner & Greener Pakistan". GSK was also given a special recognition as an "Exemplary Leader TOP 10".



HUMAN RESOURCES- DELIVERING WORLD CLASS PERFORMANCE

We strongly believe that to deliver world class performance, we must build a sense of purpose and ownership amongst our employees driven by GSK's mission to "Do more, feel better, live longer". Thus, our focus is on acquiring the best-in-class talent available, through effective employer branding, in order to benefit from the diversity of experiences, ideas and ways of thinking.

Simultaneously, we are building an internal leadership pipeline through differentiated performance of individuals who develop capability and talent within the organization.

Future Leader Program

In 2011, the global Future Leaders Programme (FLP) was launched in the Commercial and Manufacturing division of GSK Pakistan. In 2014, we offered the same "accelerated development" opportunities to HR and consumer-centric graduates in the country.

The programme was introduced by GSK to the top Business and Pharmaceutical institutes of the country in order to recruit the best Early Talent available – with the objective of developing them into GSK's future leaders. This programme aims to strengthen our leadership pipeline while building breadth and adaptability to support our organization in a rapidly changing environment, as these graduates go forth to hold key positions in the Company.

Employee Engagement

With the number of changes abound in the industry and within GSK, Employee Engagement was the key area of focus for 2014. Various opportunities were created for employees to connect with Senior Management to share and discuss issues, opportunities and future growth plans.

On a larger scale, townhalls were conducted to ensure two-way communication between Regional and Pakistan Leadership Teams with employees to share Chapter Two of GSK's Strategy and its impact on the way we work. At the same time, a series of "Coffee Hour" sessions were organized for the GM and HR Director to meet with a cross sectional of up to twenty employees. On a regular basis, this provided our leadership team with an insight into on-ground issues of employees and encouraged open communication and sharing of ideas across all levels of the Company.

Overall, this has helped us manage change and keep employees engaged, in a year that was full of challenges.





New Performance Management System Rollout

The new Performance System aims to sharpen our focus on enterprise thinking, effective leadership, strategy deployment and encourage a more proactive approach to managing performance - with our values at the centre of everything we do. The system stands on four pillars, which are:

- GSK Expectations: Describes “how” we need to work, to deliver successfully and create sustainable growth for our organisation
- Managing Performance Proactively: Encourages a culture for honest and regular feedback assuring everyone know “Where we are going” & “How to get there”
- Performance Rating Scale: A new five point performance rating scale designed to help reward those who achieve excellent performance
- Bonus Plan: A simple and easy to understand bonus plan which increase individual accountability and team focus

The rollout in Pakistan, started with engagement sessions early 2014 – and the focus on these changes was kept alive through Line Manager Capability Building sessions across GSK Pakistan covering commercial and GMS. Furthermore, a collaborative approach was used to develop guidelines for Line Managers as to how to translate GSK Expectations into objectives and along with relevant KPIs for measuring performance.

Throughout the year, our focus was to ensure that the four pillars of our New Performance Management System are adopted by line managers in an efficient and smooth manner.

Our Change Journey

The year 2014 saw HR embarking on a change journey through the Transformation Initiatives, adopted “Workday” – an HR system that provides a one-stop shop for HR processes. This journey included engagement of business, identifying change agents and champions, and building capabilities. Some of the marketing activities included:

- On-ground activation for employees to get a ‘look and feel of the Workday system’ - a one-stop shop experience,
- “Did You Know?” campaign for building further awareness amongst our employees
- Competition with the “The Magic Mug” awarded to the winners

Our success was highlighted and appreciated across the region, as other countries adopted our Change Communication with pride. To further facilitate a smooth transition, three other technologies were launched to:

- Connect with HR Team - ASK HR-TELL HR-Connecting with HR,
- Get answers to people management and HR queries - Knowledge Management System
- Raise issues for resolution - Remedy HR

MEDICAL AFFAIRS

Medical departments play a vital role in generating quality clinical and real-world data that payers and prescribers need to improve decision making when uncertainty is high. Medical Affairs also plays an increasingly important role in communicating the value message to physicians in an objective and ethical manner, providing education on product benefits and risks. In addition, the Medical Affairs department is becoming increasingly central to the coordination of internal stakeholders (Commercial, Market Access, Regulatory, Clinical Development, Drug Safety) with the needs of external stakeholders and achieving more client-centric business models.

This year, our focus has been on optimizing resources by driving singular accountability, prioritizing our work and building the capabilities and capacity needed for engagement. Our interaction with Healthcare Professionals have been designed in a manner to enable HCPs to make evidence based decisions, ultimately resulting in the patient benefit.

Medical Governance is a system of principles, policies and accountabilities which ensures that we apply the generally recognized philosophy of good medical science, medical integrity, ethics and standards to the development and marketing of drugs, vaccines and medicinal products. Governance structure has also been strengthened to ensure our interactions with HCPs, other healthcare staff, the general public, media and Government Officials is carried out in a responsible, ethical & professional manner in compliance with legal requirements.

On the Research & Development front, GSK Pakistan has maintained its leadership position in Pharmaceutical clinical trials for several years. The allocation of vaccine trials and other bioequivalence studies has further strengthened the Research & Development portfolio.

Our focus has remained strong on ensuring we have a medical organisation that is aligned with business needs, is a strategic partner for R&D and commercial, and fit for the future.

DERMATOLOGY

The Dermatology portfolio enjoys market leadership with a variety of products. The business also contributes significantly to the global dermatology segment and hence, adds value to GSK's diversified business.

Our success lies in the diversity we provide to our consumers and patients, catering to their needs through a variety of our skincare products that range from Topical Steroids and Antibacterial products to sunscreens and soap. Our vision is fostered by our ability to deliver broad spectrum, science-led innovative skincare products for everyone. The Stiefel Pakistan team remains dedicated to ensuring that our consumers and patients achieve healthy and radiant skin by using our quality branded products.



Milestones/ Achievements

- The Steroids Portfolio crossed Rs. 2.2 billion in sales.
- Cutivate crossed Rs 100 million landmark in sales.
- Hydrozole crossed the 1 million in prescriptions mark.
- Zolanix underwent a new pack of 4's launch
- Launch of Cicatrin Powder 20g.
- Launch of Valtrex.

CONSUMER HEALTHCARE

GSK's Consumer HealthCare business maintained its growth momentum in 2014 reaching Rs. 4.9 billion which represents a 16% increase over last year. All key brands such as Panadol[®], Horlicks[®] and Sensodyne[®] reflected a strong performance throughout the year. With this performance, the business continues to be aligned with GSK's corporate vision of helping people **"Do more, feel better, live longer"**, and improving access to our products



Panadol[®] Extra "It's my Choice" Campaign

In 2014, "It's My Choice" media Campaign was launched for Panadol[®] Extra, to reinforce the brand as a trusted and reliable choice for effective pain relief. The TVC emphasizes the efficacy of Panadol[®] Extra along with its ability to help people restore their focus by alleviating their pain.

Panadol[®] also strengthened its Shopper and Expert Connections by executing Project Red (Panadol[®] Extra's Trade-Visibility Drive) and Project Pink (Lady Health Workers' Program) in the year 2014.



Sensodyne[®] Launches Complete Protection

Launch of Complete Protection was the highlight for Sensodyne[®] in 2014. Complete Protection, powered by the advanced patented Novamin[®] technology, was activated on Shopper and Expert fronts as well and the brand received a positive response from both Trade and Experts alike. With a variant awareness of 83% amongst dentists in just 6 months and a healthy contribution of 8% to total brand sales, Complete Protection has established itself as a superior science to provide sensitivity relief for teeth.



Horlicks[®] following the Digital Trend

Horlicks[®] witnessed a strong performance in 2014 by achieving a "Top of Mind recall" of 52%. The brand worked towards building stronger consumer connections in a competitive Nutrition Category.

The Horlicks[®] team focused its efforts on Multi Channel Engagement, which had a positive impact on its consumer base. This was reflected in the Horlicks Facebook Fanpage, which achieved a milestone high of 450,000+ fans.

VACCINES

Foreign Speaker Programs On Vaccine Preventable Diseases

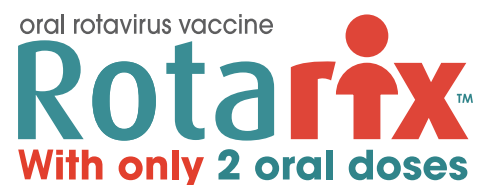
Pakistan has a birth cohort of over 5 million, and is highly susceptible to vaccine preventable diseases. One WHO estimate reports that in Pakistan, more than 352,000 children die before their fifth birthday, and almost one in five of these deaths can be attributed to pneumonia. On the other hand, an estimated 140,000 infants suffer from severe Rotavirus Gastroenteritis every year in Pakistan with approximately 100 infected children dying every day due to the same.

In line with the growing need to prevent the increasing child mortality rate, in 2011, GAVI, the Global Alliance for Vaccines and Immunisation, extended its assistance for the inclusion of Synflorix, GSK's flagship Pneumococcal vaccine, into the Extended Program for Immunisation in Pakistan.

In order to further increase awareness regarding the importance of vaccination, GSK Pakistan organized a Pneumo-Symposium for HCP's titled 'Synflorix: Protection Beyond IPD'. The purpose of this Symposium was to educate and update doctors on the latest clinical trial data related to Pneumococcal disease and its prevention. Dr. William Hausdorff, Vice President and Head, Scientific Affairs & Public Health, GSK Vaccines, chaired the sessions and presented to the attendees, which included some of the leading Pediatricians of Pakistan.

During the session, Dr. Hausdorff shared his experience and knowledge on invasive pneumococcal disease, pneumonia, and otitis media, and emphasized on the enhanced protection of Synflorix against overall IPD.

In continuation to this momentum, GSK Pakistan organized a symposium on Pediatric Vaccination to discuss the dangers of Rotavirus Gastroenteritis and the impact of real world effectiveness among local HCPs along with addressing the issue of vaccine hesitancy and other hurdles in pediatric vaccination. Dr. Richard Adegbola (Director Scientific Affairs & Public Health, GSK Vaccines) and Dr. Serdar Ozturk (Area Medical Leader, MENA Medical, Vaccines), chaired



the sessions and presented to the attendees, imparting their knowledge and expertise on Rotavirus Gastroenteritis and its prevention. Furthermore, to address the issue of vaccine hesitancy, KOL were also kept engaged through 'meet the expert' sessions prior to the symposiums.

These visits were a major milestone in raising awareness for the establishment of PCV & Rotavirus vaccines as the number 1 countermeasure in the fight to prevent Pneumococcal disease & Rotavirus Gastroenteritis in children, resulting ultimately in the decrease in overall child mortality in Pakistan.

World Immunization Week

Prevention is better than cure. It is also cheaper. Yet children in Pakistan continue to die of preventable diseases for which vaccinations are easily available. More than half of the children in Pakistan are not vaccinated even though the Expanded Programme on Immunisation (EPI) provides free vaccination against nine diseases.

In order to counter this unfortunate phenomenon, GSK, with the support of Pakistan Medical Association (PMA) and Pakistan Pediatric Association (PPA) launched the 'R.U.up.2 DATE' awareness campaign in Pakistan during the Immunization week 2014, aligned with (WHO) Global Immunization week. The campaign highlighted the benefits of vaccination and addressed the issue of vaccine hesitancy amongst Health Care Professionals and the General Public. Journalist workshops were conducted in Karachi and Lahore endorsed by Pakistan Pediatric Association (PPA) to urge parents to get their children vaccinated for protection throughout their lives, as a result of which, articles were published engaging print & digital media.



In addition to the workshops, Pediatricians were also placed in various TV shows in order to spread the message of awareness on the importance of vaccination for people of all ages.

The entire week was culminated in a Health Awareness Walk organized by GSK and the PMA under the banner, 'Prevention is better than Cure', to show support for Hepatitis A&B prevention thereby reducing the burden of hepatitis in Pakistan. The walk was attended by leading Physicians and Pediatricians, students, as well as Mr. Shoaib Siddiqui, Commissioner Karachi.

Complimented by numerous banners and posters that were put up all over the city, showcasing the message of immunization, the awareness walk garnered substantial media coverage, and we hope that the message is able to transpire into action by our community.

Rotavirus Disease Awareness Campaign 2014

The Vaccines team launched a nationwide mass awareness campaign to raise public awareness about Rotavirus Gastroenteritis and the need for protection against this disease. Globally, RVGE has a high disease burden and a mortality rate of 453,000 child deaths per year. In Pakistan, approximately 140,000 children suffer from Rotavirus Gastroenteritis every year, with over 36,500 children under the age of 5 losing their lives because of RVGE and its resulting complications.

In order to raise consumer awareness about this dreaded disease, the Vaccines team highlighted the burden of disease and encouraged new parents to visit their healthcare professionals for information on how to protect their babies from RVGE via Television, Radio and Print commercials.

To ensure complete coverage across the nation, the second phase of the campaign which will run in early 2015 will include communication in regional languages such as Sindhi, Pashtu and Punjabi. With this campaign, the Vaccines team aims to achieve the overall objective of improving public health by reducing the burden of this vaccine preventable disease.

United Against Cervical Cancer

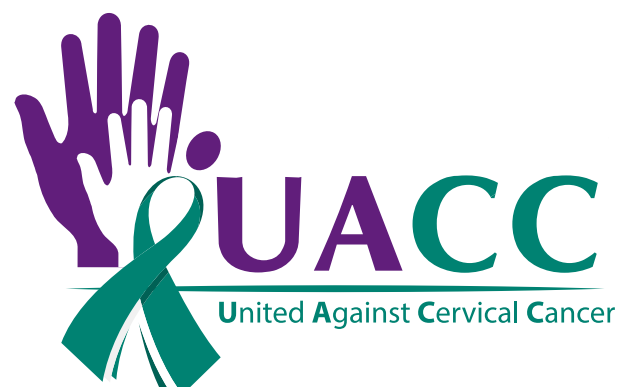
Cervical cancer is the largest cancer killer among women in developing countries. Each year, more than 500,000 women develop cervical cancer and about 275,000 women die from this disease. Today, cervical cancer is the second most common cancer among women in Pakistan consuming the lives of 20 women every day who die due to this disease.

Despite the fact that Pakistan is ranked the 7th highest contributor to Cervical Cancer deaths worldwide, yet this disease is highly under rated in our society. One could blame the lack of awareness as a major contributor to this fact where people are unaware that it is highly preventable through screening tests and human papillomavirus (HPV) vaccination. In addition, cultural and religious taboos hamper the fight against this cancer.

To counter this, GSK Pakistan Vaccines, in continuation to its existing efforts toward awareness, took the initiative to bring forward this issue by creating a cause for Cervical Cancer through the launch of its UACC (United Against Cervical Cancer) platform. The Cause for Cervical Cancer through UACC was uplifted through a collaborative effort between GSK Pakistan and AIESEC Pakistan in their National Youth Development conference where 400 student delegates (age 19 – 25 years) from the top business schools of Pakistan supported the teal ribbon to exhibit their pledge against Cervical Cancer in protecting themselves and the people around them. AIESEC's support for UACC can be gauged by the placement of this logo on their delegate name tags, delegate booklet and a message wall created by AIESEC to gather the messages/pledges for uniting against cervical cancer.

GSK Pakistan participated actively through a disease awareness session for the delegates followed by a workshop to generate ideas on how to take the cause of UACC forward encompassing people at all levels, be it HCPs, students, corporates, general people, NGOs etc.

GSK Pakistan Vaccines aims to elevate the cause of UACC to a massive level in Pakistan and continue to foster robust initiatives of this kind in future. The women of Pakistan are unaware of the seriousness of this disease. It's high time we all should Unite Against Cervical Cancer to protect our girls & women from this silent killer!



CORPORATE SOCIAL RESPONSIBILITY (CSR)

GSK is committed to excellence, and aims to conduct business practices aligned with our values. We are dedicated to being a socially responsible global healthcare company that places emphasis on the values of transparency, respect for people, integrity and patient-focus. Our operations are led by our values and principles where we put patients first in our decision making to ascertain that we enable them to “Do more, feel better, live longer”.

In line with GSK's Corporate Responsibility principle, we aim to make a positive contribution to the community by investing in health and education programmes and partnerships with organizations that aspire to bring value to the communities they work for, and bring sustainable improvements in the lives of under-served people of the developed and under-developed world.

At GSK, corporate citizenship is integrated at every level, where our work demonstrates ethical practices across all fronts, from marketing activities, ethical research and development, to environmental protection, community support and development.

GSK in the Community

GSK invests in programmes and collaborate with partners to solve healthcare challenges in the lives of people across the globe. We are devoted to bring a positive change in the community and will continue to find ways to invest in programmes that make a difference.

CARE Initiative

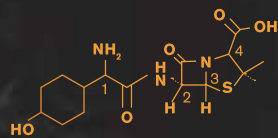
GSK has been investing in Lesser Developed Countries (LDCs) since 2009, through its committed partnership to find healthcare solutions.

Since 2011, GSK has been an active partner of CARE International, a leading humanitarian organization, with strong regional presence and an expert at the delivery of health programmes. CARE has been fighting global poverty and its community-based efforts are focused on improving the healthcare and basic education of women.

The Fight Against Malaria

Malaria is a disease of high concern as it affects people, communities and even economies around the world, as it puts an estimated 3.3 billion people at risk, while 215 million people are affected annually and approximately 660,000 die each year.

Malaria is currently being fought through traditional ways, such as indoor residual spraying, insecticide-treated bed nets, effective medicines and other treatments. GSK continues to commit to the fight against malaria by investing in programmes and projects having a similar objective. The Company has focused on improved access of anti-malarial medicines to people living in Least Developed Countries and sub-Saharan Africa and further invested in communities through the African Malaria Partnership (AMP), which supports programmes that manage and prevent the spread of malaria.



GSK is further focusing on the development and innovation of anti-malarial medications. Being one of the only companies investing in research & development against malaria, we have the most clinically advanced malaria vaccine in development. This vaccine is being developed in partnership with the PATH Malaria Vaccine Initiative, along with other prominent African research centres. GSK is committed to make this available at a not-for-profit price, so that it is available to as many people as possible.

Support against Neglected Tropical Diseases

Globally, more than a billion people who are deprived of the basic life necessities are exposed to Neglected Tropical Diseases. GSK has joined hands with other pharmaceutical companies, NGOs and governments to eradicate NTDs from the globe.

In particular, GSK has extended its existing donation of albendazole to treat soil-transmitted helminthes by providing 400 million treatments each year up to 2020, as well as continuing its donation of 600 million tablets per year to combat lymphatic filariasis.



Orange United

Orange United is GSK's internal employee volunteer campaign – intended to raise funds for programmes that save the lives

of world's most vulnerable children by meeting their healthcare needs.

A combined effort from various GSK sites was made during the Orange United Week to support healthcare programmes for children globally. Books and bake sales, Zumbathons and dodge ball competitions were held across the GSK community to raise funds for the cause. This gave multiple GSK sites an opportunity to work in unison towards changing the lives of children around the world.



ACHIEVING MILESTONES



Zantac™ belongs to the antiulcerant class and was introduced in Pakistan in 1983 for the treatment of Acid Related Disorders. In 2014, Zantac™ achieved the Rs. 900 million milestone. The brand continues to demonstrate GSK's commitment to provide patient focused solutions by delivering high quality. The continued trust of doctors on Zantac™ helped to maintain its position as the No.1 prescribed anti-ulcerant in Pakistan in 2014.



Velosef®
(cephradine)

In 2014, GSK Pakistan's flagship brand Velosef® achieved Rs. 2 billion in sales. This classic antibiotic aligns with GSK's commitment to provide patient focused solution by delivering the reliability and quality that the Company is renowned for.

GSK's flagship brand, Augmentin™ is the highest selling brand in the Pakistan Pharmaceutical Industry. Augmentin™ has been showing an upward growth for the past several years. In order to uphold its brand equity and differentiate it from generics, Augmentin™ messaging to HCPs has been brought on digital platform through iPad campaigns introduced in 2014. This Initiative has resulted more interaction with HCPs and helped in providing quality therapeutic solutions for doctors and patients across the country aligned with GSK's mission to make people "Do more, feel better, live longer".

Augmentin™
(Co-amoxiclav)

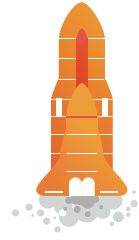
Betnovate™
Betamethasone valerate

Betnovate™ is one of GSK's legacy dermatology products and has ensured relief for patients suffering from Eczema since over two decades. A classic topical steroid, Betnovate™ delivered on its identity of a reliable product built on GSK's strong heritage in dermatology by achieving Rs. 1 billion milestone in 2014. Betnovate™ mirrors GSK's image in the local dermatology market as a name that can be trusted.

Cutivate™ is a newer generation of topical steroids providing patients a potent yet safe solution to a wide range of skin disorders. Riding on GSK's strong legacy in the steroids market, Cutivate™ is deemed as the future steroid flagship for GSK. Cutivate™ successfully delivered on this vision by achieving Rs. 100m milestone in 2014.

CUTIVATE™ M
(Fluticasone Propionate + Mupirocin)

GSK PHARMA LAUNCHES 2014



LIVING OUR VALUES: BEING PATIENT FOCUSED

Aligned with GSK's vision of enhancing patient care, compliance and better treatment; the following SKUs (Stock Keeping Units) were upsized in 2014.

Gastrointestinal

Dependal M Suspension

Living our values of constantly improving the lives of patients by providing better solutions to them, Dependal – M Suspension was upsized from 60 ml to a 90ml bottle. This aims to improve compliance of patients who suffer from diarrhea.



Respiratory

Ventolin™ Syrup and Expectorant

Ventolin™ Syrup and Ventolin™ Expectorant are time tested brands for respiratory diseases. In order to enhance access to patients and increase patient compliance, GSK introduced two upsizes in the Ventolin™ range. Both Ventolin™ Syrup and Expectorant were upsized from 60ml to 120ml.

Analgesics Calpol™

The promise to make people do more, feel better and live longer saw GSK introduce upsized SKUs in its widely renowned Calpol™ range. In 2014, Calpol™ 6 Plus Suspension was upsized from 60ml to 90 ml, and Calpol™ Paediatric Suspension was upsized from 90ml to 100ml. Through these upsizes, we are aiming to provide convenience and affordability to the mothers using Calpol™ for their ailing children which will further strengthen their trust on this legacy brand.



Dermatology Cicatrin™

For over four decades, Cicatrin™ powder has been providing patients with relief from indications ranging from cuts, abrasions and surgical incisions, to primary and secondary skin infections.

In 2014, GSK Pakistan upsized Cicatrin™ powder from 10g to 20g to further enhance the value it provides to its patients. This SKU was introduced for its convenience to patients, thus enabling improved patient compliance during their treatment regimen.

DIRECTORS' PROFILE

Mr. Renaud Savary has been with the pharmaceutical industry for the last 12 years, with a focus on Emerging Markets and specifically Middle East Africa.

At Eli Lilly, he spent 3 years as Head of Business Development & Strategic Planning for the French affiliate and subsequently moved to Johannesburg as CFO for Eli Lilly South Africa for the duration of 2 years. Mr. Savary joined AstraZeneca in early 2008 as Director for Strategic Projects for the Company's international operations. He focused almost exclusively on Emerging Markets and articulated the Branded Generics strategy in January 2009 to AstraZeneca's Board of Directors. From there he became VP for Branded Generics and launched the business across 30 Emerging Markets. In December 2010, Renaud became General Manager for North Africa, a 100\$m+ business across Algeria, Morocco and Tunisia.

Mr. Renaud Savary joined GSK in June 2013 as VP Finance MENA CIS. He started his career in Finance with Ernst & Young and Credit Agricole Indosuez. He holds a BA in Economics from Paris Sorbonne, an MBA from INSEAD and is a graduate from Sciences-Po Paris.

Mr. Renaud Savary



Mr. Salman Burney is the VP/Area GM for GSK Pakistan, Iran and Afghanistan.

He began his career with ICI Pakistan in Sales & Marketing within various roles in Pakistan, & African/ Eastern Region at ICI plc, London and as General Manager of ICI's Agrochemicals & Seeds Business. He joined the Company in 1992, was appointed MD, SmithKline Beecham in 1997 with additional responsibility for Iran and the Caspian Region. He holds the position of MD for GSK in Pakistan, and is currently responsible for GSK's Pharmaceutical business in Pakistan, Iran & Afghanistan.

He has a degree in Economics from Trinity College, University of Cambridge, UK.

Mr. Salman Burney has been the President of Pakistan's Foreign Investors Chamber and as Chairperson of the MNC Pharma Association has led the industry interface with the government on various issues.

Mr. M. Salman Burney



Mr. Husain Lawai is the President and CEO of Summit Bank Limited, and is a seasoned banker with vast experience in the banking and financial services industry. He holds Masters Degree in Business Administration from Institute of Business Administration, Karachi. Mr. Lawai held the position of President and Chief Executive Officer at MCB Bank and holds the distinction of establishing Faysal Islamic Bank, Pakistan Branches; the first Islamic Sharia Compliant Bank (presently known as Faysal Bank Limited). He also served as the General Manager, Emirates NBD Bank for Pakistan and Far East. Currently Mr. Lawai is the Chairman of Central Depository Company of Pakistan. He is also on the Board of Directors of Wyeth Pakistan Ltd., GlaxoSmithKline Pakistan Ltd, and The Searle Company Ltd. He is on the Board of Governors of Karachi Grammar School and Virtual University of Pakistan.

Mr. Husain Lawai



Mr. Mehmood Mandviwalla is the Senior Partner of the law firm, Mandviwalla & Zafar. He obtained his LLB (Hons) from the London School of Economics and Political Science and qualified as a Barrister from the Hon'ble Society of Lincoln's Inn. He has been in commercial law practice for over 28 years.

Mr. Mandviwalla is on the Board of Directors of the State Bank of Pakistan. He also served on the Board of Directors of Karachi Garment City. He is also a member of the Board of Governors of the British Overseas School and Trustee of ICI Pension Fund.

Mr. Mehmood Mandviwalla



Mr. Dave Cooper is the Regional Supply Chain Head for MENA/CIS/SSA and has held this position for 2 years. He has a degree in Chemistry from Liverpool University.

Mr. Cooper is a Senior Pharmaceutical Operations Executive with 32 years manufacturing & supply chain experience with patented (GSK), generics (Merck Generics/Mylan) and contract manufacturing (Catalent) businesses.

He is a strong leader with a proven track record of improving customer service, profitability, operational excellence, compliance and leadership capability. Mr. Dave Cooper specializes in building relationships with customers, key stakeholders and regulators. He is an expert in building operational excellence culture and developing leadership capabilities.

Mr. Dave Cooper



Yahya Zakaria is a fellow member of the Institute of Chartered Accountants of Pakistan and has previously served in a management position under Assurance & Advisory services at PricewaterCoopers (PwC) Pakistan.

Mr. Zakaria joined GSK in 2004 and since had various responsibilities in Finance and presently working as Director Finance for Pakistan, Iran and Afghanistan. During this period, he has overseen several simplification initiatives and business combinations while playing key business partnering roles with Supply Chain, Legal and Treasury to ensure business stability and delivery of greater shareholder value.

In order to proactively meet new initiatives, he has also been extensively involved with the Company's regional and corporate teams.

In addition to his Finance Director responsibilities, he also led Sanctions and Export Control rollout for Middle East & Africa and is now leading the same project for Emerging Markets & Asia Pacific from Finance perspective.

Mr. Zakaria has in past received MEA Gold Recognition Award for his initiative of rolling out the Finance Compliance Week.

Mr. Yahya Zakaria



BOARD AND MANAGEMENT COMMITTEES

The Board of Directors

Our Board of Directors is the highest governing body and represents the interest of all our Shareholders. We are focused on strategies that we believe are right for the long term growth and success of the Company with the objective of delivering total shareholder's return, along with staying true to our core values.

Keeping the above requirements in mind, we have an extremely capable and dedicated Board of Directors who have the knowledge, proficiency, reliability and strong sense of conscientiousness required for protecting investors' yield.

The Board will ensure that the management of the Company; its financial and other matters are in accordance with the Companies Ordinance. They are responsible for implementation of strategies and policies approved by the Board, reviewing of business, capital expenditure appraisals, investment and divestment of funds, determination and delegation of financial powers and transactions or contracts with related parties, etc.

Board's Performance Review and Continuous Professional Development

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

Membership and Attendance

The names of the members of the Board of Directors, attendance in the Board Meetings held during 2014 are detailed on Page 45 and their profiles are detailed on Page 38 to 39.

Audit Committee

Terms of Reference

The Audit Committee meets at least four times a year. The Committee assists the Board in the effective discharge of its responsibilities for corporate governance and financial reporting. It reviews the internal control systems including financial and operational controls, accounting systems and reporting structure to ensure that they are adequate and effective. The Head of Internal Audit has direct access to the Chairman of the Audit Committee.

Report of the Audit Committee

With the aim of enhancing confidence in the integrity of GSK's processes and procedures relating to internal control and corporate reporting, the following items were the main highlights on the agenda during the year:

- Risk Management Processes of GSK Pakistan Limited
- GSK's Anti-Bribery and Anti- Corruption Programme
- Related party purchase transactions and the status of Tax cases
- Crisis Management and Business Continuity
- Operational Performance Review
- Review of Internal Audit activities

Human Resource and Remuneration Committee

This committee is responsible for dealing with employee related matters including recruitment, training, remuneration, performance evaluation, succession planning, and measures of effectively utilizing the workforce of the Company. It is also responsible for making HR policies, recommending and approving salaries of the CEO, CFO, Company Secretary, Head of Internal Audit and senior management who are reporting directly to the CEO.

Management Committees

Management Committee

Terms of Reference

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

Risk Management & Compliance Board

Members and Terms of Reference

The Risk Management & Compliance Board comprises of the Functional Heads and the Chief Internal Auditor. 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 & Safety Committee

Members & Terms of Reference

The Environment Health & Safety Committee is chaired by the respective Site Heads. It ensures operations are fully compliant with the EHS practices as outlined by regulatory control and corporate. It appraises the major EHS projects and monitors their implementation, identifies risk conditions and organizes training programmes to educate employees for EHS issues.

Vision Team

The Vision team at GSK gives input for alignment of the GSK strategy and futuristic objectives. It primarily reviews line capacities at the various sites over the long term perspective focusing on capacity constraints, potential for export markets, product initiatives and new packaging requirements

Composition of the Board

The Board consists of executive and non-executive directors, including independent directors and those representing minority interest, with the necessary skills, knowledge, experience and competence, so that the Board as a group includes competencies and diversity considered relevant in the context of Public Sector Company's operations.

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

Role of the Chairman

The office of the Chairman shall be separate and his responsibilities distinct, from those of the CEO. The Chairman shall ensure that the Board is working properly and all matters relevant to the governance of the Company are placed on the Agenda of Board meetings. He shall conduct the Board Meeting according to Agenda. He shall also ensure that all the directors are enabled and encouraged to participate in the decisions of the Board. He will lead the Board and ensure its effective functioning and continuity of development. He shall however, not be involved in the day to day operations of the Company.

Role of the Chief Executive Officer (CEO)

The CEO is responsible for the management of the Company and for its financial procedures and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively in accordance with all statutory obligations.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of GlaxoSmithKline Pakistan Limited is pleased to present you the Annual Report along with the Company's audited financial statements for the year ended December 31, 2014.

The Directors' Report has been prepared in accordance with section 236 of the Companies Ordinance, 1984 and clause 5.19 of Listing Regulations of KSE and Regulation No. 35 of Listing Regulations of LSE. This report is to be submitted to the members at the Sixty Eighth Annual General Meeting of the Company to be held on April 23, 2015.

Operating results

	Rs. in million
Profit for the year before taxation	2,849
Taxation	(1,162)
Profit after taxation	1,687
Un-appropriated profit brought forward	2,270
Other comprehensive income	(78)
Profit available for appropriation	3,879
Appropriations:	
Final dividend 2013	
Cash	(1,013)
Bonus	(290)
Un-appropriated profit carried forward	2,576

The Board of Directors is pleased to announce a final cash dividend of Rs. 5.00 per share amounting to Rs. 1.6 billion, subject to the approval of the share holders in the Annual General Meeting to be held on April 23, 2015.

The net sales of the Company grew by 10.5% during the year to Rs. 27.9 billion. Net profitability of the Company was Rs. 1.7 billion which was affected by factors as explained more fully in the CEO Review on pages 48 to 49.

Holding Company

As at December 31, 2014, S.R. One International B.V., Netherlands held 245,180,610 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 Karachi Stock Exchange and Lahore Stock Exchange. The shareholding information as of December 31, 2014 and other related information is set out on pages 45 to 47 of the Financial Report. The Directors, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the Company. The shareholding of Mr. M. Salman Burney (CEO) increased upon transfer of shares from his mother.

Chief Executive's review

The Chief Executive's review on pages 48 to 49 deals with:

- Economic overview and business performance analysis, latest developments and company's strategies for achieving its objectives
- Performance review of the Company during the year and significant changes from the previous year along with reasons
- Effective cash management strategy; and
- Future outlook and challenges

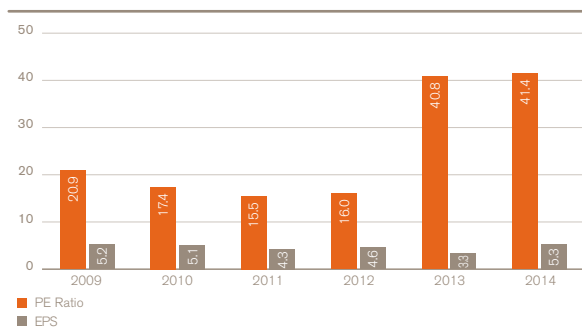
The directors of the Company endorse the contents of the same.



Basic Earnings per Share

Basic Earnings per Share after taxation were Rs. 5.30 (2013: Rs. 3.34).

Earning per Share & Price Earning Ratio



Corporate Social Responsibility (CSR)

GSK is dedicated to being a socially responsible healthcare company that aims to conduct business practices aligned with our values. Corporate Social Responsibility is therefore an integral part of how we work as an organization. At GSK, we recognize the importance of corporate citizenship and support multiple programmes at a grass root level, focusing on health, education and general medical relief. Our employees also participate in 'PULSE' - a skills-based volunteering initiative that enables them to make a sustainable difference in communities and patients in need.

Our participation in various community support initiatives originates from our mission to help make a significant difference in the lives of many, and are mentioned in further detail from page 32 to 34.

Human Resource Development and Succession Planning

GSK takes pride in providing its employees an excellent working environment, differentiated development opportunities and a sense of purpose driven by our vision to "Do More, Feel Better, Live Longer".

With this value proposition in place, we have implemented our New Performance System to enhance individual accountability and reward high achievers. A great effort has also been made to clearly outline and communicate GSK's expectations from our employees at an individual and leadership level. Moreover, it is ensured that our behaviors are driven by our values of Transparency, Respect for People, Integrity and Patient-Focus at all times.

Additionally, our talent systems encourage honest and frequent feedback to provide our employees with holistic assessment of their behaviors and its impact, thus ensuring that as teams, we harness the best out of our employees and proactively managing performance.

On a separate front, our strategy to acquire high potential talent externally continues with an increased vigor when conducting the recruitment drives at top tier universities. At the same time, we focus on the development of internal talent through a robust talent management process providing them local and global opportunities to excel and deliver GSK's strategy. In order to streamline our HR processes globally, we have implemented state-of-the-art technology that provides our leaders with accurate data for decision making and strategic alignment as well as empowers employees at all levels.

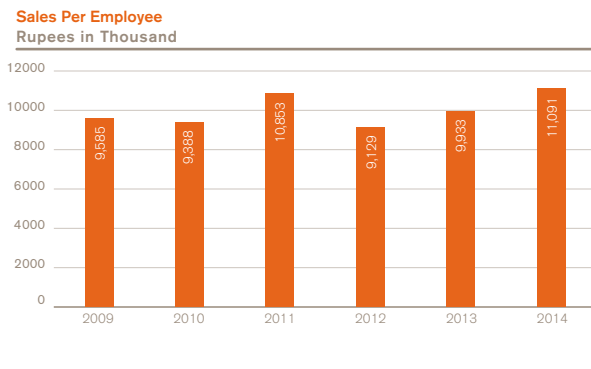
On the whole, our efforts are helping us build a High Performance Culture in GSK.

Environment, Health and Safety (EHS)

GSK's Environmental, Health and Safety (EHS), considers environmental protection, occupational health and safety at work as important as providing quality products.

GSK Pakistan is committed to provide a safe, injury-free workplace where everyone is healthy, energized and protects the society.

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



These programs are based on the establishment of strong control measures supported by employees to

- Increase EHS System awareness at floor level and alignment between floor and EHS
- Enhance EHS System implementation till the roots
- Eradicate issues of floor and generating trends / analysis for EHS issues

Environmental sustainability lies at the core of all GSK business operations focuses on projects aimed at reducing waste and energy consumption.

Business Ethics and Anti-Corruption Measures

GSK considers performance with integrity as the central core of its operations. The Board of Directors of the Company has set down the acceptable business practices and behaviors in "Code of Conduct/Statement of Ethics and Business Practices" to promote integrity and ethics. The Code has been disseminated for signing by all the employees, including the senior management and is also available on the Company's website. Salient features of the Code of Conduct are provided in brief on page 14.



Board of Directors' Meetings and Attendance

The Board of Directors met five times in 2014. All the meetings were held in Pakistan; each member's attendance at these meetings is listed below:

Name	Meetings attended
Mr. M. Salman Burney	5
Mr. Husain Lawai	4
Mr. Mehmood Mandviwalla	5
Mr. Rafique Dawood*	3
Mr. Shahid Mustafa Qureshi*	3
Mr. Yahya Zakaria	5
Mr. Dave Cooper	4
Ms. Erum S. Rahim*	1
Mr. Renaud Savary	1
Ms. Fariha salahuddin**	Nil
Mr. Maqbool-ur-Rehman *	Nil

*Cease to be director of the Company with effect from May 07, 2014.
**Resigned with effect from August 22, 2014.

Leave of absence was granted to the Directors who could not attend some of the Board meetings. The Board would like to record its appreciation and gratitude to outgoing directors Mr. Rafique Dawood, Mr. Shahid Mustafa Qureshi, Ms. Fariha Salahuddin, Ms. Erum S. Rahim and Mr. Maqbool ur Rehman for serving on the Board and for their input and contribution over the period.

During the year, Mr. Yahya Zakaria, completed the training required under the Directors' training program clause 5.19 of Listing Regulations of KSE and Regulation No. 35 of Listing Regulations of LSE.

Audit Committee

The Audit Committee consists of four members, all of whom are non-executive directors including the chairman of the committee. The terms of reference of this Committee have been determined in accordance with the guidelines provided in the Listing Regulations and advised to the Committee for compliance (refer pages 40 to 41). The Committee held four (04) meetings during the year.

An independent Internal Audit function headed by the Chief Internal Auditor and reporting to the Chief Executive and the Board's Audit Committee reviews the corporate accounting and financial reporting process, the effectiveness and adequacy of internal controls, the management of risks and the external and internal audit process. In addition to this, the Internal Audit Function also utilizes the services of independent audit firms to continuously examine company records and operations to ensure fair financial reporting processes, compliance with applicable laws and adherence with internal control systems. The terms of reference of the Committee are provided on pages 40 to 41.

Human Resource and Remuneration Committee

A Human Resource & Remuneration Committee comprises of 4 members, the majority of whom are non-executive directors. One meeting was held in the current year. The committee is involved in making recommendations to the Board regarding executives' remuneration, performance evaluation and succession planning etc. The terms of reference of the Committee are provided in detail on page 40 to 41.

Management Committee

The Management Committee comprises of 10 senior members who meet and discuss significant business plans, issues and progress updates of their respective functions. Significant matters to be put forth in the Board as per the Code of Corporate Governance are also discussed for onward approval.

Risk Management, Governance and Classification

Risk Management and Compliance Board (RMCB) is responsible for identifying, assessing, treating, monitoring and reporting on significant risks associated with the business. 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. RMCB held three (03) meetings during the year.

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

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

Risks can be largely classified as follows:

Strategic Risks – are those which pose a significant threat to meeting the business objectives and are outside of entity's control. The most important strategic risk being faced by the Company remains the overly restrictive and irrational price regime and the absence of an across the board price increase allowed by the Government. The Company is countering this risk through internal cost

saving initiatives, various cost rationalization measures and optimum product sales mix. However, there is a pressing need for a justified price increase.

Operational Risks – are those which hinder the entity from running its operations smoothly. Our main operational risks are the supply continuity which relates to poor security environment in the country, foreign currency fluctuations, inflation and the potential for fraud and employee turnover. These risks are being managed through product rationing, active synchronization between commercial and manufacturing teams, matching our foreign currency receipts against payments to minimize exposure to the maximum extent possible, adequate segregation of duties, job rotations and employee empowerment.

Commercial Risks – are those which stem from the commercial nature of the industry and direct a threat to the profitability of the entity. In GSK's case, the main threat stems from the acceleration of low cost generics to the market competition which is being countered through capacity enhancement / plant up gradation, R&D and to provide affordable healthcare solutions and maintain the Company's market share.

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

The above risks are categorized using the following grid:

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

Auditors

The present auditors, Messrs A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as the Auditors of the Company for the financial year ending December 31, 2015, at a mutually agreed fee.

Subsequent Events

During the year, the Company has initiated assessment of disposal of its land located at 18.5 km, Ferozpur Road,

Lahore measuring approximately 27 acres along with the related operating assets. In this respect an agreement to sell with a value of Rs 950 million has been executed subsequent to year end.

GlaxoSmithKline plc, UK (GSK plc) announced a major global three-part inter-conditional transaction with Novartis AG, Switzerland (Novartis) on April 22, 2014, whereas GSK plc and Novartis will work to create a new world-leading Consumer healthcare business with GSK plc holding a controlling equity interest of 63.5%. Further, GSK plc will also acquire Novartis's global vaccines business (excluding influenza vaccines) whereas GSK plc will divest its marketed Oncology portfolio and Research and Development activities related to it, as well as rights to GSK plc's AKT inhibitor to Novartis.

Pursuant to the global transaction the Company will have its distribution rights terminated for the Oncology portfolio, which portfolio contributed to less than 1% in the revenue and gross profit of the Company.

In respect of Consumer healthcare business, the Board of Directors of the Company in their meeting held on February 25, 2015 considered various options and in principle decided for its demerger. The Board has also approved the appointment of Financial and Legal consultants for advising in respect of structuring of transaction and scheme of arrangements.

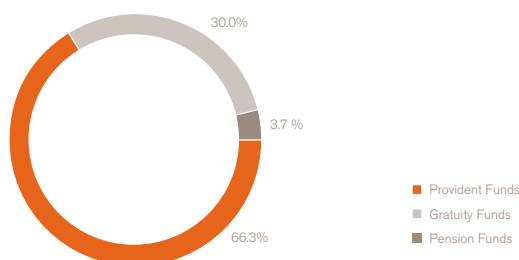
The above transactions are subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary.

Value of Investments of Provident, Gratuity and Pension Funds

The Company maintains retirement benefits plans for its employees. Value of investments of provident and gratuity funds based on un-audited accounts as of December 31, 2014 (audit in progress) was as follows:

	2014
Rs. In millions	
Provident fund	2,657
Gratuity fund	1,203
Pension fund	147

Value of Investment



Contribution to National Exchequer and Economy

Your company made a total contribution of Rs 3,001 million to the National Exchequer by way of custom duties, income tax, sales tax and employees' tax during the year 2014.

Corporate and Financial Reporting Framework

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of account of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- e. The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- h. The key operating and financial data for the last six years is set out on pages 50 to 57.

By order of the Board



M. Salman Burney
Chief Executive



Yahya Zakaria
Director

Karachi
February 25, 2015

CHIEF EXECUTIVE'S REVIEW

I am pleased to present the Annual Report of your Company for the financial year ended December 31, 2014.

Overview of Economy & Business

The economic environment in Pakistan witnessed some signs of recovery in 2014, however many key challenges including the security situation, energy shortages & government revenues remain formidable. The recent fall in global energy prices is expected to have a positive impact on the economy and further strengthen growth and reduce inflation in 2015.

The pharmaceutical industry continued to operate in an environment that has challenged a sustainable business model. Faced with an unstable & challenging regulatory environment, inflationary and fiscal pressures and continuous power crises, the pharmaceutical industry has been forced to internalize all cost pressures without offsetting adjustments over the past decade, whilst all other parts of the health sector and other industries have been allowed to operate under free market mechanism.

Despite these challenges your Company was successful in maintaining its position as the leading pharmaceutical company in Pakistan in terms of value, prescription and volume share and was able to enhance financial performance through expense reductions, optimizing the portfolio mix, simplifying operational processes and introducing new, innovative and improved products.

Business Review

During 2014, net sales of your Company were recorded at Rs 27.9 billion with double digit growth. Your Company's pharmaceutical business segment showed resilience by maintaining market share in the industry and delivered net sales of Rs 23.0 billion reflecting a steady growth of 9.4% over last year. Key portfolios contributing towards this growth were Eye/ear, Anti-Virals, Dermatologicals, Anthelmintics, Anti-Diarrhoeals, Cough/ Cold and Respiratory.

The Consumer Health Care segment also evidenced strong growth of 16.3% achieving an overall turnover of Rs 4.9 billion during 2014. Sensodyne, Panadol and Horlicks were the key growth drivers. During the year certain brands were realigned within business segments in line with global strategy, which will help these products achieve better growth and market penetration in the longer term.

Export sales of your Company grew progressively to Rs 997.6 million compared to Rs 923.7 million in last year.

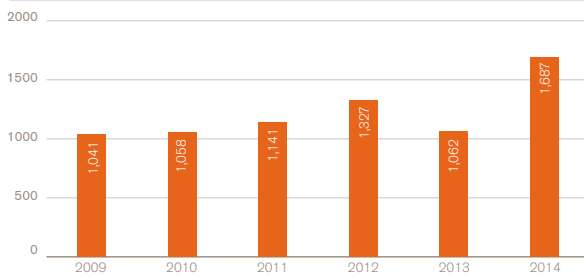
Gross margin for the year at 26.3% marginally improved from last year. Given the fact that there was no across the board price adjustment, the Company took significant cost containment measures to address margin erosion. The product portfolio was rationalized and production of loss making SKUs was reduced wherever possible. Other factors contributing towards margin improvement included a stable and favorable exchange rate, price adjustments on older products which had not been allowed any increase since 2001 and synergies through consolidation of manufacturing facilities.

Selling, marketing and distribution expenses at Rs 3.7 billion only increased by 1.9% over last year, well below inflation. The above rationalization of SKUs favorably impacted the expense base of pharmaceutical segment. In line with GSK's Global HCP initiatives the company is in the process of realigning its ways of working with respect to its promotional and scientific engagements activities which has also resulted in the lower spend. Administrative expenses rose by 9.0% over the corresponding period to Rs 1.0 billion in the current period mainly representing general inflation.

Other operating income was recorded at Rs 491.5 million. This included the effect of some one-off adjustments during the current and previous year i.e. exchange gain of Rs 126.9 million during 2014 whilst an exchange loss of Rs 143.1 million was reported under financial charges last year as well as income from the divestment of the Company's Animal Healthcare business amounting to Rs 186.5 million reflected in last year accounts.

Overall, your Company posted a net profit after tax of Rs 1.7 billion for the year depicting an increase due to reasons elucidated in the preceding paragraphs.

Profit after tax
Rupees in million

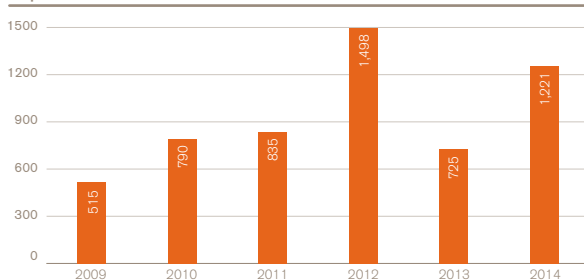


Cash Flows & Capital Expenditure

The Company's cash requirements are met through internal cash generation without reliance on borrowings. An effective Liquidity Management System is in place that is actively involved in assessing and planning the Company's cash flow requirements to ensure adequate availability of funds as required by the business. The Company invests its surplus funds in a mix of sovereign investments and high credit rated bank deposits to maintain a risk averse optimum interest yielding portfolio. The Company maintains strong relationships with its banks and constantly evaluates cash management and trade solutions to improve its investment and banking operations. The Company continued to use its strong cash flows to make the required levels of investments in business necessary to sustain long term growth.

Cash and cash equivalents have increased from last year mainly due to cash generated from operations. The surplus funds were largely utilized on increased capital investments for facility improvements including plant up gradation and capacity enhancement. Capital expenditure of Rs 1.2 billion (2013: 725 million) were incurred during the year.

Capital Expenditure
Rupees in million



Dividends

The Company maintained its history of providing reasonable returns and payouts to its shareholders. The Board of Directors of the Company, in their meeting held on February 25, 2015, have proposed a cash dividend of Rs. 5.0 (2013: Rs. 3.5) per share. Overall dividend payout for 2014 at Rs 1.6 billion will be 57.1% higher than 2013, reflecting the higher equity base.

Future Outlook and Challenges

The pharmaceutical industry has great potential for generating economic value to the country in terms of domestic value addition, creating employment, enhancing exports as well as generating revenue for the exchequer. Over the past few years the industry has suffered from an irrational regulatory framework which is not aligned with other countries in the region resulting in severely curtailing its economic potential and value for the country. After a concerted effort on the part of the industry the Government in 2015 has finally moved towards formulating a Drug Pricing Policy after a lapse of over a decade. While the new Policy still contains challenges that will need to be addressed, on the whole it is an important first step towards developing a regulatory regime that safeguards the interest of the industry, supports the continuity of supplies of quality affordable medicines and ensures the ongoing availability of numerous research based drugs.

As disclosed from time to time, on April 22, 2014, GlaxoSmithKline plc UK (GSK plc) announced a major global three-part inter-conditional transaction with Novartis AG, Switzerland (Novartis) whereas GSK plc and Novartis will work to create a new world-leading Consumer Health Care business with GSK plc holding a controlling equity interest of 63.5%. GSK plc will acquire Novartis' global Vaccines business (excluding influenza vaccines) and GSK plc will divest its marketed Oncology portfolio and Research and Development activities related to it, as well as rights to GSK plc's AKT inhibitor to Novartis. The transaction is progressing, subject to the approvals from regulatory authorities. GSK Pakistan is also evaluating the possible implications and opportunities through replicating the realignment of business in line with global strategy.

Intellectual property

The use of scientific knowledge and creation of Intellectual Property remains central to our values, however, the effective legal protection of our intellectual property is equally important for ensuring a reasonable return on investment in research and commercialization of new treatments.

The IPR laws in Pakistan need to be amended to enforce better controls over counterfeiting and discouraging violation of intellectual property rights. Efforts and initiatives at Government and organization levels have lead to increased deterrence but there is still need for more effective implementation.

Acknowledgment

The Company's success is due to our talented, passionate and dedicated employees who are committed to do more, to achieve better results and help run the Company's operations smoothly despite of numerous challenges.

On behalf of the Board, I would like to take the opportunity to thank all team members, our valued customers and suppliers and our shareholders for their consistent support and look forward to delivering results for all our stakeholders in the coming years.

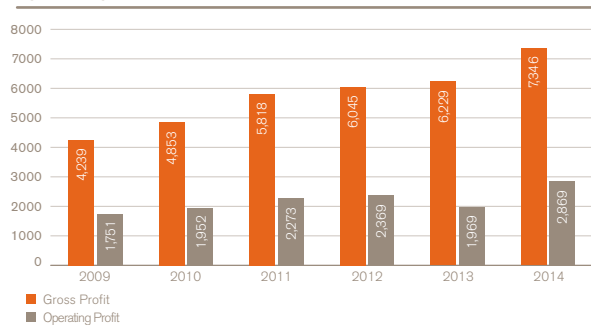
M. Salman Burney
Chief Executive
Karachi
February 25, 2015

FINANCIAL PERFORMANCE AT A GLANCE

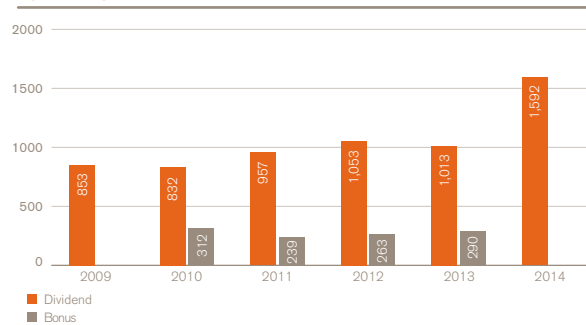
Rupees in million	2014	2013
Net sales	27,883	25,231
Gross profit	7,346	6,229
Operating profit	2,869	1,969
Profit before taxation	2,849	1,810
Taxation	1,162	748
Profit after taxation	1,687	1,062
Dividend - cash*	1,592.3	1,013.3
- per share - Rs.	5.0	3.5
- Issue of bonus shares	-	289.5
Paid-up Capital	3,184.7	2,895.2

* Represents final cash dividend @ Rs. 5.0 per share (2013: Rs. 3.5) proposed by the Board of Directors subsequent to the year end.

Gross and Operating Profit
Rs. in million



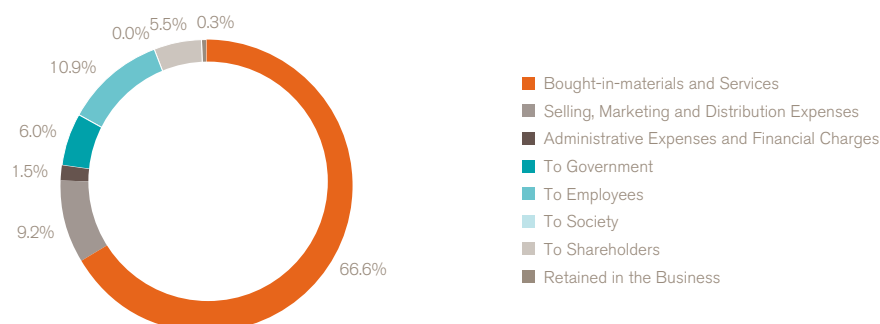
Payout to Shareholders
Rs. in million



STATEMENT OF VALUE ADDED

	2014		2013	
	Rs. 000	%	Rs. 000	%
Revenue Generated				
Total revenue	28,665,947	100.0	25,946,631	100.0
Revenue distributed				
Bought-in -materials and Services	19,083,436	66.6	17,670,879	68.1
Selling, Marketing and Distribution Expenses	2,630,772	9.2	2,616,579	10.1
Administrative Expenses and Financial Charges	433,783	1.5	528,362	2.0
Income tax	1,161,511	4.1	747,609	2.9
Worker's funds and Central research fund	253,411	0.9	153,230	0.6
Sales tax	291,532	1.0	260,837	1.0
To Government	1,706,454	6.0	1,161,676	4.5
Salaries, Wages and other benefits	3,124,331	10.9	2,902,188	11.2
To Employees	3,124,331	10.9	2,902,188	11.2
Donations	100	0.0	4,684	0.0
To Society	100	0.0	4,684	0.0
Cash dividend*	1,592,338	5.5	1,013,305	3.9
To Shareholders	1,592,338	5.5	1,013,305	3.9
Retained in the Business	94,733	0.3	48,958	0.2
	28,665,947	100.0	25,946,631	100.0

* Represents final cash dividend @ Rs. 5.0 per share proposed by the Board of Directors subsequent to the year end.



KEY OPERATING AND FINANCIAL DATA

Rupees in million

2014

2013

2012

2011

2010

2009

Balance Sheet

Assets employed

Fixed Assets - tangible

- property, plant and equipment

Assets - intangible

- Goodwill

Long Term Investments

Long-term loans and deposits

Net current assets

Non current assets held for sale

	2014	2013	2012	2011	2010	2009
Fixed Assets - tangible	6,652	5,973	5,815	4,794	4,190	3,830
Assets - intangible	956	956	956	956	956	956
Long Term Investments	-	-	-	-	-	169
Long-term loans and deposits	88	87	99	94	85	73
Net current assets	5,198	5,196	5,231	5,725	6,101	6,057
Non current assets held for sale	27	-	-	-	-	-
Total Assets Employed	12,921	12,212	12,101	11,569	11,332	11,085

Less: Non-Current Liabilities

Staff retirement benefits - Staff gratuity

Deferred taxation

	2014	2013	2012	2011	2010	2009
Staff retirement benefits - Staff gratuity	382	251	175	214	115	73
Deferred taxation	594	612	531	367	417	418
Total Non-Current Liabilities	976	863	706	581	532	491

Net assets employed

Financed by

Issued, subscribed and paid-up capital

Reserves

Shareholders' Equity

	2014	2013	2012	2011	2010	2009
Net assets employed	11,945	11,349	11,395	10,988	10,800	10,594
Issued, subscribed and paid-up capital	3,185	2,895	2,632	2,393	1,964	1,707
Reserves	8,760	8,454	8,763	8,595	8,836	8,887
Total Shareholders' Equity	11,945	11,349	11,395	10,988	10,800	10,594

Turnover and profit

Net sales

Gross profit

Operating profit

Profit before taxation

Taxation

Profit after taxation

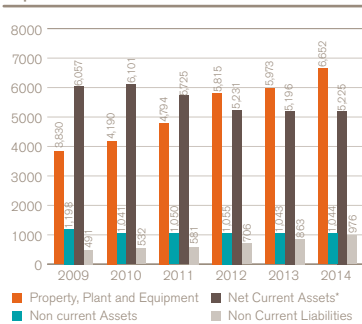
EBTIDA

Cash Dividend including bonus shares

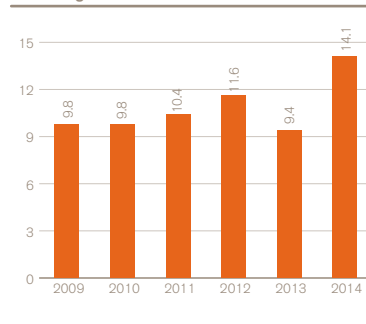
Sales per employee

	2014	2013	2012	2011	2010	2009
Net sales	27,883	25,231	23,150	21,750	18,916	16,754
Gross profit	7,346	6,229	6,045	5,818	4,853	4,239
Operating profit	2,869	1,969	2,369	2,273	1,952	1,751
Profit before taxation	2,849	1,810	2,322	2,237	1,932	1,706
Taxation	(1,162)	(748)	(995)	1,096	874	665
Profit after taxation	1,687	1,062	1,327	1,141	1,058	1,041
EBTIDA	3,293	2,323	2,716	2,599	2,324	2,061
Cash Dividend including bonus shares	1,592	1,303	1,316	1,196	1,144	853
Sales per employee	11,091	9,933	9,129	10,853	9,388	9,585

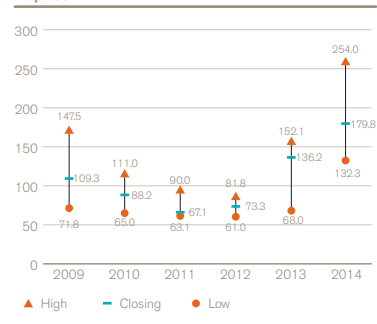
Assets & Liabilities
Rupees in million



Return on Equity
Percentage



Share Price Sensitivity
Rupees



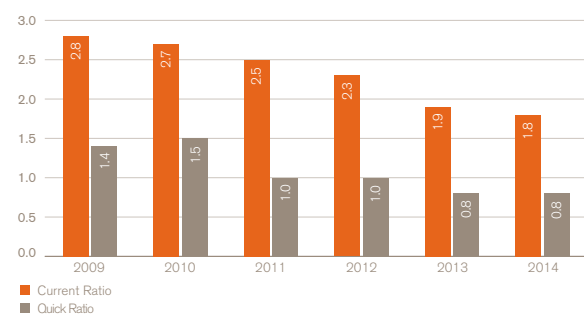
* Net Current Assets include Non Current Assets held for sale

		2014	2013	2012	2011	2010	2009
Cashflows							
Operating Activities	Rs. in million	2,432	1,057	2,057	127	2,433	1,348
Investing Activities	Rs. in million	(920)	(285)	(1,167)	(558)	(739)	(262)
Financing Activities	Rs. in million	(957)	(990)	(900)	(782)	(849)	(1,189)
Changes in Cash equivalents	Rs. in million	555	(218)	(10)	(1,213)	845	(103)
Cash & equivalents - Year end	Rs. in million	2,652	2,097	2,316	2,326	3,538	2,693
Financial Highlights							
Cash dividend per share	Rupees	5.0	3.5	4.0	4.0	4.0	5.0
Bonus shares	%	-	10.0	10.0	10.0	15.0	-
Market value per share - year end	Rupees	219.3	136.2	73.3	67.1	88.2	109.3
Market value per share - high	Rupees	254.0	152.1	81.8	90.0	111.0	147.5
Market value per share - low	Rupees	136.3	68.0	61.0	63.1	65.0	71.8
Market price to Book value with surplus	Times	5.8	3.5	1.7	1.4	1.7	2.1
Market capitalization	Rs.in million	69,843	39,435	19,300	16,050	17,321	18,649
Profitability Ratios							
Profit before tax ratio	%	10.2	7.2	10.0	10.3	10.2	10.2
Gross Yield on Earning Assets	%	7.1	7.6	6.9	14.8	8.7	12.8
Gross Spread ratio	Times	0.2	0.2	0.2	0.2	0.2	0.2
Cost / Income ratio	Times	0.6	0.7	0.6	0.6	0.6	0.6
Return on Equity	%	14.1	9.4	11.6	10.4	9.8	9.8
Return on Capital employed	%	9.1	6.2	8.4	7.5	7.2	8.3
Gross Profit ratio	%	26.3	24.7	26.1	26.8	25.7	25.3
Net Profit to Sales	%	6.1	4.2	5.7	5.2	5.6	6.2
EBITDA Margin to Sales	%	11.8	9.2	11.7	11.9	12.2	12.0
Operating leverage ratio	Times	5.5	(2.5)	0.6	1.1	1.0	(1.7)
Investment/Market Ratios							
Earnings per share (EPS)	Rupees	5.3	3.3	4.6	4.3	5.1	5.2
Price Earnings ratio	Times	41.4	40.8	16.0	15.5	17.4	20.9
Price to Book ratio	Times	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Yield ratio	%	2.3	2.6	5.5	6.0	4.5	4.6
Dividend Payout ratio	Times	0.9	1.0	0.9	0.9	0.8	1.0
Dividend Cover ratio	Times	1.1	1.0	1.1	1.1	1.3	1.0
Break-up Value per share without Surplus on Revaluation of Fixed Assets	Rupees	37.5	39.2	43.3	45.9	55.0	62.1
Break-up Value per share including the effect of Surplus on Revaluation of Fixed Assets	Rupees	37.5	39.2	43.3	45.9	55.0	62.1

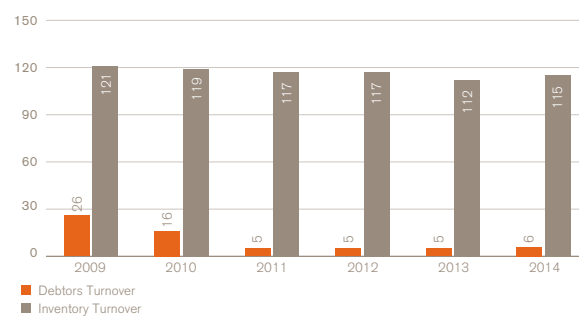
KEY OPERATING AND FINANCIAL DATA

		2014	2013	2012	2011	2010	2009
Capital Structure Ratios							
Earning assets to total assets ratio	%	13.9	11.7	14.3	15.1	24.9	18.7
Net assets per share	Times	37.5	39.2	43.3	45.9	51.9	62.1
Debt to Equity ratio	Times	0.1	0.1	0.1	0.1	0.0	0.0
Financial leverage ratio	Times	0.6	0.6	0.4	0.4	0.4	0.4
Interest Cover ratio	Times	139.9	11.4	48.9	61.2	96.5	38.2
Liquidity Ratios							
Advances to Deposits ratio	Times	2.9	2.1	2.6	3.0	1.5	0.9
Current ratio	Times	1.8	1.9	2.3	2.5	2.7	2.8
Quick / Acid test ratio	Times	0.8	0.8	1.0	1.0	1.5	1.4
Cash to Current Liabilities	Times	0.4	0.4	0.6	0.6	1.0	0.8
Cash flow from Operations to Sales	%	8.7	4.2	8.9	0.6	12.9	8.0
Activity / Turnover Ratios							
Inventory turnover ratio	Times	3.2	3.3	3.1	3.1	3.1	3.0
No. of Days in Inventory	Days	115	112	117	117	119	121
Debtor turnover ratio	Times	63.0	72.1	66.7	68.1	23.3	14.3
No. of Days in Receivables	Days	6	5	5	5	16	26
Creditor turnover ratio	Times	10.6	10.5	12.8	12.3	10.8	13.5
No. of Days in Creditors	Days	34	35	28	30	34	27
Total Assets turnover ratio	Times	1.5	1.4	1.4	1.4	1.3	1.2
Fixed Assets turnover ratio	Times	4.2	4.2	4.0	4.5	4.5	4.4
Operating Cycle	Days	86	82	94	93	100	119

Current Ratio and Quick Ratio
Number of Times



Debtors Turnover and Inventory Turnover
Number of Days



DUPONT ANALYSIS

RS. IN MILLION (FOR THE YEAR ENDED DECEMBER 31, 2014)



* Total Cost includes:
 • Cost of Sales
 • Selling, marketing and distribution expenses
 • Administrative expenses
 • Other operating expenses
 • Other income
 • Financial changes
 • Taxation

** Current Assets include Non Current Assets held for Sales valued at Rs.27 million

HORIZONTAL ANALYSIS

%	2014	2013	2012	2011	2010	2009
Balance Sheet Analysis						
	Change from preceding year					
Share Capital and Reserves	5.2	(0.4)	3.7	1.7	1.9	26.8
Non Current Liabilities	13.0	22.2	21.5	9.3	8.4	47.4
Current Liabilities	7.9	38.0	7.0	9.0	6.4	72.7
Total Equity and Liabilities	6.5	10.4	5.2	3.7	3.2	35.8
Non Current Assets	9.7	2.1	17.6	11.7	4.0	89.3
Current Assets	4.2	16.4	(2.3)	(0.6)	2.7	18.0
Total Assets	6.5	10.4	5.2	3.7	3.2	35.8
Profit and Loss Account Analysis						
	Change from preceding year					
Net sales	10.5	9.0	6.4	15.0	12.9	25.0
Cost of sales	8.1	11.1	7.4	13.3	12.4	31.1
Gross profit	17.9	3.0	3.9	19.9	14.5	10.0
Selling, marketing and distribution expenses	1.9	19.7	8.5	21.8	18.1	46.7
Administrative expenses	9.0	19.3	(23.2)	22.8	(2.9)	63.7
Other operating expenses	65.4	(20.4)	(0.7)	13.4	12.5	(26.9)
Other income	8.0	37.8	(28.5)	16.2	(14.2)	(63.8)
Operating profit	45.7	(16.9)	4.2	16.5	11.5	(43.1)
Financial charges	(87.2)	235.1	30.1	82.4	(55.6)	(41.6)
Profit before taxation	57.4	(22.0)	3.8	15.8	13.2	(43.2)
Taxation	55.4	(24.9)	(9.2)	25.3	31.4	(36.4)
Profit after taxation	58.8	(19.9)	16.3	7.9	1.6	(46.8)

VERTICAL ANALYSIS

%	2014	2013	2012	2011	2010	2009
Balance Sheet Analysis						
Share Capital and Reserves	62.5	63.3	70.1	71.1	72.5	73.4
Non Current Liabilities	5.1	4.8	4.3	3.8	3.6	3.4
Current Liabilities	32.4	31.9	25.6	25.1	23.9	23.2
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non Current Assets	40.4	39.1	42.3	37.8	35.1	34.8
Current Assets	59.6	60.9	57.7	62.2	64.9	65.2
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Profit and Loss Account Analysis						
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	73.7	75.3	73.9	73.2	74.3	74.7
Gross profit	26.3	24.7	26.1	26.8	25.7	25.3
Selling, marketing and distribution expenses	13.3	14.4	13.1	12.8	12.2	11.6
Administrative expenses	3.7	3.7	3.4	4.7	4.4	5.1
Other operating expenses	0.9	0.6	0.8	0.9	0.9	0.9
Other income	1.8	1.8	1.4	2.1	2.1	2.8
Operating profit	10.3	7.8	10.2	10.5	10.3	10.5
Financial charges	0.1	0.6	0.2	0.2	0.1	0.3
Profit before taxation	10.2	7.2	10.0	10.3	10.2	10.2
Taxation	4.2	3.0	4.3	5.0	4.6	4.0
Profit after taxation	6.1	4.2	5.7	5.2	5.6	6.2

DIRECT CASH FLOW STATEMENT

(FOR THE YEAR ENDED 31 DECEMBER 2014)

Rupees in '000

2014

2013

Cash Flows From Operating Activities

Cash receipts from customers	27,676,396	25,296,211
Cash paid to suppliers / service providers	(20,860,599)	(19,893,193)
Cash paid to employees	(2,915,649)	(2,711,605)
Payment of indirect taxes and other statutory duties	(218,263)	(206,333)
Payment of royalty and technical services fee	(342,393)	(20,241)
Payment to Retirement Funds	(171,871)	(181,702)
Financial charges paid	(20,363)	(16,147)
Income tax paid	(710,378)	(1,210,352)
Long term deposits	(5,090)	(104)
Net cash from operating activities	2,431,790	1,056,534

Cash Flows From Investing Activities

Fixed Capital Expenditure	(1,221,013)	(725,019)
Proceeds from sale of operating assets	109,575	91,982
Investments encashed	-	186,500
Return on investments	191,881	161,339
Net cash used in investing activities	(919,557)	(285,198)

Cash Flows From Financing Activities

Dividends paid	(957,390)	(989,812)
Net cash used in financing activities	(957,390)	(989,812)

	554,843	(218,476)
Cash and cash equivalents at beginning of the year	2,097,268	2,315,744
Cash and cash equivalents at end of the year	2,652,111	2,097,268





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FINANCIAL HIGHLIGHTS

	Highlights	2014	2013
Sales Revenue	+10.5%	Rs. 27,883 M	Rs. 25,231 M
Market Capitalization	+1.8 Times	Rs. 69,843 M	Rs. 39,435 M
Earning Per Share	+58.7%	Rs. 5.3	Rs. 3.3
Dividend Per Share	+42.9%	Rs. 5.0	Rs. 3.5
Return on Equity	+50.0%	14.1%	9.4%
Return on Capital Employed	+46.8%	9.1%	6.2%

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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2014

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Clause 5.19 of Listing Regulations of Karachi Stock Exchange and Regulation No. 35 of Listing Regulations of Lahore 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:

Independent Directors

Husain Lawai

Non-Executive Directors

Dave Cooper

Renaud Savary

Mehmood Mandviwalla

Executive Directors

M. Salman Burney

Yahya Zakaria

The independent director meets the criteria of independence under Clause 5.19.1 (b) of the Karachi Stock Exchange Limited regulations and under Clause I (b) of Regulation No.35 of Chapter XI of the Listing Regulations of the Lahore Stock Exchange.

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. The Company is finalizing the due diligence of selected candidates to fill in the casual vacancy on the Board. The Company has applied to the SECP for extension of time in this respect.
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 taken 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.

9. During the year one director obtained certification under the directors' training program.
10. New appointment of the Company Secretary was made during the year. The remuneration of Chief Executive Officer, Chief Financial Officer, Company Secretary and Chief Internal Auditor was approved by the board.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the material corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors including the chairman of the committee.
18. The Board has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchanges.
23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors along with pricing methods.
24. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board


M. Salman Burney
Chief Executive

Karachi
February 25, 2015

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 (the Company) for the year ended 31 December 2014 to comply with the Code contained in Regulation No. 5.19 of the Karachi Stock Exchange Limited Regulations and Regulation No. 35 of Chapter XI contained in the Listing Regulations of the Lahore 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 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 31 December 2014.

Further, we highlight the matter in relation to the requirement of the Code in respect of filling casual vacancy on the Board as mentioned in paragraph 4 of the Statement of Compliance.



A.F. Ferguson & Co.

Chartered Accountants
Karachi

Date: 18 March 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of GlaxoSmithKline Pakistan Limited as at 31 December 2014 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 31 December 2014 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: 18 March 2015

Name of Engagement Partner: Mohammad Zulfikar Akhtar

BALANCE SHEET

AS AT DECEMBER 31, 2014

Rupees '000	Note	2014	2013
NON-CURRENT ASSETS			
Fixed assets	3	6,652,251	5,973,404
Intangible - goodwill	4	955,742	955,742
Long-term loans to employees	5	65,722	70,079
Long-term deposits		21,955	16,865
		7,695,670	7,016,090
CURRENT ASSETS			
Stores and spares	6	158,775	156,548
Stock-in-trade	7	6,308,061	6,271,405
Trade debts	8	535,116	349,950
Loans and advances	9	414,641	248,463
Trade deposits and prepayments	10	144,669	118,592
Interest accrued		5,793	9,753
Refunds due from government	11	56,925	46,951
Other receivables	12	301,986	392,202
Taxation - payments less provision		799,984	1,231,588
Investments	13	591,667	224,269
Cash and bank balances	14	2,060,444	1,872,999
		11,378,061	10,922,720
Non-current assets classified as held for sale	15	27,147	-
		19,100,878	17,938,810
SHARE CAPITAL AND RESERVES			
Share capital	16	3,184,672	2,895,156
Reserves	17	8,760,431	8,454,157
		11,945,103	11,349,313
NON-CURRENT LIABILITIES			
Staff retirement benefits	18	382,253	250,977
Deferred taxation	19	593,354	612,012
		975,607	862,989
CURRENT LIABILITIES			
Trade and other payables	20	6,002,632	5,561,429
Provisions	21	177,536	165,079
		6,180,168	5,726,508
		7,155,775	6,589,497
CONTINGENCIES AND COMMITMENTS			
	22		
		19,100,878	17,938,810

The annexed notes 1 to 46 form an integral part of these financial statements.


M. Salman Burney
 Chief Executive


Yahya Zakaria
 Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees '000	Note	2014	2013
Net sales	23	27,882,887	25,230,878
Cost of sales	24	(20,537,116)	(19,002,112)
Gross profit		7,345,771	6,228,766
Selling, marketing and distribution expenses	25	(3,694,682)	(3,625,389)
Administrative expenses	26	(1,020,261)	(935,974)
Other operating expenses	27	(253,411)	(153,230)
Other income	28	491,528	454,916
Operating profit		2,868,945	1,969,089
Financial charges	29	(20,363)	(159,217)
Profit before taxation		2,848,582	1,809,872
Taxation	30	(1,161,511)	(747,609)
Profit after taxation		1,687,071	1,062,263
Other comprehensive income			
Items that will not be reclassified to Profit and loss			
Remeasurements of staff retirement benefits		(116,163)	(81,095)
Impact of taxation		38,187	27,491
		(77,976)	(53,604)
Total comprehensive income		1,609,095	1,008,659
Earnings per share	31	Rs. 5.30	Rs. 3.34

The annexed notes 1 to 46 form an integral part of these financial statements.


M. Salman Burney
 Chief Executive


Yahya Zakaria
 Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees '000	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	3,221,259	2,355,352
Staff retirement benefits paid		(78,358)	(100,242)
Income taxes paid		(710,378)	(1,210,352)
(Increase) / decrease in long-term loans to employees and deposits		(733)	11,776
Net cash generated from operating activities		2,431,790	1,056,534
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,221,013)	(725,019)
Proceeds from sale of operating assets		109,575	91,982
Proceeds from transfer of marketing authorisation rights and related trademarks of certain products		–	186,500
Return received		191,881	161,339
Net cash used in investing activities		(919,557)	(285,198)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(957,390)	(989,812)
Net increase / (decrease) in cash and cash equivalents		554,843	(218,476)
Cash and cash equivalents at beginning of the year		2,097,268	2,315,744
Cash and cash equivalents at end of the year	33	2,652,111	2,097,268

The annexed notes 1 to 46 form an integral part of these financial statements.


M. Salman Burney
 Chief Executive



Yahya Zakaria
 Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees '000	Share capital	Capital reserves		General reserve	Unappropriated profit	Total
		Reserve arising on amalgamation	Issue of bonus shares			
Balance as at January 1, 2013	2,631,960	2,184,238	-	3,999,970	2,577,270	11,393,438
Final dividend for the year ended December 31, 2012 @ Rs. 4 per share	-	-	-	-	(1,052,784)	(1,052,784)
Transferred to reserve for issue of bonus shares	-	-	263,196	-	(263,196)	-
Bonus shares issued during the year in the ratio of 1 share for every 10 shares held	263,196	-	(263,196)	-	-	-
Profit after taxation for the year ended December 31, 2013	-	-	-	-	1,062,263	1,062,263
Remeasurements of staff retirement benefits - net of tax	-	-	-	-	(53,604)	(53,604)
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	1,008,659	1,008,659
Balance as at December 31, 2013	2,895,156	2,184,238	-	3,999,970	2,269,949	11,349,313
Final dividend for the year ended December 31, 2013 @ Rs. 3.5 per share	-	-	-	-	(1,013,305)	(1,013,305)
Transferred to reserve for issue of bonus shares	-	-	289,516	-	(289,516)	-
Bonus shares issued during the year in the ratio of 1 share for every 10 shares held	289,516	-	(289,516)	-	-	-
Profit after taxation for the year ended December 31, 2014	-	-	-	-	1,687,071	1,687,071
Remeasurements of staff retirement benefits - net of tax	-	-	-	-	(77,976)	(77,976)
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,609,095	1,609,095
Balance as at December 31, 2014	3,184,672	2,184,238	-	3,999,970	2,576,223	11,945,103

The annexed notes 1 to 46 form an integral part of these financial statements.


M. Salman Burney
 Chief Executive


Yahya Zakaria
 Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. THE COMPANY AND ITS OPERATIONS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

Statement of compliance

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

Critical accounting estimates and judgements

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

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

Estimates and judgments 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 judgments made by the Company's management in applying the accounting policies that would have effect on the amounts recognised in the financial statements.

2.2 Changes in accounting standards, interpretations and pronouncements

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

IFRIC 21, "Levies" a new interpretation is applicable for the Company for the first time for the financial year beginning on January 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company's current accounting treatment / policy is already in line with this interpretation.

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

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on January 1, 2014 are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial statements.

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

IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

There are other standards and amendments to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

2.3 Overall valuation policy

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

2.4 Staff retirement benefits

2.4.1 The Company operates following defined benefit plans:

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

Contributions to the gratuity and pension plans / funds are based on actuarial recommendations. The latest actuarial valuations of the schemes were carried out as at December 31, 2014 using the Projected Unit Credit Method.

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

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

2.5 Compensated absences

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

2.6 Taxation

2.6.1 Current

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

2.6.2 Deferred

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

2.7 Provisions

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

2.8 Property, plant and equipment

(i) Operating fixed assets

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

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

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

Maintenance and normal repairs are charged to income 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 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.

2.11 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 necessarily to be incurred to make the sale.

2.13 Trade debts

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

2.14 Investments

Available-for-sale

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

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

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

Held-to-maturity

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

2.15 Non-current assets held for sale

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

2.16 Cash and cash equivalents

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

2.17 Foreign currency translation

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

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

2.18 Revenue recognition

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

- Sales of goods are recorded when the risks and rewards of the goods are transferred to the customers.
- Returns on deposits, investments, scrap sales and insurance commission are recognised on accrual basis.

2.19 Financial assets and liabilities

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

2.20 Dividend

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

2.21 Share based payments

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

2.22 Segment reporting

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

Rupees '000	Note	2014	2013
3. FIXED ASSETS			
Operating assets	3.1	5,318,400	5,075,833
Major spare parts and standby equipments	3.5	74,542	42,722
Capital work-in-progress	3.6	1,259,309	854,849
		6,652,251	5,973,404

Rupees '000	Land		Building		Plant & machinery	Furniture & fixtures	Vehicles	Office equipments	Total
	Freehold	Leasehold	On freehold land	On leasehold land					
3.1 Operating assets									
Net carrying value basis									
Year ended December 31, 2014									
Opening net book value (NBV)	174	351,719	1,335	1,318,417	2,664,861	146,388	340,542	252,397	5,075,833
Additions (at cost)	-	-	-	32,547	446,959	26,068	178,901	100,258	784,733
Disposals									
- Cost	-	-	-	-	(84,018)	(1,558)	(136,279)	(3,887)	(225,742)
- Accumulated depreciation	-	-	-	-	71,319	1,548	74,574	3,042	150,483
- Accumulated impairment	-	-	-	-	4,239	-	-	-	4,239
Disposals (at NBV)	-	-	-	-	(8,460)	(10)	(61,705)	(845)	(71,020)
Depreciation charge	-	(5,251)	(8,915)	(40,302)	(228,493)	(18,930)	(103,823)	(72,938)	(478,652)
Impairment reversal	-	-	31,916	-	2,698	39	-	-	34,653
Transferred to disposal group classified as held for sale - Note 15									
- Cost	(174)	-	(64,417)	-	(7,752)	(1,611)	-	-	(73,954)
- Accumulated depreciation	-	-	40,081	-	5,140	1,586	-	-	46,807
	(174)	-	(24,336)	-	(2,612)	(25)	-	-	(27,147)
Closing net book value	-	346,468	-	1,310,662	2,874,953	153,530	353,915	278,872	5,318,400
Gross carrying value basis									
At December 31, 2014									
Cost	-	382,676	-	1,666,626	4,788,642	271,344	590,847	627,759	8,327,894
Accumulated depreciation	-	(36,208)	-	(355,964)	(1,893,542)	(117,631)	(236,932)	(348,887)	(2,989,164)
Accumulated impairment	-	-	-	-	(20,147)	(183)	-	-	(20,330)
Net book value	-	346,468	-	1,310,662	2,874,953	153,530	353,915	278,872	5,318,400
Depreciation rate									
% per annum	-	2.5 to 10	2.5	2.5	5 to 6.67	10	25	10 to 33.33	
Net carrying value basis									
Year ended December 31, 2013									
Opening net book value (NBV)	174	356,970	1,335	1,285,819	2,281,232	142,064	314,215	242,609	4,624,418
Additions (at cost)	-	-	-	70,060	682,410	20,545	161,044	67,110	1,001,169
Disposals									
- Cost	-	-	-	(27,040)	(102,429)	(5,880)	(117,529)	(276,223)	(529,101)
- Accumulated depreciation	-	-	-	9,539	77,504	5,702	68,780	274,046	435,571
- Accumulated impairment	-	-	-	16,571	24,443	10	9	-	41,033
Disposals (at NBV)	-	-	-	(930)	(482)	(168)	(48,740)	(2,177)	(52,497)
Depreciation charge	-	(5,251)	-	(36,532)	(292,956)	(16,053)	(85,977)	(55,145)	(491,914)
Impairment charge	-	-	-	-	(5,343)	-	-	-	(5,343)
Closing net book value	174	351,719	1,335	1,318,417	2,664,861	146,388	340,542	252,397	5,075,833
Gross carrying value basis									
At December 31, 2013									
Cost	174	382,676	64,417	1,634,079	4,433,453	248,445	548,225	531,388	7,842,857
Accumulated depreciation	-	(30,957)	(31,166)	(315,662)	(1,741,508)	(101,835)	(207,683)	(278,991)	(2,707,802)
Accumulated impairment	-	-	(31,916)	-	(27,084)	(222)	-	-	(59,222)
Net book value	174	351,719	1,335	1,318,417	2,664,861	146,388	340,542	252,397	5,075,833
Depreciation rate									
% per annum	-	2.5 to 10	2.5	2.5	5 to 10	10	25	10 to 33.33	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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	11,677	7,485	4,192	1,555	Tender	M/s. Ganatra Salvaging, B-37, S.I.T.E., Karachi
Items sold with tenders having individual book values less than Rs. 50,000						
- Plant & machinery - various items	22,578	22,359	219			
- Office equipment - various items	447	447	-			
	34,702	30,291	4,411	1,555		
Plant & machinery - various items	3,581	1,604	1,977	2,143	Tender	M/s. Ganatra Salvaging, B-37, S.I.T.E., Karachi
Office equipment	1,195	697	498			
Items sold with tenders having individual book values less than Rs. 50,000						
- Plant & machinery - various items	4,076	3,889	187			
- Office equipment	115	115	-			
	8,967	6,305	2,662	2,143		
Plant & machinery - various items	1,758	751	1,007	475	Tender	M/s. Ganatra Salvaging, B-37, S.I.T.E., Karachi
Office equipment	679	371	308			
Items sold with tenders having individual book values less than Rs. 50,000						
- Plant & machinery - various items	9,877	9,751	126			
- Office equipment - various items	288	274	14			
	12,602	11,147	1,455	475		
Plant & machinery - various items	735	437	298	2,150	Tender	M/s. Shakoor Brothers, Plot # SA-6, Street # 4, Sector-27, Korangi Industrial Area, Karachi
Items sold with tenders having individual book values less than Rs. 50,000						
- Plant & machinery - various items	21,802	21,607	195			
- Office equipment - various items	1,095	1,069	26			
- Furniture & fixture - various items	1,558	1,548	10			
	25,190	24,661	529	2,150		
Plant & machinery - various items	6,458	2,818	3,640	2,117	Tender	M/s. Shakoor Brothers, Plot # SA-6, Street # 4 Sector-27, Korangi Industrial Area, Karachi
"	383	208	175	560	"	M/s. Al-Muslim Goods Transport, Plot # 31 & 32 Quaid-e-Azam Truck Stand, Hawksbay Road Karachi
"	1,093	410	683	1,345	"	M/s. Green Power, Plot # 9-C, Street No. 8, Badar Commercial Area, DHA, Karachi
Balance carried forward	89,395	75,840	13,555	10,345		

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Balance brought forward	89,395	75,840	13,555	10,345		
Motor vehicles	674	494	180	702	Tender	Mr. Abdul Ahad, House # 268, Mohallah Haroonabad, S.I.T.E., Karachi
"	1,123	579	544	1,026	"	M/s. R2, Row # 4, Block 10, NCHS, Gulshan-e-Iqbal, Karachi
"	2,359	1,029	1,330	2,230	"	M/s. Suzuki Macca Motor, FL-8,8,10,11, Gulshan-e-Jamal, Main Rashid Minhas Road, Opp. COD, Karachi
"	2,420	1,815	605	1,300	"	M/s. Suzuki South, Plot # 25/1, Sector 23, Korangi Industrial Area, Karachi
"	7,280	2,048	5,232	5,500	"	M/s. Waqar Enterprises, D/8-, Block B, North Nazimabad, Karachi
"	2,432	342	2,090	2,319	"	Mr. Athar Shafique, R/403, Sector 10, North Karachi
"	1,711	942	769	1,682	"	Mr. Faizan Jawed, 4/1095, Shah Faisal Colony # 4, Karachi
"	3,769	2,704	1,065	3,375	"	Mr. Farrukh Amjad Shah, R/25, Sector 5/L, North Karachi
"	2,119	1,589	530	1,588	"	Mr. Huzaifa Arif, F-11, Block 8, Gulshan-e-Iqbal, Karachi
"	7,280	2,730	4,550	5,500	"	Mr. Imtiaz Ahmed Khan, House # P-20, Block 16, Gulistan-e-Johar, Karachi
"	2,065	1,549	516	1,819	"	Mr. Khalid Anwar, House # 2029, Near Sharif Medical Centre, Bhutta Village, Kemari, Karachi
"	2,855	2,006	849	2,604	"	Mr. Mirza Zohaib Baig, B-7, Block -A, North Nazimabad, Karachi
"	766	574	192	815	"	Mr. Muhammad Asharf, C/17/81, Block-C, Jinnah Road, Near KMC Office, Shershah, Karachi
"	1,337	1,003	334	957	"	Mr. Muhammad Yameen, Amin Motors, Shop # 1296, Ghausia Colony, New Town Police Station, New Town, Karachi
"	1,285	858	427	1,324	"	Mr. Numeri Abrar, A/50, Block 3, Gulistan-e-Johar, Karachi
"	490	368	122	500	"	Mr. S. Muhammad Shakil, B-213, Journalist Society, Block 4/A, Gulshan-e-Iqbal, Karachi
"	1,231	404	827	1,031	"	Mr. Sh. Abdul Waheed, A-1/419, Harmain Towers, Gulistan-e-Johar, Block 19, Karachi
"	985	595	390	901	"	Mr. Shakil Ahmed, S-2/299, Malir, Saudabad, Karachi
"	1,049	787	262	870	"	Mr. Syed Aijaz Ali, C-2/8, Modern Colony, Manghopir Road, Karachi
"	815	611	204	754	"	Mr. Syed Hasan Ali Warsi, A-162/12, Gulberg, F. B. Area, Karachi
"	1,211	322	889	1,128	"	Mr. Syed Muhammad Saleem, A-213, Block L, North Nazimabad, Karachi
Balance carried forward	134,651	99,189	35,462	48,270		

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FOR THE YEAR ENDED DECEMBER 31, 2014

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Balance brought forward	134,651	99,189	35,462	48,270		
Motor vehicles	1,914	1,033	881	1,914	Tender	Mr. Syed Riaz Ahmed, A-216, Block 3, Gulshan-e-Iqbal, Karachi
"	1,302	244	1,058	1,170	"	Mr. Waseem Mirza, A/32, Block 10 A, Gulshan-e-Iqbal, Karachi
"	2,777	363	2,414	2,668	"	Mr. Zahid Qadri, R-536, 15A/4, Buffer Zone, North Nazimabad, Karachi
"	7,104	3,353	3,751	4,461	Company policy	Dr. Iffat Yazdani - Ex-Executive
"	1,354	1,016	338	338	"	Dr. Sajid Hussain - Executive
"	855	641	214	214	"	Dr. Tajammal Hussain - Ex-Executive
"	652	489	163	163	"	Mr. Abbas H Rizvi - Executive
"	1,800	1,350	450	450	"	Mr. Abdul Rauf - Executive
"	1,067	717	350	656	"	Mr. Abdul Waheed - Executive
"	1,524	691	833	762	"	Mr. Abid M. Ather - Ex-Executive
"	655	491	164	650	"	Mr. Ahsan Khan - Ex-Executive
"	815	611	204	326	"	Mr. Aijaz Ali Nasir - Executive
"	1,203	489	714	624	"	Mr. Alam Zeb Khan - Ex-Executive
"	1,049	705	344	629	"	Mr. Anwer Ali - Executive
"	1,800	1,350	450	450	"	Mr. Anwer Mukhtar - Executive
"	674	607	67	260	"	Mr. Tahir Ahmed - Ex-Executive
"	1,654	362	1,292	1,305	"	Mr. Arij Jamil - Ex-Executive
"	1,874	903	971	1,496	"	Mr. Asif Alavi - Ex-Executive
"	855	641	214	214	"	Mr. Azhar Idress - Executive
"	1,089	645	444	923	"	Mr. Babar Bozdar - Executive
"	1,414	1,061	353	566	"	Mr. Faisal Rafiq - Executive
"	1,527	760	767	1,193	"	Mr. Farooq Zuberi - Executive
"	1,203	526	677	968	"	Mr. Hasham Baber - Executive
"	1,760	523	1,237	1,061	"	Mr. Jamil Saifi - Ex-Executive
"	3,250	2,438	812	1,300	"	Mr. Javed Tariq - Executive
"	1,068	617	451	546	"	Mr. Khalid Pervez - Ex-Executive
"	1,073	503	570	887	"	Mr. Khurram Haleem Khan - Executive
"	1,849	1,387	462	740	"	Mr. Khurram Hanif - Executive
"	1,450	997	453	870	"	Mr. M. Ali Masood - Executive
"	1,564	1,173	391	850	"	Mr. Maqbool Ur Rehman - Ex-Director
"	1,043	750	293	635	"	Mr. Mohammad Farooq - Executive
"	2,118	925	1,193	1,067	"	Mr. Muhammad Hanif - Ex-Executive
"	810	607	203	203	"	Mr. Naseem Ahmed Shamsi - Executive
"	1,354	1,016	338	338	"	Mr. Qasier Janjua - Executive
"	1,123	456	667	1,100	"	Mr. S.M. Asif Ali - Ex-Executive
"	985	657	328	356	"	Mr. Salahuddin Khan - Ex-Executive
"	1,414	1,068	346	566	"	Mr. Sanjay Gajria - Ex-Executive
Balance carried forward	191,673	131,354	60,319	81,189		

Description	Cost	Accumulated depreciation and impairment loss	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees ' 000						
Balance brought forward	191,673	131,354	60,319	81,189		
Motor vehicles	5,872	3,882	1,990	2,051	Company policy	Mr. Shahid M. Qureshi - Ex-Director
"	855	641	214	214	"	Mr. Tahir Rabbani - Executive
"	1,401	941	460	841	"	Mr. Talal Ahmed - Executive
"	815	611	204	204	"	Mr. Tariq Iftikhar - Executive
"	7,400	4,509	2,891	4,440	"	Mr. Yahya Zakaria - Director
"	1,462	800	662	1,305	"	Mr. Younas Malik - Ex-Executive
"	1,068	684	384	850	"	Ms. Ambreen Khalid - Ex-Executive
"	1,608	678	930	1,260	"	Ms. Asma Kamran - Executive
"	662	497	165	220	"	Ms. Ghazala Waqar - Ex-Executive
"	1,068	651	417	824	"	Ms. Gohar Siddiqui - Executive
"	1,203	451	752	1,093	"	Ms. Himra Mursil - Executive
"	1,148	413	735	1,100	"	Ms. Maha Abubakar - Ex-Executive
"	1,098	618	480	923	"	Ms. Saba Ihsan - Executive
"	1,760	357	1,403	1,467	"	Ms. Sonia Malik - Ex-Executive
"	1,673	444	1,229	1,500	"	Ms. Zeenat Azhar - Ex-Executive
"	4,201	2,178	2,023	4,214	Insurance claim	M/s. EFU General Insurance Limited
Total	224,967	149,709	75,258	103,695		

3.3 Leasehold land includes land at Sundar Industrial Estate, Lahore, with a net book value of Rs. 17.53 million (2013: Rs. 17.99 million) for which lease from Punjab Industrial Estates Development and Management Company is not finalised.

3.4 Considering the realignment in process at certain manufacturing facilities of the Company, during the year the Company has changed the useful life of certain plant and machinery from 10 years to 15 years, which resulted in revision of depreciation rates. The Company believes that the said change in estimate reflects more accurately the useful life and pattern of consumption of economic benefits of the respective assets. This change has been accounted for prospectively in accordance with the requirements of International Accounting Standards (IAS)-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The effect of the change on depreciation expense, recognised in cost of sales, in the year is decrease in and in future years increase in charge of Rs. 114.54 million respectively.

Rupees '000	2014	2013
3.5 Major spare parts and standby equipments		
Balance at beginning of the year	42,722	29,810
Additions during the year	41,382	21,486
Transfers made during the year	(9,562)	(8,574)
Balance at end of the year	74,542	42,722

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Rupees '000	2014	2013
3.6 Capital work-in-progress		
Civil work	274,797	170,970
Plant and machinery	856,608	556,822
Furniture and fixtures	13,130	18,167
Office equipments	89,837	44,694
Advances to suppliers	65,124	113,140
	1,299,496	903,793
Provision for impairment	(40,187)	(48,944)
	1,259,309	854,849
4. INTANGIBLE - Goodwill		
Goodwill	955,742	955,742

The recoverable amount of cash generating unit is the higher of value in use or fair value less cost to sell. Value in use is calculated as the net present value of the projected cash flows of the cash generating unit 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	16.5%

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

Rupees '000	2014	2013
5. LONG-TERM LOANS TO EMPLOYEES		
To executives	9,884	4,685
To other employees	104,431	116,038
	114,315	120,723
Recoverable within one year - note 9		
Executives	(5,009)	(4,082)
Other employees	(43,584)	(46,562)
	(48,593)	(50,644)
	65,722	70,079
Reconciliation of carrying amount of loans to executives:		
Opening balance	4,685	7,402
Disbursements including promotions	9,469	5,955
Recoveries and amortisation	(4,270)	(8,672)
	9,884	4,685

- 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 (2013: 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. 13.78 million (2013: Rs. 9.99 million).

Rupees '000	2014	2013
6. STORES AND SPARES		
Stores and spares	172,092	167,775
Provision for slow moving and obsolete items	(13,317)	(11,227)
	158,775	156,548
7. STOCK-IN-TRADE		
Raw and packing materials including in transit Rs. 668.63 million (2013: Rs. 938.19 million)	2,431,776	2,455,476
Work-in-process	426,951	586,481
Finished goods including in transit Rs. 466.87 million (2013: Rs. 481.39 million)	3,849,157	3,594,402
	6,707,884	6,636,359
Less: Provision for slow moving, obsolete and damaged items - note 7.3	(399,823)	(364,954)
	6,308,061	6,271,405
7.1 Details of stock-in-trade held with the third parties is as follows:		
For use in third party manufacturing		
Roomi Enterprises (Private) Limited	103,429	128,383
Akhai Pharmaceuticals (Private) Limited	64,154	48,395
Pharmatec Pakistan (Private) Limited	80,897	43,494
Stock held with distributors and at third party warehouses		
Expeditors International Pakistan (Private) Limited	351,000	176,756
DHL Global Forwarding (Private) Limited	154,609	142,553
Vikor Enterprises (Private) Limited	47,073	65,630
Muller & Phipps Pakistan (Private) Limited	14,491	48,597
Chemitex (Private) Limited	88,560	27,836
7.2 Stock-in-trade includes items costing Rs. 1.73 billion (2013: Rs. 2.18 billion) valued at net realisable value of Rs. 1.51 billion (2013: Rs. 1.93 billion).		
7.3 Stocks of Rs. 26.15 million (2013: Rs. 34.12 million) have been written off against provision during the year.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Rupees '000	2014	2013
8. TRADE DEBTS		
Considered good		
GlaxoSmithKline Trading Services Limited		
- Associated company	12,426	-
- Others	522,690	349,950
Considered doubtful	54,032	57,261
	589,148	407,211
Provision for doubtful debts	(54,032)	(57,261)
	535,116	349,950

8.1 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 43.22 million (2013: Rs. 58.71 million).

Rupees '000	2014	2013
9. LOANS AND ADVANCES		
Loans due from employees - note 5	48,593	50,644
Advances to employees	44,241	39,684
Advances to suppliers		
- considered good	321,807	158,135
- considered doubtful	27,689	-
	349,496	158,135
Provision for doubtful advances	(27,689)	-
	321,807	158,135
	414,641	248,463
10. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits		
- considered good	120,716	86,352
- considered doubtful	28,832	12,214
	149,548	98,566
Provision for doubtful deposits	(28,832)	(12,214)
	120,716	86,352
Prepayments	23,953	32,240
	144,669	118,592
11. REFUNDS DUE FROM GOVERNMENT		
Custom duty and sales tax		
- considered good	56,925	46,951
- considered doubtful	18,464	18,464
	75,389	65,415
Provision for doubtful receivables	(18,464)	(18,464)
	56,925	46,951

Rupees '000	2014	2013
12. OTHER RECEIVABLES		
Due from related parties		
- Associated companies - note 12.1	254,711	342,984
- BMS Pakistan (Private) Limited Management Staff Pension Fund - note 18.1	6,042	30,798
	260,753	373,782
Claims recoverable from suppliers	99	1,742
Receivable against sale of assets	1,659	3,318
Workers' Profits Participation Fund - note 12.3	15,744	-
Others	23,731	13,360
	301,986	392,202
12.1 Due from associated companies		
GlaxoSmithKline Services Unlimited, UK	7,418	15,157
GlaxoSmithKline Export Limited, UK	42,390	140,647
GlaxoSmithKline Limited, Bangladesh	8,377	8,377
GlaxoSmithKline Biologicals, S.A.	189	8,234
Glaxo Operations UK Limited, UK	11,686	17
GlaxoSmithKline Investment Co. Limited, China	463	488
Stiefel Laboratories (Pte) Limited, Singapore - note 12.1.1	129,267	142,192
GlaxoSmithKline S.A.E., Egypt	1,026	1,064
Stiefel Laboratories Limited, USA	6,331	6,668
GlaxoSmithKline Consumer Healthcare R&D, UK	4,215	4,440
GlaxoSmithKline Consumer Nigeria plc, Nigeria	15,229	13,190
GlaxoSmithKline Pharmaceutical Sdn Bhd, Malaysia	1,682	2,297
SmithKline Beecham Egypt LLC, Egypt	1,452	-
GlaxoSmithKline Research & Development, UK	15,015	-
GlaxoSmithKline Consumer Health Care, Singapore	9,971	-
GlaxoSmithKline (Pte) Limited, Singapore	-	213
	254,711	342,984

12.1.1 The Company also has Rs. 129.27 million (2013: Rs. 142.19 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. 337.23 million (2013: Rs. 365.48 million).

Rupees '000	2014	2013
12.3 Workers' Profits Participation Fund		
Opening balance	(2,129)	(11,205)
Allocation for the year – note 27	(155,100)	(98,160)
	(157,229)	(109,365)
Interest on funds utilised in Company's business – note 29	-	(103)
	(157,229)	(109,468)
Amount paid to the Fund	172,973	107,339
Closing balance	15,744	(2,129)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

13. INVESTMENTS - Held-to-maturity

Investments represent three treasury bills (2013: two treasury bills) which are held with Company's banker for safe custody yielding 9.46% to 9.88% per annum (2013: 9.41% to 9.79% per annum) with maturity by March 2015 (2013: by January 2014).

Rupees '000	2014	2013
14. CASH AND BANK BALANCES		
With banks		
on deposit accounts - note 14.1	1,600,000	1,375,000
on PLS savings accounts - note 14.1 & 14.2	89,928	228,310
on current accounts [including foreign currency account Rs. 246.57 million (2013: Rs. 166.09 million)]	366,700	252,999
Cash and cheques in hand [including foreign currency in hand of Rs. 4,890 (2013: Rs. 3.31 million)]	3,816	16,690
	2,060,444	1,872,999

14.1 At December 31, 2014 the rates of mark-up on PLS savings accounts and on term deposit accounts were 6.5% to 7.4% (2013: 6.5% to 6.8%) per annum and 8.8% to 9.0% (2013: 8.5% to 9.2%) per annum respectively.

14.2 This includes Rs. 1.80 million under lien with bank against bank guarantee issued on behalf of the Company.

Rupees '000	2014	2013
15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Freehold land	174	-
Building on freehold land	24,336	-
Plant and machinery	2,612	-
Furniture and fixtures	25	-
	27,147	-

15.1 During the year, the Company initiated assessment of disposal of its land located at 18.5 Km, Ferozepur Road, Lahore measuring approximately 27 acres alongwith the related operating assets. In this respect an agreement to sell with a value of Rs. 950 million has been executed subsequent to the year end; accordingly provision for impairment accumulating to Rs. 24.58 million in respect of these assets has been reversed.

Rupees '000	2014	2013
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16. SHARE CAPITAL

Authorised share capital

2014	2013		2014	2013
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000

Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10 each				
2014	2013		2014	2013
5,386,825	5,386,825	Shares allotted for consideration paid in cash	53,868	53,868
64,339,835	64,339,835	Shares allotted for consideration other than cash	643,398	643,398
248,740,618	219,789,047	Shares allotted as bonus shares	2,487,406	2,197,890
318,467,278	289,515,707		3,184,672	2,895,156

- 16.1** As at December 31, 2014 S.R. One International B.V., Netherlands and its nominees held 245,180,610 shares (2013: 222,891,465 shares).

Rupees '000	2014	2013
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17. RESERVES

Capital reserve - reserve arising on amalgamation	2,184,238	2,184,238
General reserve	3,999,970	3,999,970
Unappropriated profit	2,576,223	2,269,949
	8,760,431	8,454,157

18. STAFF RETIREMENT BENEFITS

18.1 Staff Retirement Benefits

- 18.1.1** The Company operates approved funded gratuity schemes for its permanent employees and approved funded pension scheme only for management employees of former GlaxoSmithKline Pharmaceuticals (Private) Limited (the Plans). Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as of December 31, 2014.

- 18.1.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Ordinance, 1984; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Boards of Trustees of relevant plans / funds. 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, 2014 was carried out using the Projected Unit Credit Method. Details of the Plans 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 / funds		Pension plan / fund	
	2014	2013	2014	2013
18.1.4 Balance sheet reconciliation				
Present value of defined benefit obligation at December 31 - note 18.1.5	1,585,653	1,292,228	141,270	105,433
Fair value of plan assets at December 31 - note 18.1.6	(1,203,400)	(1,041,251)	(147,312)	(136,231)
Deficit / (surplus)	382,253	250,977	(6,042)	(30,798)
18.1.5 Movement in the present value of defined benefit obligation				
Balance at January 1	1,292,228	1,108,768	105,433	98,249
Benefits paid by the plan	(116,922)	(117,928)	(5,805)	(5,729)
Current service cost	83,494	79,131	3,774	3,823
Interest cost	167,277	131,293	13,315	11,461
Remeasurement on obligation	159,576	90,964	24,553	(2,371)
Balance at December 31	1,585,653	1,292,228	141,270	105,433
18.1.6 Movement in the fair value of plan assets				
Balance at January 1	1,041,251	933,488	136,231	130,229
Contributions paid into the plan	78,358	100,242	-	-
Benefits paid by the plan	(116,922)	(117,928)	(5,805)	(5,729)
Interest income	132,625	114,384	17,008	15,298
Remeasurement on plan assets	68,088	11,065	(122)	(3,567)
Balance at December 31	1,203,400	1,041,251	147,312	136,231
18.1.7 Expense recognised in profit and loss account				
Current service cost	83,494	79,131	3,774	3,823
Net interest cost / (income)	34,652	16,909	(3,693)	(3,837)
Expense / (income) recognised in profit and loss account	118,146	96,040	81	(14)
18.1.8 Remeasurements recognised in Other Comprehensive Income				
(Gain) / loss from changes in demographic assumptions	-	(20)	2,392	79
Experience losses / (gains)	159,576	90,984	22,161	(2,450)
Remeasurement of fair value of plan assets	(68,088)	(11,065)	122	3,567
	91,488	79,899	24,675	1,196
18.1.9 Net recognised liability / (asset)				
Net liability / (asset) at the beginning of the year	250,977	175,280	(30,798)	(31,980)
Expense / (income) recognised in profit and loss account	118,146	96,040	81	(14)
Contribution made to the fund during the year	(78,358)	(100,242)	-	-
Remeasurements recognised in other comprehensive income	91,488	79,899	24,675	1,196
Recognised liability / (asset) as at December 31	382,253	250,977	(6,042)	(30,798)

%	Gratuity plans / funds		Pension plan / fund	
	2014	2013	2014	2013
18.1.10 Plan assets comprise of the following				
Plan assets are comprised of the following:				
- Equity and mutual funds	17.14	13.61	-	-
- Bonds	80.57	84.57	96.74	98.66
- Others	2.29	1.82	3.26	1.34
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
18.1.11 Actuarial Assumptions				
Discount rate at December 31	10.5	12.75	10.5	12.75
Future salary increases	10.5	12.75	10.5	12.75

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

18.1.13 In case of the funded plans, investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consists of government bonds and term deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

The Company's contribution to gratuity and pension plans / funds in 2015 is expected to amount to Rs. 152.48 million.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity funds 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%	(126,040)	144,267
Future salary increases	1%	68,735	(62,724)

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Rupees '000.	2014	2013	2012	2011	2010
18.3 Historical information					
Gratuity plans / funds					
Present value of defined benefit obligation	(1,585,653)	(1,292,228)	(1,108,768)	(1,057,028)	(940,478)
Fair value of plan assets	1,203,400	1,041,251	933,488	843,122	635,425
Deficit in the plans / funds	(382,253)	(250,977)	(175,280)	(213,906)	(305,053)
Experience Adjustments					
Gain / (loss) on obligation (as percentage of plan obligation)	(10.06)%	(7.04)%	1.95%	(0.16)%	(2.10)%
Gain / (loss) on plan assets (as percentage of plan assets)	5.66%	1.06%	4.07%	(1.43)%	(1.91)%
Pension plan / fund					
Present value of defined benefit obligation	(141,270)	(105,433)	(98,249)	(83,544)	(67,850)
Fair value of plan assets	147,312	136,231	130,229	118,656	111,558
Surplus in the plans / funds	6,042	30,798	31,980	35,112	43,708
Experience Adjustments					
Gain / (loss) on obligation (as percentage of plan obligation)	(17.38)%	2.25%	(6.45)%	(9.60)%	(1.84)%
Gain / (loss) on plan assets (as percentage of plan assets)	(0.08)%	(2.62)%	1.00%	(3.50)%	(0.54)%

18.4 Company's contributions towards the provident fund for the year ended December 31, 2014 amounted to Rs. 93.51 million (2013: Rs. 81.46 million).

18.5 The weighted average duration of approved funded gratuity schemes for its permanent employees is 8 years and of approved funded pension scheme is 12 years.

18.6 Expected maturity analysis of undiscounted retirement benefit plans.

Rupees '000.	At December 31, 2014					Total
	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 10 years	
Retirement benefit plans	177,955	140,635	604,300	1,355,881	10,925,953	13,204,724

18.7 Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2014.

Rupees '000	2014	2013
19. DEFERRED TAXATION		
Credit balance arising in respect of accelerated tax depreciation allowances	823,192	767,831
Debit balances arising in respect of:		
- Provision for retirement benefits	123,702	71,342
- Provision for doubtful debts and refunds due from government	23,837	24,536
- Provision for trade deposits and doubtful advances	18,584	–
- Provision for slow moving & obsolete stocks and stores & spares	63,715	59,941
	229,838	155,819
	593,354	612,012
20. TRADE AND OTHER PAYABLES		
Creditors		
- Associated companies	1,029,693	1,611,548
- Others	459,043	549,177
Bills payable	131,241	76,391
Royalty and technical assistance fee payable		
- Associated company	604,108	682,582
- Others	40,649	57,961
Accrued liabilities - note 20.1	3,117,822	2,041,344
Advances from customers	139,367	160,692
Contractors' retention money	6,678	29,664
Taxes deducted at source and payable to statutory authorities	64,523	45,479
Workers' Profits Participation Fund - note 12.3	–	2,129
Workers' Welfare Fund	67,291	35,980
Central Research Fund	31,020	18,377
Unclaimed dividend	53,080	53,895
Dividend payable - note 20.2	215,846	159,116
Others	42,271	37,094
	6,002,632	5,561,429

20.1 This includes liability for share based compensation amounting to Rs. 92.02 million (2013: Rs. 153.08 million).

20.2 This amount pertains to dividend payable to Stiefel Laboratories (Ireland) Limited the application for remittance of which is pending with the State Bank of Pakistan.

Rupees '000	2014	2013
21. PROVISIONS		
Balance as at January 1	165,079	200,716
Charge for the year	30,730	15,244
Payments during the year	(18,273)	(50,881)
Balance as at December 31	177,536	165,079

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21.1 Provisions include restructuring costs and government levies of Rs. 64.85 million and Rs. 112.69 million (2013: Rs. 55.12 million and Rs. 109.96 million) respectively.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

(a) Claims against the Company not acknowledged as debt amount to Rs. 137.86 million (2013: Rs. 129.11 million) as at December 31, 2014 for reinstatement of employees and other cases.

(b) Income Tax

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

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

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

(iii) While amending the assessments of the Company for the tax years 2005, 2006, 2007 and 2008 (accounting years ended December 31, 2004, 2005, 2006 and 2007) the Assessing Officer (AO) had made additions to income raising tax demands totalling 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 tax years 2005 and 2008, CIRA has granted relief on certain additions made by AO. The company has filed appeal before Appellate Tribunal Inland Revenue against remaining additions on which relief has not been granted by CIRA.

(iv) While finalising the assessment of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for tax year 2006 (accounting year ended December 31, 2005) the Assessing Officer (AO) made additions to income raising tax demands of Rs. 10.04 million on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials. The Company has filed an appeal with CIRA in respect of the said matter.

- (v) While finalising the assessments of former GlaxoSmithKline Pharmaceuticals (Private) Limited (GSKPPL) formerly Bristol-Myers Squibb Pakistan (Private) Limited for assessment years 1989-1990 through 2002-2003 (accounting years ended December 31, 1989 through 2001) the Assessing Officer (AO) made additions to income raising tax demands of Rs. 314.10 million on the contention that the Company had allegedly paid excessive amounts for importing certain raw materials. CIRA also maintained the additions. On GSKPPL's appeals, the additions made by the AO were deleted by ITAT. Later, the department filed appeals against the decision of ITAT in the High Court of Sindh (the High Court).

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

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

- (vi) While finalising the assessments of the Company for tax year 2012 (accounting year ended December 31, 2011) the Additional Commissioner (AC) made additions to income raising tax demands of Rs. 87.15 million on the contention that the Company had allegedly paid excessive amounts on account of royalty and technical fees and certain imported raw materials. The Company has filed an appeal with the Commissioner of Inland Revenue (Appeals) (CIRA) in respect of the said matter. The CIRA has deleted the order passed under section 122(5A) of the Ordinance.
- (vii) During the year, while finalising the assessments of the Company for tax year 2011 (accounting year ended December 31, 2010) the Deputy Commissioner Inland Revenue (DCIR) made additions to income raising tax demands of Rs. 98.64 million on the contention that the Company had allegedly paid excessive amounts on account of royalty, certain imported raw materials and stock written off. The Company filed appeal with the CIRA against the DCIR's order. The CIRA has maintained the additions made by DCIR, against which the company has filed appeal before ATIR.
- (viii) During the year, as a result of monitoring of withholding tax for the tax year 2012 (accounting year ended December 31, 2011) Deputy Commissioner Inland Revenue (DCIR) issued an order raising tax demand amounting to Rs. 80 million. Such demand has been made on the contention that the Company has not deducted tax @ 20% at the time of making payment on account of meeting and symposia and gifts and giveaways under section 156 of Income Tax Ordinance 2001. The Company has filed an appeal before CIRA against the order of DCIR. In addition to this, on the Company's appeal the High Court has granted stay against the recovery until the case is heard by Sindh High Court.

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

(c) Sales Tax

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

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In view of this, the Company has jointly filed a constitutional petition with M/s. Pharmatec Pakistan (Private) Limited (toll manufacturer of the Company) before the Honorable Sindh High Court contending that toll manufacturing is a process and not a service; therefore comes under the legislative authority of the Federal Government; hence, Sindh Sales Tax is not chargeable on toll manufacturing charges billed to the Company. The High Court has issued a stay order and restrained Sindh Revenue Board from collection of sales tax on toll manufacturing charges till the time aforesaid petition is decided by the Court. The management of the Company on the advice of its legal counsel is confident that the eventual outcome of the petition would be in favour, hence, no provision is made in the financial statements for sales tax on toll manufacturing charges which estimates to an amount of Rs. 110.04 million (2013: Rs. 29.96 million).

- (ii) During the year, Commissioner has raised a demand of Rs. 36.4 million in respect of few products of Company on the ground that the products are neither medicines nor drugs which are exempt from levy of sales tax (as per SRO 551(I)/2008) etc. Company's appeal is pending with Income Tax Appellate Tribunal.

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

22.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2014 amounted to Rs. 1,077.17 million (2013: Rs. 232.34 million).

Rupees '000	2014	2013
23. NET SALES		
Gross sales		
Local	27,762,280	25,110,902
Export	997,647	923,658
	28,759,927	26,034,560
Less: Commissions, returns and discounts	585,508	542,845
Sales tax	291,532	260,837
	27,882,887	25,230,878

- 23.1** Sales of major product categories i.e. antibiotics, dermatologicals and consumer during the year amounted to Rs. 10.38 billion, Rs. 3.18 billion and Rs. 4.85 billion (2013: Rs. 9.86 billion, Rs. 2.68 billion and Rs. 4.17 billion) respectively.

- 23.2** 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 (2013: two distributors) exceed 10 percent of the net sales during the year, amounting to Rs. 3.69 billion and Rs. 3.15 billion (2013: Rs. 3.34 billion and Rs. 2.96 billion).

Rupees '000	2014	2013
24. COST OF SALES		
Raw and packing materials consumed	13,295,361	13,067,837
Manufacturing charges to third parties	645,677	471,245
Stores and spares consumed	53,070	44,940
Salaries, wages and other benefits - note 24.1	1,453,680	1,331,233
Fuel and power	656,388	569,759
Rent, rates and taxes	3,649	3,375
Royalty and technical assistance fee	246,607	212,208
Insurance	119,425	112,957
Publication and subscriptions	3,273	1,567
Repairs and maintenance	203,419	203,217
Training expenses	3,185	2,821
Travelling and entertainment	13,706	10,738
Vehicle running	25,152	23,966
Depreciation	315,288	378,114
(Reversal of) / Charge for Impairment	(34,653)	5,343
Provision for slow moving and obsolete stock and damaged items	61,018	85,158
Provision for slow moving and obsolete stores and spares	5,388	641
Provision for doubtful advances	27,689	-
Canteen expenses	94,131	91,907
Laboratory expenses	40,774	41,938
Communication and stationery	9,143	10,966
Security expenses	11,915	11,339
Stock written off	17,282	17,771
Other expenses	48,512	50,959
	17,319,079	16,749,999
Opening stock of work-in-process	583,291	508,555
Closing stock of work-in-process	(423,385)	(583,291)
	17,478,985	16,675,263
Opening stock of finished goods	3,385,581	2,384,664
Purchase of finished goods	3,400,399	3,498,279
	24,264,965	22,558,206
Closing stock of finished goods	(3,545,291)	(3,385,581)
Cost of samples shown under selling, marketing and distribution expenses - sales promotion	(182,558)	(170,513)
	20,537,116	19,002,112

24.1 Salaries, wages and other benefits include Rs. 52.68 million and Rs. 39.75 million (2013: Rs. 39.31 million and Rs. 34.51 million) in respect of defined benefit plans and contributory provident fund respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees '000	2014	2013
25. SELLING, MARKETING AND DISTRIBUTION EXPENSES		
Salaries, wages and other benefits - note 25.1	1,063,910	1,008,810
Sales promotion and symposiums	1,039,494	964,176
Advertising	434,178	570,438
Handling, freight and transportation	450,089	455,308
Travelling and entertainment	304,168	270,321
Depreciation	83,003	69,732
Vehicle running	82,764	72,523
Publication and subscriptions	37,858	33,706
Fuel and power	36,428	19,982
Communication	24,157	23,888
(Reversal of provision) / provision for doubtful debts	(3,229)	20,714
Repairs and maintenance	34,736	25,366
Insurance	31,895	30,833
Printing and stationery	14,240	13,447
Security expenses	16,586	12,633
Rent, rates and taxes	1,415	1,089
Canteen expenses	1,840	1,755
Training expenses	5,806	1,320
Other expenses	35,344	29,348
	3,694,682	3,625,389

25.1 Salaries, wages and other benefits include Rs. 40.68 million and Rs. 34.88 million (2013: Rs. 37.96 million and Rs. 31.57 million) in respect of defined benefit plans and contributory provident fund respectively.

Rupees '000	2014	2013
26. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits - note 26.1	606,741	562,145
Depreciation	80,361	60,433
Communication	17,353	21,039
Training expenses	6,404	9,860
Legal and professional charges	47,150	43,424
Travelling and entertainment	26,870	28,638
Repairs and maintenance	48,408	45,412
Donations	100	4,684
Printing and stationery	13,140	13,965
Auditors' remuneration - note 26.2	9,141	8,942
Vehicle running	29,004	28,858
Security expenses	29,053	21,097
Publication and subscriptions	14,832	6,962
Rent, rates and taxes	7,676	7,667
Insurance	18,346	18,400
Canteen expenses	8,512	9,696
Restructuring cost	28,000	13,528
Other expenses - note 26.3	29,170	31,224
	1,020,261	935,974

- 26.1** Salaries, wages and other benefits include Rs. 24.87 million and Rs. 17.22 million (2013: Rs. 18.76 million and Rs. 15.38 million) in respect of defined benefit plans and contributory provident fund respectively.

Rupees '000	2014	2013
26.2 Auditors' remuneration		
Audit fee	4,675	4,500
Fee for review of half yearly financial statements, special certifications and others	3,295	3,200
Taxation services	200	500
Out-of-pocket expenses	971	742
	9,141	8,942

- 26.3** This represents expenses of Rs. 53.66 million (2013: Rs. 55.87 million) net of recovery of Rs. 24.49 million (2013: Rs. 24.65 million) from related parties.

Rupees '000	2014	2013
27. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund - note 12.3	155,100	98,160
Workers' Welfare Fund	67,291	36,692
Central Research Fund	31,020	18,378
	253,411	153,230
28. OTHER INCOME		
Income from financial assets		
Return on Treasury Bills	20,569	17,260
Income on savings and deposit accounts	167,352	141,627
	187,921	158,887
Income from non-financial assets		
Gain on disposal of operating assets	36,896	39,485
Others		
Scrap sales	44,466	40,387
Insurance commission	32,951	21,417
Service fee on clinical trial studies	2,011	1,855
Liabilities no longer required written back	48,441	6,385
Gain on transfer of marketing authorisation rights and related trademarks of certain products	–	186,500
Exchange gain - net	126,897	–
Insurance claim recovery	11,945	–
	491,528	454,916
29. FINANCIAL CHARGES		
Exchange loss - net	–	143,070
Bank charges	20,363	16,044
Interest on Workers' Profit Participation Fund – note 12.3	–	103
	20,363	159,217

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees '000	2014	2013
30. TAXATION		
Current		
- for the year	1,141,982	720,999
- prior years	-	(82,143)
Deferred	19,529	108,753
	1,161,511	747,609
30.1 Relationship between tax expense and accounting profit		
Profit before taxation	2,848,582	1,809,872
Applicable tax rate	33%	34%
Tax calculated at applicable tax rate	940,032	615,356
Impact of taxability at different rate and Final Tax Regime	264,975	228,958
Prior years' adjustment	-	(82,143)
Effect of tax credits	(49,814)	-
Effect of change in tax rate	(1,066)	(15,164)
Tax effect of other than temporary differences	7,384	602
	1,161,511	747,609
31. EARNINGS PER SHARE		
Profit after taxation	1,687,071	1,062,263
Weighted average number of outstanding shares - note 31.1	318,467	318,467
Earnings per share - basic	Rs. 5.30	Rs. 3.34

31.1 The weighted average shares at December 31, 2013 have been increased to reflect the bonus shares issued during the year.

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

Rupees '000	2014	2013
32. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,848,582	1,809,872
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and impairment	443,999	513,622
Gain on disposal of operating assets	(36,896)	(39,485)
Gain on transfer of marketing authorisation and related trademarks rights of certain products	–	(186,500)
Interest income	(187,921)	(158,887)
Provision for staff retirement benefits	118,227	96,026
	337,409	224,776
Profit before working capital changes	3,185,991	2,034,648
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(2,227)	(15,857)
Stock-in-trade	(36,656)	(1,191,185)
Trade debts	(185,166)	412
Loans and advances	(166,178)	(5,393)
Trade deposits and prepayments	(26,077)	(26,050)
Refunds due from government	(9,974)	(6,192)
Other receivables	63,801	52,488
	(362,477)	(1,191,777)
Increase / (decrease) in current liabilities		
Trade and other payables	385,288	1,548,118
Provisions	12,457	(35,637)
	35,268	320,704
	3,221,259	2,355,352
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 14	2,060,444	1,872,999
Short term investment - Treasury Bill - note 13	591,667	224,269
	2,652,111	2,097,268

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

34. SEGMENT INFORMATION

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

- Pharmaceuticals
- Consumer healthcare

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

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

34.1 The financial information regarding operating segments is as follows:

Segment wise operating results

Rupees '000	Year ended December 31, 2014			Year ended December 31, 2013		
	Pharma- ceuticals	Consumer healthcare	Total	Pharma- ceuticals	Consumer healthcare	Total
Revenue – note 34.2	23,034,203	4,848,684	27,882,887	21,062,973	4,167,905	25,230,878
Cost of sales	(17,167,734)	(3,369,382)	(20,537,116)	(15,974,046)	(3,028,066)	(19,002,112)
Gross profit	5,866,469	1,479,302	7,345,771	5,088,927	1,139,839	6,228,766
Selling, marketing and distribution expenses	(2,630,054)	(1,064,628)	(3,694,682)	(2,748,133)	(877,256)	(3,625,389)
Administrative expenses	(936,170)	(84,091)	(1,020,261)	(866,093)	(69,881)	(935,974)
Segment results	2,300,245	330,583	2,630,828	1,474,701	192,702	1,667,403
Other operating expenses			(253,411)			(153,230)
Other income			491,528			454,916
Financial Charges			(20,363)			(159,217)
Profit before taxation			2,848,582			1,809,872

34.2 There are no inter-segment sales.

34.3 Analysis of segments' assets and liabilities and their reconciliation to total assets and liabilities:

Rupees '000	As at December 31, 2014			As at December 31, 2013		
	Pharma- ceuticals	Consumer healthcare	Total	Pharma- ceuticals	Consumer healthcare	Total
Segment assets	14,245,520	1,348,368	15,593,888	13,685,915	897,421	14,583,336
Unallocated assets			3,506,990			3,355,474
Total Assets			19,100,878			17,938,810
Segment liabilities	5,102,376	801,945	5,904,321	5,122,799	382,144	5,504,943
Unallocated liabilities			1,251,454			1,084,554
Total liabilities			7,155,775			6,589,497

34.4 Other segment information is as follows:

Rupees '000	Year ended December 31, 2014			Year ended December 31, 2013		
	Pharma- ceuticals	Consumer healthcare	Total	Pharma- ceuticals	Consumer healthcare	Total
Depreciation and impairment	433,527	10,472	443,999	504,515	9,107	513,622
Salaries, wages and other benefits	2,960,961	163,370	3,124,331	2,796,269	105,919	2,902,188
Sales promotion and advertisement	639,715	833,957	1,473,672	806,140	728,474	1,534,614
Handling and freight	405,439	44,650	450,089	427,335	27,973	455,308

34.5 The Company has realigned certain brands from Pharmaceuticals segment to Consumer healthcare segment, in line with group strategy envisaged at helping these products achieve better market penetration. Due to this realignment, effects on segment analysis relating to prior year have been summarised below:

Rupees '000	Decrease in Pharm- ceuticals	Increase in Consumer healthcare
Segment revenues	512,615	512,615
Segment results	50,408	50,408
Segment assets	84,160	84,160
Other segment information	60,540	60,540

34.6 Non-current assets classified as held for sale are included in segment assets of Pharmaceuticals 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		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Managerial remuneration	19,809	18,491	11,474	25,628	424,965	357,301
Bonus - note 35.1	24,685	42,524	6,205	12,473	228,126	193,230
Retirement benefits *	6,395	3,548	2,052	7,840	143,280	99,600
House rent	8,720	7,564	2,798	11,533	175,320	148,179
Utilities	1,938	1,681	622	2,563	38,960	32,929
Medical expenses	146	111	66	364	15,806	13,572
Others	441	419	1,015	4,194	127,369	94,686
	62,134	74,338	24,232	64,595	1,153,826	939,497
Number of person(s)	1	1	2	5	317	296

* 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. 21.57 million (2013: Rs. 72.25 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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In addition to the above, fee to three (2013: three) non-executive Directors during the year amounted to Rs. 675 thousand (2013: Rs. 900 thousand).

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

36. TRANSACTIONS WITH RELATED PARTIES

Rupees '000		2014	2013
Relationship	Nature of transactions		
Holding Company:	Dividend paid	780,183	810,580
Associated companies / undertakings:	a. Purchase of goods	4,944,001	5,338,218
	b. Purchase of property, plant and equipment	5,446	–
	c. Sale of property, plant and equipment	–	156
	d. Sale of goods	116,345	120,059
	e. Royalty expense charged	232,976	198,010
	f. Recovery of expenses	24,494	24,077
	g. Service fee on clinical trial studies	2,011	1,855
	h. Services received	2,031	1,859
	i. Legal/professional fee	2,725	–
	j. Donations	–	888
	k. Payment on behalf of associated company	–	575
Staff retirement funds:	a. Expense charged for retirement benefit plans	206,831	177,490
	b. Payments to retirement benefit plans	171,871	181,702
Key management personnel:	a. Salaries and other employee benefits	175,218	192,482
	b. Post employment benefits	20,776	18,210
	c. Sale of assets - sales proceeds	11,805	5,484
Fee for attending meetings to non-executive directors		675	900

36.1 Balances of related parties as at December 31, 2014 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 (2013: Rs. 100 million). Rate of mark-up is three month KIBOR plus 1.25% (2013: 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, 2014 amounted to Rs. 2.17 billion (2013: Rs. 2.82 billion) of which unutilised balances at the year end amounted to Rs. 1.13 billion (2013: Rs. 2.27 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 to employees	1,873	1,797	3,670	46,720	63,925	110,645	114,315
Trade deposits	-	-	-	120,716	-	120,716	120,716
Trade debts	-	-	-	535,116	-	535,116	535,116
Interest accrued	-	-	-	5,793	-	5,793	5,793
Other receivables	-	-	-	280,200	-	280,200	280,200
Short term investments	591,667	-	591,667	-	-	-	591,667
Cash and bank balances	1,689,928	-	1,689,928	370,516	-	370,516	2,060,444
December 31, 2014	2,283,468	1,797	2,285,265	1,359,061	63,925	1,422,986	3,708,251
December 31, 2013	1,827,596	4,581	1,832,177	1,127,775	65,498	1,193,273	3,025,450
Financial liabilities							
Trade and other payables	-	-	-	5,700,431	-	5,700,431	5,700,431
December 31, 2014	-	-	-	5,700,431	-	5,700,431	5,700,431
December 31, 2013	-	-	-	5,298,772	-	5,298,772	5,298,772
On balance sheet gap							
December 31, 2014	2,283,468	1,797	2,285,265	(4,341,370)	63,925	(4,277,445)	(1,992,180)
December 31, 2013	1,827,596	4,581	1,832,177	(4,170,997)	65,498	(4,105,499)	(2,273,322)

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, 2014 the Company does not have any borrowings. Further, the entire interest bearing financial assets of Rs. 2.28 billion (2013: Rs. 1.83 billion) are on fixed interest rates, hence management believes that the Company is not exposed to interest rate changes.

(ii) Currency risk

Foreign currency risk arises mainly where receivables and payables exist in foreign currency due to transactions with foreign undertakings. Net payables exposed to foreign currency risk as at December 31, 2014 amount to Rs. 906.22 million (2013: Rs. 1,178.86 million). The liability is mainly denominated in US Dollars. At December 31, 2014, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 45.31 million (2013: Rs. 58.94 million).

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FOR THE YEAR ENDED DECEMBER 31, 2014

(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	2014	2013
Trade debts	535,116	349,950
Loans to employees, trade deposits, interest accrued and other receivables	521,024	578,232
Bank balances	2,056,628	1,856,309
	3,112,768	2,784,491

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. 268.47 million (2013: Rs. 106.71 million) are past due of which Rs. 54.03 million (2013: Rs. 57.26 million) have been impaired. Past due but not impaired balances include Rs. 35.95 million (2013: Rs. 10.35 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 Fund:

Rupees '000	2014	2013
Size of the fund - Total assets	2,778,607	2,371,642
Fair value of investments	2,656,590	2,256,860
Percentage of investments made	95.61%	95.16%

39.1 The cost of the above investments amounted to Rs. 2,434.3 million (2013: Rs. 2,097.7 million)

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

	Percentage (%)		Rupees '000	
	2014	2013	2014	2013
Government securities	76.40	75.67	2,029,677	1,707,606
Debt securities	–	1.89	–	42,717
Equity securities	15.83	16.02	420,536	361,648
Mutual funds	2.65	6.20	70,431	139,889
Bank deposits	5.12	0.22	135,946	5,000

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

	2014	2013
40. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at the end of year	2,514	2,540
Average number of employees including contractual employees during the year	2,548	2,570

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. MAJOR GLOBAL THREE-PART INTER-CONDITIONAL TRANSACTION BETWEEN GLAXOSMITHKLINE PLC, UK AND NOVARTIS AG, SWITZERLAND

GlaxoSmithKline plc, UK (GSK plc) announced a major global three-part inter-conditional transaction with Novartis AG, Switzerland (Novartis) on April 22, 2014, whereas GSK plc and Novartis will work to create a new world-leading Consumer healthcare business with GSK plc holding a controlling equity interest of 63.5%. Further, GSK plc will also acquire Novartis's global vaccines business (excluding influenza vaccines) whereas GSK plc will divest its marketed Oncology portfolio and Research and Development activities related to it, as well as rights to GSK plc's AKT inhibitor to Novartis.

Pursuant to the global transaction the Company will have its distribution rights terminated for the Oncology portfolio, which portfolio contributed to less than 1% in the revenue and gross profit of the Company.

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In respect of Consumer healthcare business, the Board of Directors of the Company in their meeting held on February 25, 2015 considered various options and in principle decided for its demerger. The Board has also approved the appointment of financial and legal consultants for advising in respect of structuring of the transaction and scheme of arrangements.

The above transactions are subject to the receipt of all applicable legal and regulatory approvals, consents, permissions and sanctions as may be necessary.

44. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on February 25, 2015 proposed a cash dividend of Rs. 5 per share (2013: Rs. 3.50 per share) amounting to Rs. 1.59 billion (2013: Rs. 1.01 billion) subject to the approval of the members in the forthcoming annual general meeting of the Company.

45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary for purpose of comparison. There were no significant reclassifications in these financial statements.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on February 25, 2015.



M. Salman Burney
Chief Executive



Yahya Zakaria
Chief Financial Officer

PATTERN OF SHAREHOLDING

FORM 34

NUMBER OF SHAREHOLDERS	SHARES HOLDING		TOTAL SHARES HELD
	From	To	
2,039	1	100	59,742
1,528	101	500	436,119
1,221	501	1000	894,088
1,397	1001	5000	3,321,951
336	5001	10000	2,431,996
140	10001	15000	1,730,879
77	15001	20000	1,330,324
49	20001	25000	1,107,271
34	25001	30000	937,240
17	30001	35000	550,976
16	35001	40000	612,512
9	40001	45000	382,945
7	45001	50000	330,976
11	50001	55000	581,049
4	55001	60000	229,273
8	60001	65000	491,557
4	65001	70000	270,874
6	70001	75000	440,037
1	75001	80000	77,000
1	80001	85000	83,000
5	85001	90000	440,784
4	90001	95000	371,589
3	95001	100000	293,632
2	100001	105000	203,179
4	105001	110000	436,276
2	120001	125000	244,770
2	125001	130000	251,252
1	140001	145000	140,002
3	145001	150000	446,490
1	165001	170000	170,000
2	175001	180000	359,411
1	180001	185000	180,060
2	190001	195000	383,522
1	195001	200000	197,300
1	235001	240000	238,528
1	240001	245000	244,538
1	285001	290000	288,200
1	300001	305000	302,580
1	305001	310000	305,793
1	325001	330000	330,000
1	365001	370000	369,050
1	680001	685000	683,661
1	845001	850000	846,818
1	1020001	1025000	1,021,540
1	1125001	1130000	1,125,200
1	1850001	1855000	1,854,050
1	2165001	2170000	2,170,000
1	2190001	2195000	2,193,000
1	4085001	4090000	4,087,708
1	9175001	9180000	9,176,686
1	9800001	9805000	9,801,754
1	17825001	17830000	17,829,486
1	39375001	39380000	39,379,228
1	205800001	205805000	205,801,382
6,958			318,467,278

CATEGORIES OF SHAREHOLDERS

a)

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	2,149	4,853,474	1.53
2	Investment Companies	5	2,757	0.00
3	Insurance Companies	1	1	0.00
4	Joint Stock Companies	10	21,980	0.01
5	Financial Institutions	2	6,038	0.00
6	Associated Companies	4	263,029,794	82.59
7	Central Depository Company (b)	4,783	50,509,990	15.86
8	Others (see below)	4	43,244	0.01
		6,958	318,467,278	100.00
Others:				
i	Mohsin Trust	1	26,452	0.01
ii	The Al-Malik Charitable Trust	1	936	0.00
iii	Punjabi Saudagar Multipurpose Co-operative Society	1	332	0.00
iv	The Anjuman Wazifa Sadat-o-Momineen Pakistan	1	15,524	0.00
		4	43,244	0.01

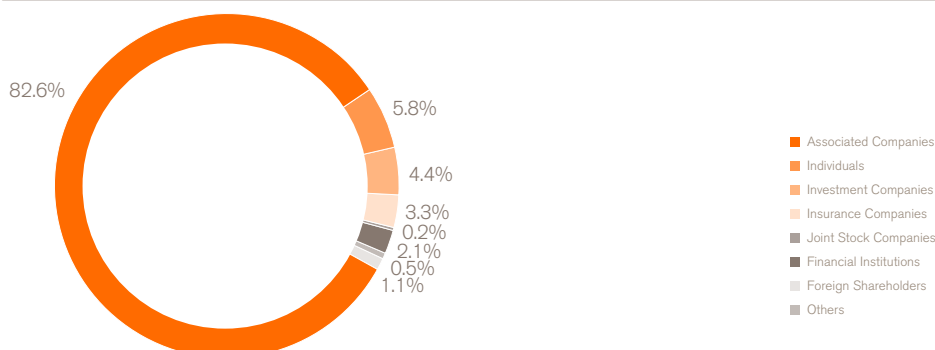
(b) Categories of Account holders and Sub-Account holders as per Central Depository Company of Pakistan as at December 31, 2014

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	4,660	13,655,874	4.29
2	Investment Companies	16	13,865,669	4.35
3	Insurance Companies	9	10,535,121	3.31
4	Joint Stock Companies	59	545,334	0.17
5	Financial Institutions	10	6,789,833	2.13
6	Modarabas	3	40,530	0.01
7	Foreign Shareholders	8	3,561,099	1.12
8	Others (see below)	18	1,516,530	0.48
		4,783	50,509,990	15.86
Others:				
i	The Aga Khan University Foundation	1	35,510	0.01
ii	The Pakistan Memon Educational & Welfare Society	1	30,125	0.01
iii	Trustees Kandawala Trust	1	68,352	0.02
iv	Trustees Saeeda Amin WAKF	1	87,500	0.03
v	Trustees Mohammad Amin WAKF ESTATE	1	180,000	0.06
vi	Managing Committee Karachi Zarhosti Banu Mandal	1	29,012	0.01
vii	Trustees of Aminia Muslim Girls School	1	33,000	0.01
viii	Trustees of Zafa Phar Lab. Staff P. Fund	1	16,738	0.01
ix	Trustees Mrs. Khorshed H. Dinshaw & Mr. Hoshang N.E. Dinshaw C.T	1	54,239	0.02
x	Trustees D.N.E. Dinshaw Charity Trust	1	73,610	0.02
xi	Trustee A. Saadat & Co. Employees Gratuity Fund	1	6,122	0.00
xii	Trustee National Bank of Pakistan Employees Pension Fund	1	846,818	0.27
xiii	Trustees of EA Consulting (Pvt.) Ltd Employee P.F.	1	11,000	0.00
xiv	Trustee National Bank of Pakistan Employee Benevolent Fund Trust	1	29,713	0.01
xv	The Al-Malik Charitable Trust	1	3,221	0.00
xvi	Trustees Saeeda Amin WAKF	1	5,000	0.00
xvii	Trustee Abdul Shakoor Haji Hussain	1	1,070	0.00
xviii	Trustee Avanceon Ltd. Employees Provident Fund	1	5,500	0.00
		18	1,516,530	0.48

SHAREHOLDING INFORMATION

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage (%)
Directors and their spouse(s) and minor children			
Mr. Husain Lawai	2	3,873	0.00
Mr. Muhammad Salman Burney	1	8,281	0.00
Associated Companies, undertakings and related parties			
S. R. One International B.V. Netherlands	2	245,180,610	76.99
SmithKline Beecham Nominee Ltd.	1	19,698	0.01
Stiefel Laboratories (Ireland) Ltd.	1	17,829,486	5.60
Executives			
	4	11,321	0.00
Public Sector Companies and Corporations			
	9	13,562,659	4.26
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	26	4,706,468	1.48
Mutual Funds			
CDC - Trustee PICIC Investment Fund	1	1,125,200	0.35
CDC - Trustee PICIC Growth Fund	1	2,170,000	0.68
CDC - Trustee First Dawood Mutual Fund	1	369,050	0.12
CDC - Trustee AKD Index Tracker Fund	1	11,483	0.00
CDC - Trustee Meezan Islamic Fund	1	3,520	0.00
CDC - Trustee NAFA Stock Fund	1	52,000	0.02
CDC - Trustee PICIC Stock Fund	1	150,000	0.05
CDC - Trustee KSE Meezan Index Fund	1	95,632	0.03
CDC - Trustee PIML Strategic Multi Asset Fund	1	7,000	0.00
CDC - Trustee First Capital Mutual Fund	1	10,000	0.00
CDC - Trustee PIML Islamic Equity Fund	1	7,000	0.00
CDC - Trustee National Investment (Unit) Trust	1	9,801,754	3.08
CDC - Trustee PICIC Islamic Stock Fund	1	57,400	0.02
CDC - Trustee National Investment (Unit) Trust	1	2	0.00
General Public			
a. Local	6799	18,440,289	5.79
b. Foreign	4	374,657	0.12
Foreign Companies			
	4	3,186,442	1.00
Others			
	91	1,283,453	0.40
Totals	6,958	318,467,278	100.00
Share holders holding 5% or more			
S.R. One International B.V. Netherlands		245,180,610	76.99
Stiefel Laboratories (Ireland) Limited		17,829,486	5.60

Distribution of Shares



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the SIXTY-EIGHTH Annual General Meeting of the Shareholders of the Company will be held at Beach Luxury Hotel, Karachi at 11:00 a.m. on Thursday, April 23, 2015 to transact the following business:

1. To receive, consider and adopt the audited Accounts together with the Director's and Auditors' Report thereon for the year ended December 31, 2014
2. To approve cash dividend
3. To appoint Auditors of the Company upto the next Annual General Meeting and to authorize the Directors to fix their remuneration.

By Order of the Board

Karachi
April 02, 2015

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 Shahr-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN) and Folio Number along with copy of the CNIC. Reference in this connection be made to the Securities and Exchange Commission of Pakistan (SECP) Notification dated August 18, 2011, SRO 779(I) 2011, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.
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 16, 2015 to April 23, 2015 (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 Shahr-e-Faisal, Karachi at the close of business on April 15, 2015 (Wednesday) 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 Shahr-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 address.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

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

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. The shareholders holding physical shares are also required to bring their original CNIC and/or copy of CNIC of shareholder(s) of whom he/she/they hold Proxy(ies) without CNIC such shareholder(s) shall not be allowed to attend and/or sign the Register of Shareholders/Members at the AGM.

7. Transmission of Annual Financial Statements through Email:

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

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

8. Revision of Withholding Tax on Dividend Income under Section 150 of Finance Act 2014:

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2014 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 10% and 15% 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 15, 2015, 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.

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

Affix
Correct
Postage

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

GLOSSARY

TERM	DEFINITION
AC	Additional Commissioner
AMP	African Malaria Partnership
AO	Assessing Officer
ATIR	Appellate Tribunal Inland Revenue
BMS	Britol Myers Squibb
CFC	Concern for Children
CHC	Consumer Health Care
CIRA	Commissioner of Inland Revenue (Appeals)
COPD	Chronic Obstructive Pulmonary Disease
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
Cx	Consumer
DCIR	Deputy Commissioner Inland Revenue
EBIT	Earnings Before Interest and Taxation
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortization
EHS	Environment, Health and Safety
EMAP	Emerging Markets & Asia Pacific
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FLP	Future Leaders Programme
GMS	Global Manufacturing and Supply
GSK	GlaxoSmithKline
GSKP	GlaxoSmithKline Pakistan
HCP	Healthcare Professional
HR	Human Resources
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants Pakistan
ICMAP	Institute of Cost and Management Accountants Pakistan
IFAC	International Federation of Accountants
IFRIC	Internal Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IPR	Intellectual Property Rights
IR	Industrial Relations
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
KIBOR	Karachi Interbank Offer Rate
KSE	Karachi Stock Exchange
LDC	Lesser Developed Countries
LSE	Lahore Stock Exchange
NBFC	Non-Bank Financial Companies
NBV	Net Book Value
NFEH	National Forum for Environmental Health
NGO	Non Government Organization
NTD	Neglected Tropical Diseases
OCI	Other Comprehensive Income
PMA	Pakistan Medical Association
QMS	Quality Management System
R&D	Research and Development
Rx	Pharma
SKU	Stock Keeping Unit
SLIC	State life Insurance Corporation
UACC	United Against Cervical Cancer
WHO	World Health Organization
ZAP	Zero-Accident Promotion



GlaxoSmithKline Pakistan Limited
35 - Dockyard Road, West Wharf, Karachi - 74000
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GlaxoSmithKline group of Companies.

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