



do more
feel better
live longer

**A past of pride.
A future of fulfilment.**

Annual Report **2016**
GlaxoSmithKline Consumer Healthcare Pakistan Limited

GSK Consumer Healthcare Pakistan Limited is proud to present its Annual Report for the year 2016. This report focuses on Stakeholder Information, Corporate Governance, Directors' Report and Financial Statements for the year ended December 31, 2016. For any feedback, suggestions or queries kindly contact the following:

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Chief Financial Officer

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A past of pride. A future of fulfilment.

GSK has cultivated a proud heritage of commitment, trust and credibility for over 150 years. Dedicated to transforming the lives and futures of millions of people, GSK has achieved significant milestones along the way.

GSK Consumer Healthcare Pakistan Limited has been established as a Company with the same vision and values as GSK Pakistan Limited. We carry a legacy and tradition of responsible business and impeccable standards of quality, and remain committed to putting our consumers first, living our values, improving lives through scientific innovation, building category defining brands and becoming Pakistan's first and best Fast Moving Consumer Healthcare Company. Having inherited a past of pride, we are determined to deliver a future of fulfilment.

Contents

02

Overview of 2016

02

Performance Summary

03

What we do

04

Corporate Information

06

Our Vision, Mission and Values

08

Living our Values in Sales

09

GSK Expectation

10

Strategic Priorities

11

Group Structure

12

Organogram

13

Quality Management System

14

Human Resource Management

15

Engaging Stakeholders

16

Calendar of Major Events 2016

16

Financial Calendar

17

SWOT Analysis

18

Management Objectives

19

Getting it Right

20

Our Brands

26

Directors' Profile

28

Corporate Governance

29

Board and Management Committees

31

Directors' Report

36

Chief Executive Officer's Message

39

Financial Performance at a Glance

40

Statement of Value Added

41

Key Operating and Financial Data

42

Horizontal and Vertical Analysis

44

Financial Highlights

45

Auditors' Report to the Members

46

Balance Sheet

47

Profit and Loss Account

48

Cash Flow Statement

49

Statement of Changes in Equity

50

Notes to and forming part of the Financial Statement

70

Pattern of Shareholding

71

Categories of Shareholders

73

Shareholding Information

74

Notice of Annual General Meeting

77

Form of Proxy

Overview of 2016

2016 has been an important year for GlaxoSmithKline Consumer Healthcare Pakistan Limited. Not only did your Company become an independent entity, but despite various challenges, we delivered strong financial performance and our key brands grew in terms of value and market share.

The highlights of the year included the launches of the Physiogel Calming Relief range and Panadol Forte Suspension, and with the current financial results, the company is poised to perform even better in the future by delivering growth, introducing innovation and keeping consumers at the heart of our business.

Performance Summary



Turnover



Gross Profit



Profit After Tax



Earning Per Share



people driving performance



Category leadership

Panadol in Pain Relief and Sensodyne in Sensitivity

What we do



Our Business

We are a science-led global healthcare company that researches and develops innovative Consumer Healthcare products.



Our Global Reach

GSK has a significant global commercial presence in more than 150 markets, a network of manufacturing sites globally and large R&D centres in the UK, USA, Belgium and China.



How we are structured

While we have three primary areas of business, our commercial operations are structured as a combination of regional units and areas of focus. The businesses each benefit from GSK's global commercial infrastructure, international supply networks, innovative R&D and significant scale.

Consumer Healthcare is a global unit, represented by GlaxoSmithKline Consumer Healthcare Pakistan Limited and GlaxoSmithKline OTC (Pvt.) Limited in Pakistan.

Corporate Information

Board of Directors

Mrs. Annelize Roberts*
Mr. Sohail Matin
Mr. Husain Lawai
Mr. Syed Anwar Mahmood*
Mr. Syed Azeem Abbas Naqvi
Ms. Emine Tasci Kaya*
Mr. Farhan Muhammad Haroon*
Mr. M Salman Burney**
Mr. Yahya Zakaria**

Audit Committee

Mr. Husain Lawai
Chairman
Mr. Syed Anwar Mahmood
Mr. Syed Azeem Abbas Naqvi

Secretary

Head of Internal Audit***

Human Resource and Remuneration Committee

Mr. Syed Anwar Mahmood
Chairman
Mr. Sohail Matin
Mr. Syed Azeem Abbas Naqvi

Secretary

Mr. Ahmad Ali Zia

Integration and Supply Network Optimization Committee

Ms. Emine Tasci Kaya
Chairman
Mr. Syed Azeem Abbas Naqvi
Mr. Sohail Matin
Mr. Farhan Muhammad Haroon

Secretary

Mr. Irfan Qureshi

Management Committee

Mr. Sohail Matin
Mr. Farhan Muhammad Haroon
Mrs. Sadia Nasir
Mr. Ahmed Jamil Baloch
Mr. Shoaib Raza
Mr. Irfan Qureshi
Mr. Mazhar Shams

Company Secretary

Mr. Farhan Muhammad Haroon

Chief Financial Officer

Mr. Farhan Muhammad Haroon

Head of Internal Auditor

To be appointed by the Audit Committee in their upcoming meeting in April 2017

Bankers

Citibank NA

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mandviwalla & Zafar
& Zafar
Rasheed Razvi & Associates

Registered Office

35 – Dockyard Road, West Wharf,
Karachi – 74000

Tel: 92-21-111 –475-725
(111 – GSK – PAK)
Fax: 92-21-323-148-98,
323-111-22

Share Registrar

Central Depository Company of
Pakistan Limited

Website

www.pk.gsk.com

*Appointed on Sep 5, 2016

**Resigned w.e.f. Jan 6, 2016

*** To be appointed



Our Vision, Mission & Values

Our Vision

GSK's vision is inspiring:

“The opportunity to make a difference to millions of lives every day”

At GSK we perform in unison by following our strong value system and ethical guidelines as a source of guidance and inspiration to achieve our vision. Each and every member of the GSK family plays a vital role in improving the quality of human life. GSK's growth and development can be attributed to the contribution of the skills, talent and passion of its people.

GSK Consumer Healthcare follows its core values of keeping consumers first, demonstrating respect for people, acting with integrity, and operating with transparency. We are proud of our commitment that enables us to enhance the quality of peoples' lives and helps us provide them with quality products.

Our Mission

Our mission 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 Core Values

At GSK Consumer Healthcare, we are committed to delivering results underpinned by our values. These values guide our actions and behaviors and lie at the heart of every decision we make.

Our core values are:

Consumer first The strength of our business lies in the consumers we reach out to. Our dedicated leadership team drives brands that have strong purpose, and together we ensure that the needs of our consumers are catered to in the best possible way.

Respect We cultivate an environment of support, inspiration and development, and ensure that as an organization, we create diversity in culture, thought and in how we operate, in order to collectively work towards achieving our shared vision.

Transparency Transparency is vital to the way we work and helps build trust. We strive to be honest and open about what we do and how we do it. This improves how we collaborate with each other and the way we are seen by the communities we work with. It demonstrates that we do not avoid challenge and discussion, and confront problems as a team.

Integrity We must live up to the highest standards of integrity expected of us by our consumers, partners and stakeholders. We go beyond abiding by the law and do all we can to maintain the trust and respect of, and protect the interests of, the organisations and communities we work with.



Living our Values in Sales

The Sales Team operates on our principles of ethical behaviour and core values. Built on a diverse sales force from across the country, we work through 29 distributors nationwide, serving 60,000 trade customers through various trade channels.

The pharmacy channel is the largest contributor to our business, followed by both General and Modern Trade. Throughout 2016, the company's focus has been on developing strategic channels to expand the current business landscape. This includes a dedicated service model for Top End Retail and Modern Trade outlets. GSK CH also made its first foray into the cosmetics channel for its skin portfolio by not only recruiting a dedicated team to create a footprint,

but also setting up a distribution network to service this channel.

Our flagship brand Panadol achieved a significant milestone during 2016 when we witnessed the launch of Panadol Forte Suspension, its first launch in 20 years. The GSK CH Sales Team demonstrated its strong speed to market capability by ensuring optimum availability across pharmacies in Pakistan within a short duration of two weeks.

Pakistan has an extremely fragmented geography which means that our route to market is extensive. During 2016, GSK CH continued to ensure comprehensive coverage of the country's pharmacies for our OTC portfolio. We also maintained a strong penetration in the urban market, while

catering to the remaining General Trade markets through a wide network. Our Sales Force leads from the front when it comes to serving.

Our customers with absolute transparency and integrity. The reasons behind our success are a strong customer focus and respect for people ensuring that we are the first choice for shoppers & customers alike. Our sales team brings to life GSK values while achieving milestones year after year, and remains focused on doing the same in the future.

GSK Expectations

	Leadership expectations:	Individual expectations:
 Set direction and inspire	Using sound judgment to set a clear & compelling vision that shows your people how their work contributes to delivering our strategy and mission	Ensuring your work supports your team's goals and the organizational priorities and applying sound judgment in all that you do
 Develop capability and talent	Investing in your people and building the organizational capabilities necessary to implement our strategy, now and in the future	Equipping yourself with the skills and knowledge to do great work, now and in the future, and supporting others to do the same
 Work across boundaries	Cultivating a network of collaborative relationships, based on mutual trust, to ensure the best outcome for GSK as a whole	Building trusting relationships within and beyond your team to achieve goals and contribute to the success of GSK
 Drive performance	Holding yourself, your team and others accountable for delivering quality results	Holding yourself and others accountable for delivering quality results
 Release energy	Creating a healthy, engaged and inclusive working environment that is sustainable over time	Engaging constructively with others and demonstrating a positive mindset
 Live our Values	Acting as a role model, ensuring everything you do is in line with our Values, serving patients and consumers	Acting as a role model, ensuring everything you do is in line with our Values, serving patients and consumers

Strategic Priorities

Our business is focused around the delivery of three strategic priorities that aim to increase growth, reduce risk and improve long term financial performance

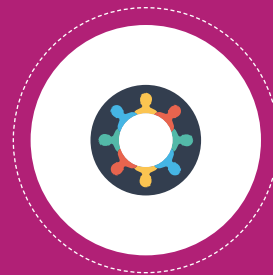
These three strategic priorities are:



Grow a balanced business



Deliver more products of value



Simplify the operating model

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

Group Structure

GlaxoSmithKline plc	100%
GlaxoSmithKline Holdings Limited	100%
GlaxoSmithKline Finance plc	100%
SetFirst Limited 63.5%	Novartis Holdings AG & Novartis Finance Corporation 36.5%
GlaxoSmithKline Consumer Healthcare Holdings Limited	100%
GlaxoSmithKline Consumer Healthcare (Overseas) Limited	100%
GlaxoSmithKline Consumer Healthcare B.V.	82.6%
GlaxoSmithKline Consumer Healthcare Pakistan Limited	

Organogram



**CEO & General Manager
Consumer Healthcare**

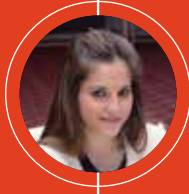
(Global Reporting)



Sales Director



Finance Director



Marketing Director



Head of Regulatory Affairs



Head of Medical Detailing



Head of Supply Chain

Quality Management System (QMS)

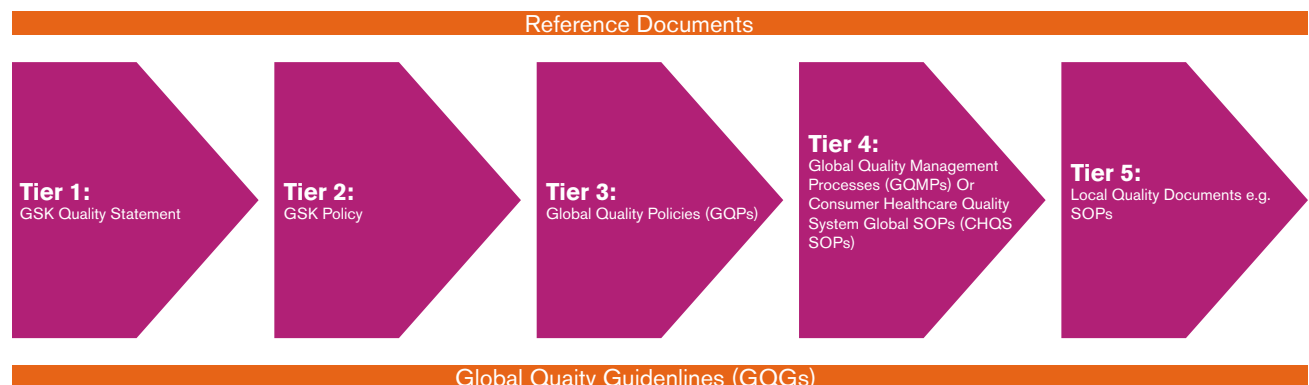
The Quality Management System (QMS) at GSK CH serves as the foundation for the work that we do. Our strong relationships with consumers are built on trust and credibility that we have established over the decades through an unwavering commitment to achieving excellence in quality.

The Quality Management System at GSK CH embodies the Company's core values and has been built to ensure that we not only deliver world class brands with healthcare benefits, but also compliance for our regulators and strong shareholder value. With this objective, our Quality Management team constantly re-evaluates its quality standards, policies and procedures and strives to strengthen and update the systems in place. Following were the

QMS team's focus areas for the year 2016:

- A compliant warehousing solution for finished goods, keeping in view our business expansion and quality requirements
- Quality governance was enhanced by establishing a Quality Council.
- Distributor awareness workshops were organized and executed across Pakistan to educate distributors, followed by quality audits conducted to ensure QMS compliance.
- Capability building sessions were organized for team members to build trust and empower them to be more effective in their respective work areas.
- QMS implementation in commercial quality and CMOs to align with GSK Quality Standards.
- Compliance of global specification at CMOs.
- Training and development sessions were conducted for CMOs to align with GSK expectations.
- Local manufacturing for two imported SKUs has commenced that reduces the product cycle time and makes a significant difference in cost of goods.

Our QMS Structure



Human Resource Management - Delivering Commitment

GSK Pakistan draws strength and direction from its people and has comprehensive Human Resource strategies in place in order to create an ideal workplace that nurtures a culture of growth, trust and comfort. GSK CH draws on the same values and strategies and implements the highest standards of HR practices.

During the year 2016, our Human Resource department aimed to help our employees realize their true potential through the implementation of five pillars of Human Resource Management:

- **Talent:** With a clear focus on enhancing the quality and depth of talent, especially for critical roles, we have widened and diversified our talent pool to incorporate younger employees.
- **Capabilities and leadership:** GSK Consumer Healthcare constantly strives to develop high quality leaders driven by the development of critical business capabilities and skills.
- **Organization:** In order to optimize your Company's organization design, we leverage the GSK performance system and focus on promoting employee health and well being.
- **Employee Engagement:** Championing and supporting employee engagement remains one of the most important aspects of our Human Resource strategies and in 2016, essential changes were implemented based on the results of the 2015 GSK HR survey.
- **Delivering HR:** A crucial part of our service delivery model is our online HR system, 'Workday', that is specifically designed to provide HR support to our employees and facilitate them with ease and convenience. This helps contribute to overall organizational performance by simplifying processes.

Engaging Stakeholders

GSK CH recognizes and respects the various roles that our stakeholders play in helping people bring their objectives from ideas to reality. We truly value the relationships that we have established over decades, and strive to strengthen them through both periodic and regular engagement. We believe that together we can create a lasting positive impact on the society around us through the work that we do.

Our stakeholders include:



Shareholders

GSK has had a history of delivering strong financial performances year after year. GSK CH intends to continue on this path and aims to provide its shareholders with adequate returns in the future.



Distributors and suppliers

Our distributors and suppliers are essential partners in guaranteeing that we deliver only the highest levels of product quality. We take both parties and their involvement seriously. We help our suppliers and vendors grow their standards of quality management through periodically held QMS training sessions. Moreover, our distributors undergo regular QMS audits to warrant that there is no compromise when it comes to consistently delivering quality products.



Employees

Our team is considered one of our greatest strengths and given our strong belief in empowerment and growth, our employees are not only trained locally, but also through international projects, external training, coaching and mentoring programs in order to enable them to reach broader, better avenues both professionally and personally



Regulators

We place responsible corporate citizenship at the top of our priorities and pledge to respect and adhere to legal requirements and regulations.



Local community

At GSK CH, we are respectful of and grateful to the environment in which we operate. We understand that the people and community we work with give us the opportunity to achieve our ambition to become Pakistan's first Fast Moving Consumer Healthcare company.

Calendar of Major Events 2016

First Board Meeting	29th March, 2016
Transfer of business operations from GSK Pakistan Limited	1st April 2016
Second Board Meeting	10th April, 2016
Annual General Meeting	23rd June, 2016
Panadol Forte Suspension Launch	23rd September 2016
Physiogel Launch	22nd November 2016

Financial Calendar 2017

1st Quarter ending March 31, 2017	21st April 2017
2nd Quarter ending June 30, 2017	24th August 2017
3rd Quarter ending September 30, 2017	26th October 2017
Year ending December 31, 2017	Last week of January 2018

SWOT Analysis



Strengths

Brands:

GSK CH has consistently delivered strong, category-defining brands that have established themselves as the leading products in their respective markets.

Distributors:

Our strong partnerships with distributors are based upon trust built over many years. We work with people who are equally committed to serve our consumers, enabling us to efficiently maintain our performance standard.

People:

Our people are committed, energetic and driven to provide consumers with quality healthcare products and brands. We live and practise our values, and dedicate our efforts towards bringing a substantial difference to the lives of our consumers.



Weaknesses

Price controlled industry:

We operate in a challenging price controlled environment for our OTC portfolio. This is further compounded by lack of clear policy and smooth functioning of the regulatory authorities. It is imperative that a regulatory environment with better structure and transparent policies is established to provide a level playing field to help promote and develop the OTC industry.



Opportunities

Our Categories:

Our strength lies in the fact that we operate in categories that are still developing and have an untapped potential such as Nutrition and Oral Care. In doing so we will be able to reach out to more consumers across the country.

Export market:

This remains an avenue with tremendous potential for the Consumer Healthcare business.



Threats

Intellectual property:

While the Government has made efforts and initiatives to introduce IPR laws in Pakistan, a more robust implementation of these laws remains a prioritized need within the industry.

Industry status:

As it falls under the "exempt" category, the pharmaceutical industry is unable to claim sales tax adjustment on raw materials.

Exchange rate:

Operating within an import based economy, we as an industry are highly dependent on imports for raw materials. As such, deteriorating exchange rates pose a risk to our profitability.

Management's Objectives

1. **Grow a balanced business**

Centered on our category defining brands with healthcare benefits, create a more balanced business and product portfolio, capable of delivering sustainable sales, earnings growth and improved returns to shareholders.

2. **Deliver more products of value**

We remain focused on innovation so that we are better able to sustain a pipeline of products that offer valuable improvements in treatment for consumers and healthcare providers.

3. **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 frees up resources to reinvest elsewhere in the business, or return to shareholders wherever we see the most attractive returns.

4. **Responsible Business**

Being a responsible business is central to our strategy, and how we deliver success is just as important as what we achieve. Ensuring our values are embedded in our culture and decision-making helps us better meet the expectations of society.

Significant changes in objectives and strategies from previous periods

GSK CH has completed its first year of operations and therefore has no changes in objectives to report.

Furthermore, in the times to come, we intend to set exceptional standards in planning and strategic leadership, and achieve consistency in our objectives.

Relationship between results and management's objectives

GSK CH completed its first year as an entity, closing with a strong, healthy financial performance and growth across our key categories.

Your Company had several new launches, including the significant additions of Panadol Forte Suspension and Physiogel variants.

Our restructuring and entity formation process was the most significant milestone achieved in its own right, and our decisions, strategies and numbers are well aligned with the direction we intend to pursue.

Our successful first fiscal year has set the stage for even greater success in the years to come.

Getting it right: Critical Performance Indicators

We measure overall success and progress by looking at the following key performance metrics:

Category and Brands	Market Share: Experience growth faster than competitors
	Brand Equity: Increase value of positive consumer perception
Quality Service and Cost Control	Service levels: Ensure products are delivered on time and in full
	Cost of Goods Sold: Achieve sustainable savings on COGS
	Reliable Compliance: Track record of inspections or audits, without business or reputational impact
Commercial Execution	Channel Share: Experience fastest share growth across focus channels
	Expert recommendation: Develop top expert recommended bands across our categories
	Sales Force Ranking: Achieve the top 3 ranking in every market for pharmacy and mass market
Talent and Culture	Top Talent: Track and fill key roles with the best talent
	Employee Engagement: Reflecting our culture
Scientific Innovation	Innovation Sales: Sales from products launched in the last three years
	Key product launches: Execute brilliantly, achieving the annual target
Purpose and Values	Sales and profit growth: Stay ahead of the competition
	Working capital: Achieve industry leading efficiencies that are reflected in our cash holdings

Our Brands



Past of Pride

Panadol is not only our flagship brand but also a household name in Pakistan, built on a history of trust and credibility spanning over several decades. Today Panadol is the first choice for pain and fever relief among doctors because of its tradition of strong commitment towards excellence in scientific research and quality.

2016: Foundations For a Better Tomorrow

The year 2016 saw Panadol deliver even better results as one of the biggest brands in the pharmaceutical industry. It successfully registered more than Rs. 4 Billion in net sales - an achievement that bore testimony to the unwavering trust consumers place in the product. Moreover, we also captured a third of the market share in the Analgesics Category, and in 2016 alone, over 60 million prescriptions were written for Panadol. Our work is grounded in the

understanding that pain can be a stifling factor that prevents people from fulfilling their responsibilities and enjoying their lives. Therefore, Panadol has six powerful variants that help solve three different problems for consumers. Apart from the regular Panadol variant, other options available to consumers include:

- Panadol Cold & Flu: This variant has been specifically designed to help consumers relieve symptomatic allergies, nasal congestion and other symptoms of the common flu.
- Panadol Extra: With the addition of caffeine, Panadol Extra is 37% more powerful than standard Paracetamol.
- Panadol Forte Suspension: The launch of Panadol Forte suspension enabled Panadol to cater to an even wider range of age groups. With the appropriate amount of Paracetamol required by children between the ages of 6 to 12 years, Panadol Forte Suspension's pineapple flavored variant is not only gentle on the stomach, but also helps parents easily administer the drug. Our unsurpassed quality standards within the children's OTC Analgesics-Antipyretics Category have made us the number one choice for parents as well.

Project Red

Panadol believes that helping shoppers make informed decisions about their medication is also one of its most crucial responsibilities as a brand. To ensure that consumers choose the right kind of painkiller for their specific needs, Panadol 'Project Red' was executed to educate consumers about Panadol Extra's specialized use. This was communicated by deploying creative and interesting trade tools at points of purchase, bearing informative messages

Defying the odds

Being a OTC Pharma product, Panadol operates in a challenging regulatory environment in Pakistan. Despite this, we continue to push ourselves to ensure that the brand delivers in terms of standards of quality, commitment, performance and avenues for new product development.

GSK Consumer Healthcare takes pride in Panadol's long held tradition of providing support to consumers and holding its Category leadership position. We aim to cherish and continue this tradition, and feel confident in Panadol's future as the number one choice, with an extensive footprint in Pakistan.



Horlicks is among the leading brands in the Health, Food and Nutrition (HFD) Category in Pakistan. This is a category that has recently been added and has a large untapped potential. The premise behind the Category is that milk alone is not enough to provide your children with the daily nutrition they require. HFD is a highly competitive Category supported by high TV spends and shopper activations. Within this, Horlicks differentiates itself on the basis of its clinically proven+ claim of 'Taller, Stronger* and Sharper**' as it contains the essential growth nutrients that help in a child's physical and mental development.

Horlicks was re-launched in Pakistan by GSK Consumer Healthcare in 2012. The brand has a strong foothold in its Category and has successfully achieved a Share of Voice and Share of Shelf of 65% and 37% respectively.

Coupled with an exciting flavor that appeals to this age group, Horlicks is designed to provide children with the fiber, multi-vitamins, minerals, macronutrients that they require. It is scientifically proven to increase the

Power of Milk[^]. When added to milk, it doubles the Calcium and Zinc, adds Iron and increases Vitamin C by 13 times[^].

2016: Taller, Stronger, Sharper Today

2016 has been extremely exciting year for Horlicks with multiple new campaigns rolled out to develop the HFD Category.

Equity Campaign: Power of Milk

1. Equity Campaign: Power of Milk

In 2016, Horlicks launched its Equity Campaign titled 'Horlicks is Scientifically Proven[^] to Increase the Power of Milk', aiming to convey the underlying message that 'Big Dreams Need Better Nutrition'. The campaign helped quantify the nutritional value that Horlicks adds to milk thereby cementing the claim that on its own, milk might not be sufficient to meet the basic dietary requirements of school going children. This campaign was not only launched through television channels, but also on mediums such as cable television, radio channels, and the digital media, specifically our website.

On the trade front, strong shopper connections were established through shelf enhancements and activations.

For A Better Tomorrow Scrabble Championship

One of the brand's key propositions is that it aims to help children become 'sharper', and through a three year long tradition of sponsoring the Scrabble Championship, Horlicks has reinforced this association further.

With more than 700 participants, the Scrabble Championship has been an event that has garnered attention from various international sports groups and has provided hundreds of school going children with great exposure on a local as well as international front.

Horlicks Dreams for Tomorrow

'Horlicks Dreams for Tomorrow' was the Brand's main campaign for the year 2016 and was executed through a partnership with the World Wildlife Fund Pakistan. The core concept behind this campaign was to help children envision a positive future for Pakistan, using art as an effective medium of expression and communication. Executed in collaboration with the World Wildlife Fund Pakistan, the campaign invited more than 200,000 students from

750 prestigious schools in 25 cities to submit artwork that depicted their dreams for a better tomorrow. The campaign concluded with Art Exhibitions in Karachi, Lahore and Islamabad where the shortlisted artwork was displayed on canvases. In these exhibitions, Horlicks also illustrated and brought to life children's dreams and aspirations through sketch artists, and featured wet sampling of Horlicks' chocolate flavored variant.

The experience was extremely successful and seeing the creative ideas that children visualized for a better tomorrow strengthened our belief in the wonderful talent that our youth has. The idea resonated with Horlicks' underlying message of "Big Dreams need[ing] Better Nutrition".

This campaign used art, a unique platform, to strengthen children's faith in their own creative abilities and their country's future, by instilling in them a sense of ownership and empowerment. It also helped them understand how

good health and nourishment play critical roles in facilitating their mental and physical development, thereby helping them drive their goals.

Achieving Digital Milestones

The importance of the digital platform has been increasing exponentially. Starting with only 9 page likes in 2014, the Horlicks Pakistan Facebook page accumulated more than 1 Million fans in 2016. Having achieved this milestone in terms of our digital reach, we continue to explore this channel through innovative campaigns.

One such campaign in 2016 was the Horlicks Jingle Recorder. Leveraging our new commercial jingle, the digital community was asked to record their own version and submit their entries for weekly prizes! The campaign worked really well with a non-stop flow of entries.

Horlicks also organized the first ever large scale wet sampling activation to generate trial across key cities Karachi, Lahore, Islamabad, Multan, Faisalabad, Gujranwala, Abbotabad and Peshawar. The activation reached more than 180,000 people through various trade channels.

Disclaimers:

[^]Claims based on a study conducted in India by an independent and accredited laboratory comparing Horlicks enriched milk (27gms Horlicks in 150ml milk) vs. non fortified whole cream milk sourced in India. Milk is a vital part of a child's daily diet.

Horlicks is a nourishing beverage to be taken as part of a regular daily diet.

+claims based on a study conducted in 1999-2000 and published in Journal of Nutrition: 22 (2006) S1-S39, comparing micronutrient enriched beverage vs. non-fortified placebo

+claims based on a recommended daily serve of 2 cups (54g)

*more muscles

**increase in attention and concentration

Horlicks is a registered product of GlaxoSmithKline group of companies

SKIN HEALTH

2016 has been a very strong year for our Skin Health Category. Not only did we launch a new range of Physiogel variants, but also experienced growth in sales and market share for our key brands.

Portfolio

The skin health portfolio consists of Physiogel, Hydrozole and SunBlock 60. Our brands cater to different categories such as Dry Skin, Sun Care and Anti-Fungals. Each Category carved its own path and developed its unique success story in the year 2016.

PHYSIOGEL®
HYPOALLERGENIC

Physiogel is one of our strongest brands and is one of the most prescribed and recommended brands in its respective Category.

With the use of the advanced BioMimic Technology, we are able to produce skin products of the highest quality, which are strongly endorsed by our dermatologists who believe in the science behind the brand and the effective solution it provides for a prevalent skin problem: dryness.

In order to revamp the brand's image and better cater to consumer needs, two new global ranges were introduced to the portfolio: Calming Relief A.I Body Range (catering to redness prone irritated skin) and Daily Defense Face Range (with triple action formula of sun protection, skin repair and regaining skin radiance).

The products were introduced to the media, bloggers, and celebrities through a grand media launch event which highlighted the unique science and benefits which Physiogel delivers as compared to other products in the market. Furthermore, Dr. Rene Rust, a renowned speaker from the World Congress of Dermatology and Senior Director Expert Science for GSK Skin Health, travelled to Pakistan to discuss the benefits of using Physiogel with top dermatologists from across the country.

SunBlock

ANTI UVA-UVB WITH SPF 60 PA+++

The SunBlock 'Don't hide the damage, seek protection" campaign was initiated in 2015 and carried forward in 2016 as a part of making consumers aware that sun damage can be minimized by regular use of sun protection products.. SunBlock 60 was introduced to consumers as a 'paraben free sun block' which helps protect the skin from skin darkening, sun burn and premature aging. This message was communicated to our target audience through print campaigns, digital media, targeted on ground activations, in store activities, and regular detailing to our expert team.

Hydrozole™ Cream

The most significant milestone Hydrozole achieved in 2016 was that it crossed the Rs. 300 million benchmark in sales on account of its ongoing commitment to quality.

Hydrozole is an anti-fungal cream that targets inflammation and fights the fungi that cause it. Hydrocortisone, the core ingredient in this product, distinguishes it from other antifungal products in the market.

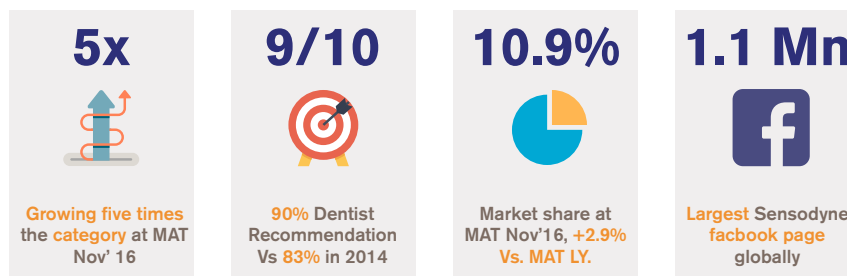
Hydrozole is currently the biggest brand in our Skin Health portfolio. Because of its effectiveness and performance, Hydrozole is now becoming a household name across the country. After achieving tremendous success in terms of sales, Hydrozole continues to deliver strong growth in its Category.



Since 2010, Sensodyne has a strong heritage of trust and success in Pakistan. In a span of 7 years, the brand has reached Rs. 1.2 Billion turnover in 2016.

Some big wins for the brand are mentioned below:

Sensodyne – Achieving new heights year on year..



Expert testimonials backed by scientific evidence have helped us ensure that 9 out of 10 Dentists recommend (IPSOS Dental Study 2016) recommend Sensodyne.

Furthermore, making the right shopper connections and maintaining good levels of visibility have helped us succeed in a category that is extremely competitive. Our primary shelf placements at Modern Trade channels and Top End Retail Outlets have been well received.

Portfolio

Sensodyne's portfolio consists of 5 key variants (Complete Protection, Rapid Action, Multi Care, Original and Fluoride toothpastes), Toothbrushes (Multi Care & Gum Care) and Mouthwash.

By leveraging Sensodyne's brand promise as a Sensitivity Relief daily toothpaste, the brand team launched an innovative campaign to enhance Sensodyne's market outreach by associating it to the positive and sensitive side of Pakistan. This was achieved through Public Relation campaigns, blogging platforms, digital engagement through community influencers and celebrity endorsements.



ENO is a brand that carries decades of heritage within the Pakistani market, and is well recognized by both doctors and consumers. It is the only antacid in the market that helps relieve heartburn symptoms by effectively beginning the process in just six seconds.

With a portfolio consisting of three flavors (regular, orange and lemon), ENO is a trusted brand that consumers rely on.

Directors' Profiles



Annelize Roberts

Annelize Roberts took over the role of VP Global Trading Partner Entities on 1st July 2016.

Initially based in Dubai, she was the Finance Director for Middle East Consumer from Jan 2013 till 2015. Thereafter in May 2015, she relocated back to London to take on the Global Finance Integration role for the new GSK Consumer Joint venture with Novartis.

Annelize joined GSK in 1999, and has worked across several parts of the organization including roles in the Consumer Healthcare, Corporate, ViiV Healthcare covering finance partnering, Supply chain planning, Finance support services and Project integration roles.

She qualified as a Chartered Accountant in South Africa, completing her articles with KPMG and is also a Chartered Management Accountant (ACMA) and holds degrees in Accounting and Information Systems.



Sohail Matin

Sohail Matin commenced his career with Glaxo Pakistan Limited in Supply Chain in 1986 and then moved to SK&F and Sterling Winthrop. He joined SmithKline Beecham in 1997, and has since worked as Director Quality Assurance & Manufacturing Development in Pakistan and Area Regulatory & Business Development Director Middle East & Africa in Dubai. Sohail moved back to Pakistan in 2007, where for the next seven years he served as GM of Consumer Healthcare (Pakistan), before taking on his current role of CEO and GM of GlaxoSmithKline Consumer Healthcare Pakistan Ltd. and GSK OTC (Pvt.) Ltd.

Sohail Matin holds a Master's degree in Mechanical Engineering from Stevens Institute of Technology, followed by an MBA in Management from Oklahoma State University.



Husain Lawai

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 a Masters Degree in Business Administration from the 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, GlaxoSmithKline Consumer Healthcare Pakistan Ltd and The Searle Company Ltd.

He also serves on the Board of Governors of Karachi Grammar School and Virtual University of Pakistan.



Syed Anwar Mahmood

Syed Anwar Mahmood, who retired as a Secretary to the Government of Pakistan in 2008 after heading the Ministry of Health and the Ministry of Information & Broadcasting, now heads his own consultancy, media and government relations firm. He also publishes and edits a monthly magazine titled Health & Pharma.

He graduated with honors in Economics and later obtained a Master's degree also in the same discipline. Mahmood joined the Central Superior Services (CSS) of Pakistan in November 1971.. After training at the Civil Services Academy, he was assigned to various positions and responsibilities during which he earned varied experience both in media and management, including hands-on experience of media relations and conceiving and executing media and communications strategy for the Federal Government at the highest level. He has served for nearly six years, spread over two terms, as the Federal Information Secretary and the government's chief spokesman. He has headed many media organizations as Chief Executive or as Chairman of the Board, including PTV, PBC, SRBC, APP, and the Press Information Department.



Emine Tasci Kaya

Emine joined GSK in February 2016 as Customer Supply Chain Director for Middle East markets. In this role Emine oversees end to end supply chain activities for markets in the Middle East Area and provides single point of contact for the commercial organisation on Supply Chain Performance.

Before joining GSK, Emine spent ten years working in regional and global supply chain roles both in Turkey and Asia Pacific in FMCG and Pharmaceuticals industries.

Emine holds a Bachelor's Degree in Economics from Yildiz Technical University and also has a Master's Degree in Logistics and Supply Chain Management from University of South Australia



Syed Azeem Abbas Naqvi

Azeem Naqvi is the Cluster Legal Director for Pakistan & Iran and is also the Company Secretary of GlaxoSmithKline Pakistan Limited. He joined GSK in March 2014 prior to which he was working for Pak-Arab Refinery Ltd. (PARCO). He is a seasoned lawyer with 18 years of experience as in-house legal counsel, working for The Bank of Punjab, PTCL (Etisalat) and Nestle where he served as the Legal Director for 12 years.



Farhan Muhammad Haroon

Farhan joined GSK Pakistan Limited in 2011 as Head of Financial Shared Services and is presently working as Director Finance and Company Secretary for both GSK Consumer Healthcare Pakistan Limited and GSK OTC (Pvt) Limited. During his time with GSK, Farhan has led various key local and above country restructuring projects and teams responsible for planning and budgeting, financial and management reporting. He has also played key business partnering roles with Supply Chain, Legal and Treasury. Recently, he has been navigating the Novartis Integration process by managing external advisory teams and internal stakeholders for entity restructuring and coordinating all the requirements as the Financial Integration Lead. Prior to joining GSK, he has served on various positions in Lotte Petrochemical (formerly a member company of AzkoNobel/ ICI Worldwide Group) Sanofi and PwC. Farhan Muhammad Haroon is an associate member of the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) with an MBA from the Institute of Business Administration (IBA).

Corporate Governance

Conflict of interest among board members

The Board has been constituted in compliance with the provisions of the Companies Ordinance, 1984. The members of the Board, including Non-Executive and Independent Directors exercise full independence and are expected to highlight and recourse themselves in case of any possible conflict of interest. No potential conflict of interest issue was identified during the year, including but not limited to, with entities under common directorship.

Policy for safeguarding of records

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

In line with regulatory requirements and our Code of Conduct, we ensure documentation practices meet our requirements for design, management and control of instructions, reports

and master documents. We also have checks in place that cover archive requirements for all our stored data, both physical and electronic.

Whistle Blowing Policy

Ethical business conduct is the responsibility of everyone working for and on behalf of GSK. It is the foundation for building trust in our company and protects our licence to operate.

GSK has global procedures on reporting misconduct and safeguarding people who report these concerns.

GSK employees are required to promptly raise concerns of possible misconduct, potential conflicts, or known breaches with the GSK Code of Conduct, and other company policies and procedures. Suspected violations of country laws and regulations must also be reported.

- Non-GSK personnel working on behalf of the Company are also required to report misconduct concerns, with 'Speak Up' integrity line information provided in the GSK Third Party Code of Conduct.
- GSK will take disciplinary action up to and including termination, in accordance with local labor laws, against anyone who threatens, or engages in retaliation or harassment of any person who has reported, or is considering reporting a concern in good faith.

Formal orientation at induction

New members are inducted into your Company's Board through an extensive orientation process, which provides the Directors with an opportunity to enhance and strengthen their management and governance skills. Key features of our formal induction program are as follows:

- Overview of the role and responsibilities of the Director, as outlined by the Companies Ordinance, 1984, including but not limited to the Code of Corporate Governance and other laws applicable within the country
- Your Company's vision and strategic objectives
- Our key performance indicators and measures
- Our SWOT analysis
- Policy on Directors' fees and other expenses
- Forecasts, budgets and high growth plans
- Latest financial statements

The Board members also attend international training sessions to strengthen their skills and remain updated with the latest developments in management policies and understand best practices adopted by leading corporations around the world.

Board & 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 which has 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 legal and regulatory requirements. The Management Committee is 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 upon their joining, to apprise them of their roles and responsibilities.

Audit Committee

Terms of Reference

The Audit Committee will meet at least four times a year. The Committee will assist the Board in the effective discharge of its responsibilities for corporate governance and financial reporting. It also aims to review 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 will have direct access to the Chairman of the Audit Committee.

Report of the Audit Committee The report of the Audit Committee will be provided to the Board every quarter. The calendar of reviews by the Internal Audit team and the format of the report will be developed during the first Audit Committee meeting during the year.

Human Resource and Remuneration Committee

Terms of Reference

This committee will be 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 will also be responsible for

making HR policies, recommending and approving salaries of the CEO, CFO, Company Secretary, Head of Internal Audit and senior management who report directly to the CEO.

Management Committees

Management Committee

The Management Committee comprises of the CEO, CFO, Marketing Director, Sales Director, Head of Medical Detailing, Head of Regulatory Affairs, and Head of Supply Chain.

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 CEO, Functional Heads and the Head of Compliance. 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.

Integration and Supply Network Optimization Committee

Terms of Reference

The Committee will be responsible for dealing with the supply planning and network optimization strategy. The Committee will supervise the supply challenges consequent to the entity restructuring and provide recommendations to the Board.

Composition of the Board

The Board consists of 7 members, including independent directors and those representing minority interests, 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 a listed Company's operations. The Board comprises of the Chairman and the Chief Executive Officer, which are two separate positions.

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 and in accordance with the Companies Ordinance and Code of Corporate Governance. 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.

Role of the Chairman

In compliance with the Code of Corporate Governance, the office of the Chairman is separate from the role of the Chief Executive Officer, with there being a clear demarcation between their responsibilities.

The Chairman is primarily responsible for ensuring that the Board is functioning effectively with respect to implementation of the Company's strategy, and that all issues pertinent to the Company's governance are placed on the Agenda of Board meetings, given that the power to set the Agenda and sign the minutes of the Board meetings lies with the Chairman. Moreover, the Chairman assesses the general effectiveness of the Board, directors and the committees, looks after issues regarding avoidance of conflicts of interest, and ensures that the directors are enabled and encouraged to participate in the decisions of the Board. However, the Chairman is not involved in the day to day operations of the Company.

Directors' Report to the Shareholders



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

The Directors' Report has been prepared in accordance with section 236 of the Companies Ordinance, 1984 and regulation 5.19 of Pakistan Stock Exchange Limited, previously known as Karachi Stock Exchange and Lahore Stock Exchange. This report is to be submitted to the members at the Second Annual General Meeting of the Company to be held on April 21st, 2017.

Operating results

Consequent to the submission of the order of High Court approving the Scheme of Arrangement for demerger of GlaxoSmithKline Pakistan Limited to the Registrar of Companies on April 1, 2016, the assets and liabilities of

Consumer Healthcare Division as at March 31, 2016 were transferred to GlaxoSmithKline Consumer Healthcare Pakistan Limited. The performance of the Company is therefore based on the nine months of commercial operations.

The Net sales of the Company amounted to Rs. 5,376 Million during the current year whereas the Net Profitability of the Company was Rs 545 Million.

Holding Company

As at December 31, 2015, GlaxoSmithKline Consumer Healthcare B.V. held 78,918,934 shares of Rs. 10 each.

Pattern of Shareholding

The Company's shares will be traded on the Pakistan Stock Exchange Limited. The shareholding information as of December 31, 2016 and other related information is set out on pages 70 to 73.

Chief Executive's review

The Chief Executive's review on pages 36 to 37 deals with:

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

- Performance review of the Company during the year and significant changes from the previous year along with reasons
- 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. 7.6 (2015 Loss per Share Rs. Rs. 84,233.33).

Corporate Social Responsibility (CSR)

The people at GSK CH believe that a business does not achieve complete success without operating with a genuine concern and respect for the environment it exists in. We understand the need for outreach programs at the grass root level, focusing on health, education, and general medical relief. Improving environmental sustainability is another key area of concern. Given that 2016 was the first full year of operations, your Company did not conduct any major CSR activity. However in future, it plans to focus on using innovative methods to improve and make more efficient use of resources in supply chain processes, thus enabling environmental sustainability and improving patient access to quality brands with healthcare benefits

Human Resource Development and Succession Planning

GSK CH takes great pride in being a company that not only recognizes its people as its primary driving force, but also ensures that this belief is translated into a working environment that provides growth opportunities, respect, empowerment and inspiration.

As a company that is geared towards helping people 'Do More, Feel Better, Live Longer', we ensure that our employees are not only committed to this vision with the utmost passion and sincerity, but are also well equipped to perform and deliver their very best. With this objective in mind, our Human Resource Development team engages in a continuous feedback, evaluation and communication programs, through which we ensure that our employees are well aligned with, and really believe in, our core values of Being Consumer Focused, Respecting People, Acting with Integrity and Operating with Transparency. Moreover, we prioritize the highest standards of individual accountability, and are constantly trying to evolve in terms of our ability to recognize and reward high achievers that demonstrate the right mix of talent and dedication. Our primary focus as a people oriented company is to ensure our team remains not only motivated, but also receives the right kind of training, including exposure to a wide range of opportunities as well as international assignments. This is supported through the implementation of an internal talent development system that uses state of the art technology to help provide leaders with the data needed for strategic alignment and decision making.

Given that we operate within the Fast Moving Consumer Healthcare business and exist solely to give our consumers better access to world class brands with health related benefits, we understand the criticality of having the right team in place. Our recruitment drives and processes are particularly designed to acquire high potential talent, by targeting top tier universities, and pursuing talent acquisition efforts with great zeal and vigor.

With this approach in place, we are constantly building a team that truly

considers itself the foundation that GSK Consumer Healthcare draws its strength from, and contributes towards the evolution of our High Performance Culture.

Environment, Health and Safety (EHS)

Building on the GSK legacy of dedication towards environmental protection and occupational health and safety, GSK Consumer Healthcare is determined to constantly strengthen and improve the measures we take to ensure our employees have a safe, injury-free working experience and are passionate about the environment they operate in. Furthermore, we work within a framework of operational measures, policies, strategies and stringent environmental monitoring systems to remain committed towards energy conservation.

Occupational Safety and Health

With vigorous and sustainable processes in place, GSK CH takes pride in its ability to fulfill its purpose without compromising the occupational safety of its dedicated employees. In order to successfully achieve this objective, the following programs and measures have either been implemented or are currently in progress, and will help further improve the quality of our working environment by:

- Ensuring our employees are well aware of operational risks, and are fully able to effectively manage these risks when needed
- Enhancing employee capability that trains them to consider occupational safety the number one priority under all circumstances
- Implementing standards of conservation that help minimize our water and energy consumption.

Your Company aims to further enhance its EHS mechanisms across its supply chain as well as production plants, and will continue to advocate striving for the highest quality in Environmental Health and Safety.

Business Ethics and Anti-Corruption Measures

GSK CH operates on the strong belief that integrity should be at the heart of every decision we make, and our values serve as our guiding principles. With this commitment, the Board of Directors of the Company has set acceptable business practices and standards of behavior within our 'Code of Conduct'. Our core values are:

- Consumer First
- Respect
- Transparency
- Integrity

Board of Directors' Meetings and Attendance

The Board of Directors met thrice in 2016. All the meetings were held in Pakistan, and each member's attendance at these meetings is listed below:

Names	Meetings Attended
Mr. Husain Lawai	3
Mr. Sohail Matin	3
Mr. Syed Azeem Abbas Naqvi	3
Mr. Farhan Muhammad Haroon	3; Appointed on Sep 5, 2016
Ms. Annelize Roberts	Appointed on Sep 5, 2016
Ms. Emine Tasci Kaya	Appointed on Sep 5, 2016
Mr. Syed Anwer Mahmood	Appointed on Sep 5, 2016
Mr. M Salman Burney	Resigned w.e.f. Jan 6, 2016
Mr. Yahya Zakaria	Resigned w.e.f. Jan 6, 2016

The Board would like to record its appreciation and gratitude to outgoing directors Mr. Salman Burney and Mr. Yahya Zakaria, for their input and contribution while serving on the board.

The Code has been disseminated for signing by all the employees, including the senior management and is also available on GSK's website.

Board Committees

During the Board meeting of January 25, 2017 the Board appointed three Committees to assist the Board in its optimal performance. They have been listed below.

Audit Committee

The Audit Committee consists of 4 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 page 29).

Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee comprises of 4 members, the majority of whom are non-executive directors. The terms of reference of the Committee are provided in detail on pages 29 to 30.

Integration and Supply Network Optimization Committee

The Integration and Supply Network Optimization Committee comprises of 4 members of the Board, It explores significant Supply Network opportunities and facilitates a smooth Integration process. The Company is currently under the integration process consequent to the take-over of business from GlaxoSmithKline Pakistan Limited. Significant matters and updates discussed in the meeting are to be put forth to the Board.

Management Committee

The Management Committee comprises of 7 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

GSK CH recognizes the significance of effective risk management and the role it plays in helping the business deliver and perform exceptionally. In order to sustain the highest standards within the Company, our risk management structure and internal controls function as a combination and enable our leaders to successfully handle the core risks of the business.

With a strong Risk Management and Compliance Board in place, we are able to effectively identify, assess, treat, monitor and report major risks that the business may encounter.

Considering the involvement of both internal and external factors in the Company's risk exposure, the Risk Management and Compliance Board is responsible for continuously evaluating these key metrics and determining how it fluctuates with a change in these factors. Moreover, our risk management framework also ensures that the right policies and strategies remain intact and serve to mitigate key risks through an adequate 'identify, record and minimize' strategy.

The Company's RMCB held three meetings during the year. Furthermore, the Internal Control Framework also looks after accountability concerns and the upward communication of issues as and when they may arise.

At GSK Consumer Healthcare, we prioritize compliance with legal requirements and therefore, our Risk Management and Corporate Ethics and Compliance teams work in collaboration to ensure complete protection of shareholder investment and Company assets.

Our RMCB accountability framework facilitates the achievement of these objectives, and the inclusion of risk management as a core influencing factor in decision making processes. Under this framework, elected Risk Owners are accountable for not only identifying but also treating major risks involved, while our Compliance Officer ensures the inculcation of a risk oriented approach within our internal control mechanisms.

Our risk classification is as follows:

- 1. Strategic Risks:** These are the most significant risks the Company faces and usually fall outside our control. At present, our greatest strategic risk is the fact that there is a lack of market oriented regulatory and pricing policies. While the Government in March 2015 notified a Drug Pricing Policy through which the prices of products going forward would be allowed a partial inflationary adjustment, the long standing matter of products whose prices had been frozen for many years was not addressed. As a result while the new policy is a step in the right direction, it still falls significantly short of addressing outstanding issues which we hope will be pragmatically addressed by the regulators.
- 2. Operational Risks:** Risks in this category pose challenges to the smooth functioning of the Company's operations. Some of our greatest operational risks include inflation, supply concerns, and the possibility of employee turnover and fraud. Your Company manages these risks through various strategies such as using alternative suppliers,
- 3. Commercial Risks:** These are risks that arise due to the commercial nature of the business. At present, GSK CH faces challenges in three key areas:
 - a. Receiving timely approval from DRAP with respect to advertising our key brand Panadol
 - b. Setting up a pricing policy framework
 - c. Developing a long term sourcing strategy

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 approved their reappointment as the Auditors of the Company for the financial year ending December 31, 2017, at a mutually agreed fee.

Subsequent Events

During the year ended December 31, 2015, the Drug Regulatory Authority of Pakistan (DRAP) issued the Drug Pricing Policy 2015 (the Policy) vide a notification dated March 5, 2015. Under the Policy, pending hardship cases were to be decided within nine months from the date of notification of the Policy. Prior to the issuance of the Policy, GSK Pakistan had submitted hardship cases for price increase which also included Over the Counter products which were transferred to the Company under the Scheme of Arrangement. However transfer of Marketing Authorization Rights with respect to such Over the Counter drugs is still pending with DRAP.

Since the DRAP did not give any decision on the hardship price increase within the stipulated period of nine months, GSK Pakistan filed a suit before the High Court of Sindh ('SHC') in order to avail the hardship price increase. The SHC had passed an interim order in this regard, and accordingly had notified to DRAP and Federation of Pakistan not to take any coercive action in respect of hardship price increases.

During the year, the SHC issued passed a Judgment in respect of the hardship case. The DRAP, in pursuance of the said Judgment issued a letter requiring the company to recall all the products on hardship price increase

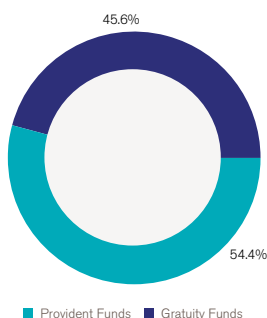
was availed. GSK Pakistan based on the legal advice identified certain ambiguities in the said order and subsequent to year end, filed an Appeal against the aforementioned Judgment before the High Court of Sindh ('SHC'). The SHC has granted a stay order in this regard, and accordingly had notified to DRAP and Federation of Pakistan not to take any coercive action in respect of hardship price increases. The management of the Company believes that there are strong grounds to support the Company's stance on the price increase matter.

Value of Investments of Provident, Gratuity and Pension Funds

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

Rupees	2016
Provident fund	62,581,922
Gratuity fund	52,389,567

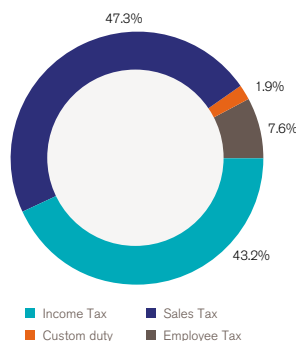
Value of Investment



Contribution to National Exchequer and Economy

Your Company made a total contribution of Rs 745 Million to the National Exchequer by way of custom duties, income tax, sales tax and employees' tax during the year 2016. Our contribution through Sales Tax totaled Rs. 352.3 Million while Custom Duty contributed 56.7 Million. Lastly, our Employee Tax contribution totaled Rs. 14.4 Million

Contribution to National Exchequer 2016



Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- The key operating and financial data is set out on pages 38 to 42.

By order of the Board

Sohail Matin

Chief Executive Officer

Farhan Muhammad Haroon

Director

March 30, 2017

Chief Executive Officer's Message

Message from the CEO

Dear Stakeholders,

It gives me immense pleasure to present to you the first Annual Report of GlaxoSmithKline Consumer Healthcare Pakistan Limited for the financial year ended December 31, 2016.

Overview of the Economy & Business

As the year 2016 comes to a close, we can continue to take pride in the fact that Pakistan remains a dynamic market for business and investment. Despite its various challenges, the economic environment presents an even greater pool of opportunities, enabling businesses to achieve strong growth. Our economy showed signs of accelerated improvement as reflected by positive macroeconomic indicators. Maintaining its growth momentum for the third consecutive year, our Gross Domestic Product grew at 4.71 percent, while inflation and unemployment declined. Moreover, the country experienced significantly improved security and investor confidence, fueled by the advent of the China-Pakistan Economic Corridor that heralds the beginning of an exciting time for our country. This collaboration between the two countries will not only bring new growth opportunities in infrastructure and trade, but will also

help put Pakistan on the roadmap for an increase in foreign investment.

Consumer Healthcare is an extremely attractive market and GSK Consumer Healthcare Pakistan Limited experienced a strong financial year, which was primarily driven by the right investment strategy, pricing and new product launches. This resulted in market share increase and growth in value across all our key categories.

These achievements effectively tell us that our consumers are interested and want better access to high quality brands with health related benefits. Our business is well suited to fulfill this need within the market, given that we are entirely dedicated to healthcare, with a strong portfolio of loved and trusted brands that are grounded in cutting edge science.

In order to continue experiencing growth and success in this fast competing sector, we need to ensure we have the best in class capabilities by driving the right innovations, tapping into new consumer trends and insights, and reaching out to the vast network of Healthcare Professionals. However, most importantly, we need the right team in place, with the ability and passion to drive our goals, build world class brands, improve the healthcare landscape and partner with retailers to ensure our consumers have access to our brands.

Business Review

I would now like to take this opportunity to highlight some of our key achievements for the year 2016. Our flagship brand Panadol has not only grown its category leadership position by market share, but also continues to have the highest prescription base in the country. With a sale of over 3 billion tablets, which is the highest sales volume for Panadol worldwide, Panadol is a household name with an incredible footprint. In addition to this, we are also market leaders in the Sensitivity Category, with 9 out of 10 dentists recommending our brand Sensodyne. Similarly in nutrition, Horlicks is one of the leading brands in the Health Food Drinks Category.

Furthermore, our Skin Health Brands are not only the market leaders in their respective categories but are also one of the most recommended skincare brands by Healthcare Professionals. Also, Sunblock and Physiogel are both one of the most prescribed and recommended brands in their respective Categories.

Cash Flows & Capital Expenditure

Your Company received Rs. 768.9 Million from GSK Pakistan Limited consequent to the demerger scheme. The Company has been internally generating all its operational, financial and investment needs. The Company invests its surplus funds in a mix of sovereign investments and bank deposits to maintain a risk averse optimum interest yielding portfolio. Cash inflows from operations were recorded at Rs. 949.8 Million.

Business Combination Opportunities

In order to enhance the shareholders' worth, we are exploring Business Investment opportunities. The Board has also appointed financial and legal advisors to assess possible business combination options with GlaxoSmithKline OTC (Pvt.) Ltd., a company that is in the process of taking over the OTC Business of Novartis Pharma Pakistan Limited.

Future Outlook

I would like to conclude by expressing my confidence in the Company's ability to deliver strong, profitable growth by driving a robust investment strategy, supported by a conducive regulatory environment based on fair policies which will help drive the industry growth.

It gives me great pride in saying that GSK Consumer Healthcare Pakistan Limited is a business committed to delivering strong shareholder value, supported by the improving economic outlook projected for 2017. The strength of our Categories and Brands, coupled with the unique mix of talent and capability that we bring to the market as a Fast Moving Consumer Healthcare Company makes us well positioned to succeed and become a leader in the Consumer Healthcare business.

Acknowledgement

Our strength lies in a diverse, top notch talent pool which has led GSK Consumer Healthcare Pakistan to report a very successful financial year despite the external and internal challenges.

Hence, on behalf of the Board of Directors, I would like to thank our employees, suppliers and partners for their persistent support and commitment towards the company and its goals.

As we close the previous year and move forward, I am truly grateful for the confidence that our stakeholders have placed in us, and hope that together we can continue to drive GSK Consumer Healthcare Pakistan Limited towards helping people do more, feel better, and live longer.

Sincerely,

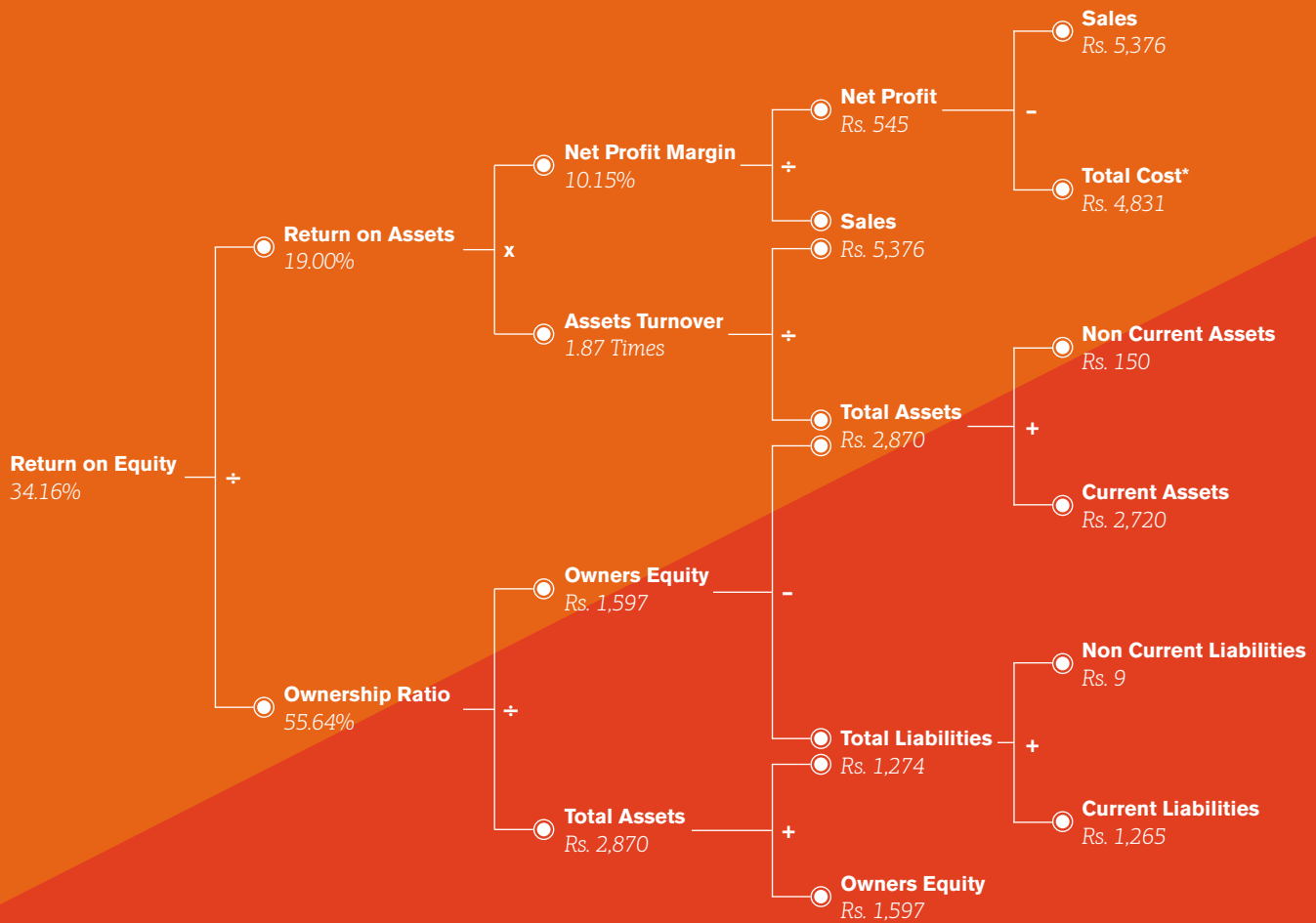


Sohail Matin

Chief Executive Officer
March 30, 2017

Dupont Analysis

Rupees in Millions for the year ended
December 31, 2016



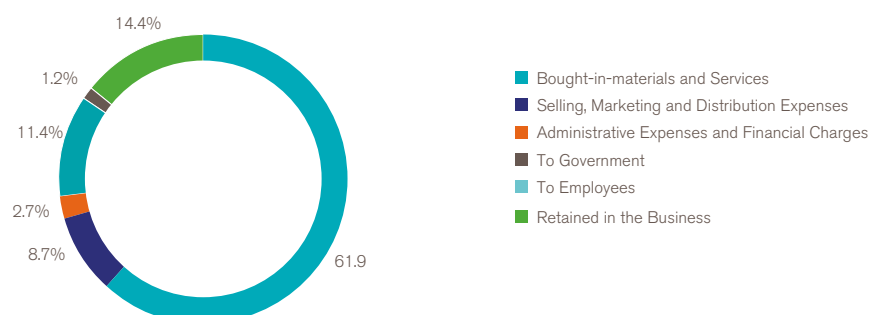
* Total Cost includes COGS, Selling, Admin, Other Expenses, Financial charges, (less: Other income) and Taxation.

Financial Performance at a glance

Rupees in million	2016
Net Sales	5,376
Gross Profit	1,509
Operating Profit	858
Profit Before Tax	856
Taxation	(311)
Profit after taxation	545
Dividend - cash	-
- per share - Rs.	-
Paid-up Capital	955.5

Statement of Value Added

Rupees in thousand	2016	%
Revenue Generated		
Total revenue	6,240,136	100.0
Revenue distributed		
Bought-in -materials and Services	3,861,819	61.9
Selling, Marketing and Distribution Expenses	882,265	14.1
Administrative Expenses and Financial Charges	74,604	1.2
Income tax	310,598	5.0
Worker's funds and Central research fund	65,156	1.0
Sales tax	334,137	5.4
To Government	709,891	11.4
Salaries,Wages and other benefits	166,091	2.7
To Employees	166,091	2.7
Donations	-	-
To Society	-	-
Cash dividend	-	-
To Shareholders	-	-
Retained in the Business	545,465	8.7
	6,240,136	100.0



Key Operating and Financial Data

		2016			2016
Balance Sheet			Profitability Ratios		
Assets employed					
Fixed Assets - tangible		132	Profit before tax ratio	%	15.92
- property, plant and equipment			Gross Yield on Earning Assets	%	3.53
Assets - intangible	Rs. in million	-	Gross Spread ratio	Times	0.36
- Goodwill	Rs. in million	-	Cost / Income ratio	Times	0.58
Deferred taxation	Rs. in million	17	Return on Equity	%	34.16
Long-term loans and deposits	Rs. in million	1	Return on Capital employed	%	19.00
Net current assets	Rs. in million	1,456	Gross Profit ratio	%	28.07
Non Current Asset Held For Sale	Rs. in million	-	Net Profit to Sales	%	10.15
		1,605	EBITDA Margin to Sales	%	16.11
Less: Non-Current Liabilities			Operating leverage ratio		
Staff retirement benefits -			Times		
Staff gratuity	Rs. in million	9	Investment/Market Ratios		
Deferred taxation	Rs. in million	-	Earnings per share (EPS)	Rupees	7.60
		9	Price Earnings ratio	Times	2.20
Net assets employed	Rs. in million	1,597	Price to Book ratio	Times	0.01
Financed by			Dividend Yield ratio	%	-
Issued, subscribed and			Dividend Payout ratio	Times	-
paid-up capital	Rs. in million	956	Dividend Cover ratio	Times	-
Reserves	Rs. in million	641	Break-up Value per share without		
Shareholders' Equity	Rs. in million	1,597	Surplus on Revaluation of		
Turnover and profit			Fixed Assets	Rupees	16.71
Net sales	Rs. in million	5,376	Break-up Value per share		
Gross profit	Rs. in million	1,509	including the effect of Surplus		
Operating profit	Rs. in million	858	on Revaluation of Fixed Assets	Rupees	16.71
Profit before taxation	Rs. in million	856	Capital Structure Ratios		
Taxation	Rs. in million	(311)	Earning assets to total assets ratio	%	23.36
Profit after taxation	Rs. in million	545	Net assets per share	Times	16.71
EBTIDA		866	Debt to Equity ratio	Times	0.01
Cash Dividend including bonus shares	Rs. in million	-	Financial leverage ratio	Times	0.80
Sales per employee Rs in thousand	Rs. in thousand	92,686	Interest Cover ratio	Times	550.66
Cashflows			Liquidity Ratios		
Operating Activities	Rs. in million	950	Advances to Deposits ratio	Times	-
Investing Activities	Rs. in million	(1,049)	Current ratio	Times	2.15
Financing Activities	Rs. in million	0	Quick / Acid test ratio	Times	1.71
Changes in Cash			Cash to Current Liabilities	Times	0.53
equivalents	Rs. in million	(99)	Cash flow from Operations		
Cash & equivalents			to Sales	%	17.67
- Year end	Rs. in million	670	Activity / Turnover Ratios		
Financial Highlights			Inventory turnover ratio	Times	6.9
Cash dividend per share	Rupees	-	No. of Days in Inventory	Days	54
Bonus shares	%	-	Debtor turnover ratio	Times	17.0
Market value per share - high	Rupees	-	No. of Days in Receivables	Days	22
Market value per share - low	Rupees	-	Creditor turnover ratio	Times	14.4
Market price to Book value			No. of Days in Creditors	Days	26
with surplus	Times	-	Total Assets turnover ratio	Times	1.87
Stock Dividend per share	Rupees	-	Fixed Assets turnover ratio	Times	40.8
			Operating Cycle	Days	50

Horizontal Analysis

%	2016
Balance Sheet Analysis	
Share Capital and Reserves	100.0
Non Current Liabilities	100.0
Current Liabilities	100.0
Total Equity and Liabilities	100.0
Non Current Assets	100.0
Current Assets	100.0
Total Assets	100.0
Profit and Loss Analysis	
Net sales	100.0
Cost of sales	100.0
Gross profit	100.0
Selling, marketing and distribution expenses	100.0
Administrative expenses	100.0
Other operating expenses	100.0
Other operating income	100.0
Operating profit	100.0
Financial charges	100.0
Profit before taxation	100.0
Taxation	100.0
Profit after taxation	100.0

Vertical Analysis

%	2016
Balance Sheet Analysis (%)	
Share Capital and Reserves	55.6
Non Current Liabilities	0.3
Current Liabilities	44.1
Total Equity and Liabilities	100.0
Non Current Assets	5.2
Current Assets	94.8
Total Assets	100.0
Profit and Loss Analysis (%)	
Net sales	100.0
Cost of sales	71.9
Gross profit	28.1
Selling, marketing and distribution expenses	18.3
Administrative expenses	2.5
Other operating expenses	1.2
Other operating income	9.9
Operating profit	16.0
Financial charges	0.0
Profit before taxation	15.9
Taxation	5.8
Profit after taxation	10.1

Financial Statements



Financial Highlights

Revenue	PKR 5,376mn
Profit after tax	PKR 545mn
Basic earnings per share	PKR 7.6
Return on equity	34.16%
Owners equity	PKR 1,597mn
Net assets per share	PKR 16.71
Debt to equity ratio	0.01 Times
Current ratio	2.15 Times
Asset turnover	1.87 Times

Auditors' Report to the Members

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

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: February 3, 2017

Name of Engagement Partner: Mohammad Zulfikar Akhtar

Balance Sheet

as at December 31, 2016

Rupees	Note	2016	2015
NON-CURRENT ASSETS			
Fixed assets	3	131,649,092	–
Deferred taxation	4	17,313,012	–
Long-term loans to employees	5	638,747	–
		149,600,851	–
CURRENT ASSETS			
Stock-in-trade	6	563,611,708	–
Trade debts	7	315,941,587	–
Loans and advances	8	1,023,064,438	–
Interest accrued		1,902,192	–
Refunds due from government	9	17,242,440	–
Other receivables	10	120,374,628	–
Taxation - payments less provision		8,059,307	–
Cash and bank balances	11	670,342,359	3,090
		2,720,538,659	3,090
		2,870,139,510	3,090
SHARE CAPITAL AND RESERVES			
Share capital	12	955,501,830	30
Reserves	13	641,074,562	(252,700)
		1,596,576,392	(252,670)
NON-CURRENT LIABILITIES			
Staff retirement benefits	14	8,546,444	–
CURRENT LIABILITIES			
Trade and other payables	15	1,265,016,674	255,760
		1,273,563,118	255,760
COMMITMENTS			
	16		
		2,870,139,510	3,090

The annexed notes 1 to 35 form an integral part of these financial statements.


Chief Executive


Director

Profit and Loss Account

for the year ended December 31, 2016

Rupees	Note	For the Period year from March 31, 2015 to December 31,	
		2016	2015
Net sales	17	5,375,804,602	–
Cost of sales	18	(3,867,068,492)	–
Gross profit		1,508,736,110	–
Selling, marketing and distribution expenses	19	(984,204,229)	–
Administrative expenses	20	(131,952,347)	(252,700)
Other operating expenses	21	(65,156,000)	–
Other income	22	530,194,830	–
Operating profit / (loss)		857,618,364	(252,700)
Financial charges	23	(1,554,609)	–
Profit / (loss) before taxation		856,063,755	(252,700)
Taxation	24	(310,598,363)	–
Profit / (loss) after taxation		545,465,392	(252,700)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of staff retirement benefits		(8,363,802)	–
Impact of taxation		2,312,139	–
		(6,051,663)	–
Total comprehensive income / (loss)		539,413,729	(252,700)
Earnings / (loss) per share - basic	25	Rs. 7.60	Rs. (84,233.33)

The annexed notes 1 to 35 form an integral part of these financial statements.


Chief Executive


Director

Cash Flow Statement

for the year ended December 31, 2016

Rupees	Note	2016	For the Period year from March 31, 2015 to December 31, 2015
CASH GENERATED FROM OPERATIONS			
Cash generated from operations	26	1,276,487,486	3,060
Staff retirement benefits paid		(5,019,828)	-
Income taxes paid		(321,665,543)	-
Decrease in long-term loans to employees		56,395	-
Net cash generated from operating activities		949,858,510	3,060
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(71,003,854)	-
Proceeds from sale of operating assets		722,500	-
Loan to GlaxoSmithKline OTC (Private) Limited		(1,000,000,000)	-
Return received		21,768,917	-
Net cash used in investing activities		(1,048,512,437)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		99,970	30
Net (decrease) / increase in cash and cash equivalents		(98,553,957)	3,090
Cash and cash equivalents at beginning of the year / period		3,090	-
Cash received from GlaxoSmithKline Pakistan Limited under the Scheme - note 1.1		768,893,226	-
Cash and cash equivalents at end of the year / period	27	670,342,359	3,090

The annexed notes 1 to 35 form an integral part of these financial statements.


Chief Executive


Director

Statement of Changes in Equity

for the year ended December 31, 2016

Rupees	Share capital	Capital Reserve	Revenue Reserves	Total
		Reserves arising the scheme of note 1.1	Accumulated loss / unappropriated profit	
Balance as at March 31, 2015	–	–	–	–
3 ordinary shares of Rs 10 each fully paid in cash	30	–	–	30
Loss for the period from March 31, 2015 to December 31, 2015	–	–	(252,700)	(252,700)
Balance as at December 31, 2015	30	–	(252,700)	(252,670)
Issuance of right shares	99,970	–	–	99,970
Transfer of Consumer Healthcare Division of GlaxoSmithKline Pakistan Limited under the Scheme of Arrangement - note 1.1	955,401,830	101,913,533	–	1,057,315,363
Profit after taxation for the year ended December 31, 2016	–	–	545,465,392	545,465,392
Remeasurement of staff retirement benefits - net of tax	–	–	(6,051,663)	(6,051,663)
Total comprehensive income for the year ended December 31, 2016	–	–	539,413,729	539,413,729
Balance as at December 31, 2016	955,501,830	101,913,533	539,161,029	1,596,576,392

The annexed notes 1 to 35 form an integral part of these financial statements.


Chief Executive


Director

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public unlisted company under the provisions of Companies Ordinance, 1984 on March 31, 2015 principally to effect the demerger of Consumer Healthcare business of GlaxoSmithKline Pakistan Limited under a Scheme of Arrangement as described below. It is engaged in manufacturing, marketing and sale of consumer healthcare products. The registered office of the Company is at 35 - Dockyard Road, West Wharf, Karachi 74000. The Company is in the process of listing at the Pakistan Stock Exchange.

1.1. Assets and liabilities transferred

Consequent to the submission of order of the High Court of Sindh approving the Scheme of Arrangement (Scheme) for de-merger of GlaxoSmithKline Pakistan Limited (GSK Pakistan) to the Registrar of Companies on April 1, 2016, following assets and liabilities of Consumer Healthcare Division of GSK Pakistan as at March 31, 2016 were transferred to and vested into the Company under the Scheme.

Rupees

ASSETS

Fixed assets	71,237,040
Long-term loans to employees	695,142
Deferred taxation	11,993,000
Stock-in-trade	662,742,644
Trade debts	233,218,284
Loans and advances	2,752,500
Other receivables	15,665,114
Cash and bank balances	768,893,226

1,767,196,950

LIABILITIES

Trade and other payables	(709,881,587)
--------------------------	---------------

NET ASSETS

1,057,315,363

As per the Scheme, the Company has, in consideration of the demerger and transfer of Consumer Healthcare business to the Company, without any further application, issued and allotted fully paid-up shares, to the shareholders of GSK Pakistan whose names were appearing in the register of members of GSK Pakistan in the proportion of three shares of the Company for every ten fully paid up shares of Rs. 10 held in GSK Pakistan.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

Statement of compliance

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

Critical accounting estimates and judgements

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

- i) Provision for retirement benefits
- ii) Depreciation 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

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

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

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

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

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

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

2.3 Overall valuation policy

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

2.4 Staff retirement benefits

- 2.4.1** The Company operates an approved funded gratuity plan for all its eligible employees. Contributions to the gratuity plan are based on actuarial recommendations. The latest actuarial valuations of the scheme was carried out as at December 31, 2016 using the Projected Unit Credit Method.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the Plan. For the purpose of determining prescribed qualifying period of service in respect of transferred employees under the Scheme, date of joining is the date on which the employee joined GSK Pakistan.

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

2.5 Taxation

2.5.1 Current

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

2.5.2 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.

2.6 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.

2.7 Property, plant and equipment

(i) Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation 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 on assets is charged from the month of addition to the month of disposal.

The carrying value of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 Dividend

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

2.15 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.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Rupees	Note	2016	2015
3. FIXED ASSETS			
Operating assets	3.1	74,916,221	–
Capital work-in-progress	3.2	56,732,871	–
		131,649,092	–

Rupees	Leasehold improvements	Furniture & fixtures	Vehicles	Office equipment	Total
3.1 Operating asset					
Net carrying value basis					
Year ended December 31, 2016					
Assets transferred from GlaxoSmithKline Pakistan Limited under the Scheme (at cost) - note 1.1					
	12,251,089	2,161,553	45,150,958	15,607,789	75,171,389
Additions (at cost)	–	–	33,313,213	1,509,355	34,822,568
Disposals					
- Cost	–	–	(1,291,000)	–	(1,291,000)
- Accumulated depreciation	–	–	847,183	–	847,183
	–	–	(443,817)	–	(443,817)
Accumulated depreciation on assets transferred under Scheme - note 1.1	(911,609)	(733,249)	(16,701,977)	(6,139,099)	(24,485,934)
Depreciation charge	(229,969)	(157,915)	(7,591,287)	(2,168,814)	(10,147,985)
Closing net book value	11,109,511	1,270,389	53,727,090	8,809,231	74,916,221
Gross carrying value basis at December 31, 2016					
Cost	12,251,089	2,161,533	77,173,171	17,117,144	108,702,957
Accumulated depreciation	(1,141,578)	(891,164)	(23,446,081)	(8,307,913)	(33,786,736)
Net book value	11,109,511	1,270,389	53,727,090	8,809,231	74,916,221
Depreciation rate % per annum	2.5	10	25	10 to 33.33	

Rupees	2016	2015
3.2 Capital work-in-progress		
Assets transferred from GSK Pakistan pursuant to the Scheme - note 1.1	20,551,585	–
Additions during the year	43,745,906	–
Transfers during the year	(7,564,620)	–
Closing balance - note 3.2.1	56,732,871	–

Rupees	2016	2015
3.2.1 As at December 31, capital work-in-progress represents:		
Civil works	1,487,016	–
Furniture and fixtures	1,909,966	–
Office equipments	23,676,740	–
Advances to suppliers	29,659,149	–
	56,732,871	–
4. DEFERRED TAXATION		
Debit balances arising in respect of:		
- Provision for doubtful debts	1,871,663	–
- Provision for slow moving & obsolete stocks	18,688,449	–
- Staff retirement benefits	2,362,630	–
	22,922,742	–
Credit balance arising in respect of accelerated tax depreciation allowances	5,609,730	–
	17,313,012	–
5. LONG-TERM LOANS TO EMPLOYEES - considered good		
To executives	2,373,322	–
Recoverable within one year - note 8	(1,734,575)	–
	638,747	–

5.1 These loans have been given in accordance with the terms of employment for the purchase of motor car, motor cycle, computer and for the purpose of house relocation and are repayable in 18 to 60 equal monthly installments. These loans are interest free. All loans are secured against the retirement fund balances.

Rupees	2016	2015
6. STOCK-IN-TRADE		
Raw and packing materials including in transit Rs. 47.84 million (2015: Rs. Nil)	114,766,982	–
Work-in-process	16,207,828	–
Finished goods including in transit Rs. 242.10 million (2015: Rs. Nil)	509,488,194	–
	640,463,004	–
Less: Provision for slow moving, obsolete and damaged items - note 6.2	(76,851,296)	–
	563,611,708	–

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

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

Rupees	2016	2015
For use in third party manufacturing Roomi Enterprises (Private) Limited	83,130,981	–
Stock held at third party warehouse DHL Global Forwarding Pakistan (Private) Limited	161,454,526	–

6.2 During the year, stock-in-trade of Rs. 35.43 million (2015: Rs. Nil) have been written off against provision.

Rupees	2016	2015
7. TRADE DEBTS		
Considered good	315,941,587	–
Considered doubtful	6,770,448	–
	322,712,035	–
Provision for doubtful debts	(6,770,448)	–
	315,941,587	–
7.1 The ageing analysis of trade debts past due but not impaired is as follows:		
Up to 3 months	16,506,689	–
8. LOANS AND ADVANCES - considered good		
Loan to GlaxoSmithKline OTC (Private) Limited - note 8.1	1,000,000,000	–
Loans due from employees	1,734,575	–
Advances to employees	1,617,094	–
Advances to suppliers	19,712,769	–
	1,023,064,438	–

8.1 The Company has given a loan to GlaxoSmithKline OTC (Private) Limited amounting to Rs. 1 billion for the purchase of land, building and manufacturing facility from Novartis Pharma (Pakistan) Limited. The tenure of the loan is eleven months. Interest is receivable quarterly at the rate quoted by a designated bank for advances / loan in Pakistani Rupees for the respective interest period.

9. REFUNDS DUE FROM GOVERNMENT

This represents sales tax refundable due from Government which is considered good.

Rupees	2016	2015
10. OTHER RECEIVABLES		
Due from associated companies - note 10.1	113,061,414	–
Others	7,313,214	–
	120,374,628	–

Rupees	2016	2015
10.1 Due from associated companies - considered good		
GlaxoSmithKline Pakistan Limited	77,452,334	–
GlaxoSmithKline Consumer Health Care, Singapore	26,325,000	–
GlaxoSmithKline Limited, Egypt	1,892,550	–
GlaxoSmithKline Export Limited, UK	7,391,530	–
	113,061,414	–
11. CASH AND BANK BALANCES		
With bank		
on deposit account - note 11.1	500,000,000	–
on current account	170,342,359	3,090
	670,342,359	3,090

11.1 At December 31, 2016 the rates of mark-up on term deposit account were 4.4% to 5.5% (2015: Nil) per annum.

Rupees	2016	2015	2016	2015
12. SHARE CAPITAL				
Authorised share capital				
100,000,000	10,000	Ordinary shares of Rs. 10 each	1,000,000,000	100,000
Issued, subscribed and paid-up capital				
Ordinary Shares of Rs. 10 each				
10,000	3	Shares allotted for consideration paid in cash	100,000	30
95,540,183	–	Shares allotted for consideration other than cash under the Scheme - note 1.1	955,401,830	–
95,550,183	3		955,501,830	30

12.1 As at December 31, 2016 GlaxoSmithKline Consumer Healthcare B.V. and its nominees held 78,918,934 shares (2015: S.R. One International B.V., Netherlands through its nominees held 3 shares).

Rupees	2016	2015
13. RESERVES		
Capital reserve - note 13.1	101,913,533	–
Unappropriated profit / Accumulated loss	539,161,029	(252,700)
	641,074,562	(252,700)

13.1 This represents reserve in respect of Scheme of Arrangement as detailed in note 1.1.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

14. STAFF RETIREMENT BENEFITS

14.1 Staff retirement benefit

14.1.1 The Company operates an approved funded gratuity scheme for all of its eligible employees. Actuarial valuation of these Plans is carried out every year and the latest actuarial valuation was carried out as of December 31, 2016 using the Projected Unit Credit Method.

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

14.1.3 Details of the Plan as per the actuarial valuation are as follows:

Rupees	2016	2015
14.1.4 Balance sheet reconciliation		
Present value of defined benefit obligation at December 31 - note 14.1.5	54,520,074	-
Fair value of plan assets at December 31 - note 14.1.6	(45,973,630)	-
Deficit	8,546,444	-
14.1.5 Movement in the present value of defined benefit obligation		
Balance transferred from GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund	41,142,000	
Benefits paid by the Plan	(314,512)	-
Current service cost	5,295,420	-
Interest cost	2,200,242	-
Remeasurement on obligation	6,196,924	-
Balance at December 31	54,520,074	-
14.1.6 Movement in the fair value of plan assets		
Balance transferred from GlaxoSmithKline Pakistan Limited Employees' Gratuity Fund	41,142,000	
Contributions made to the Plan	5,019,828	-
Benefits paid by the Plan	(314,512)	-
Interest income	2,293,192	-
Remeasurement on plan assets	(2,166,878)	-
Balance at December 31	45,973,630	-
14.1.7 Expense recognised in profit and loss account		
Current service cost	5,295,420	-
Net interest cost income	(92,950)	-
Expense recognised in profit and loss account	5,202,470	-

Rupees	2016	2015
14.1.8 Remeasurements recognised in Other Comprehensive Income		
Experience loss	6,196,924	–
Remeasurement of fair value of plan assets	2,166,878	–
	8,363,802	–
14.1.9 Net recognised liability		
Expense recognised in profit and loss account	5,202,470	–
Contribution made to the Plan during the year / period	(5,019,828)	–
Remeasurements recognised in other comprehensive income	8,363,802	–
Recognised liability as at December 31	8,546,444	–

14.1.10 Plan assets comprise entirely of cash at bank balances.

%	2016	2015
14.1.11 Actuarial Assumptions		
Discount rate at December 31	8	N/A
Future salary increases	8	N/A

14.1.12 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.

14.1.13 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 however is still in the process of devising an investment strategy, and all its plan assets are currently in the form of bank deposits.

The Company's contribution to gratuity plan in 2017 is expected to amount to Rs. 9.11 million.

14.2 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate at December 31	1%	(4,354,216)	2,684,137
Future salary increases	1%	2,767,775	(4,488,154)

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

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

Rupees	2016	2015
14.3 Historical information		
Gratuity plan		
Present value of defined benefit obligation	54,520,074	–
Fair value of plan assets	(45,973,630)	–
Deficit in the plan	8,546,444	–
Experience Adjustments		
Loss on obligation (as percentage of plan obligation)	11.37%	–
Loss on plan assets (as percentage of plan assets)	4.71%	–

14.4 Company's contributions towards the provident fund for the year ended December 31, 2016 amounted to Rs. 4.7 million (2015: Rs. Nil).

14.5 The weighted average duration of approved funded gratuity schemes for its permanent employees is 8.7 years.

14.6 Expected maturity analysis of undiscounted retirement benefit plans.

Rupees	At December 31, 2016				
	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Total
Retirement benefit plans	1,476,967	27,162,832	15,530,558	20,502,997	64,673,354

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

Rupees	2016	2015
15. TRADE AND OTHER PAYABLES		
Creditors		
- Associated companies	187,220,876	–
- Others	80,732,463	–
Accrued liabilities - note 15.1	852,650,264	252,700
Advances from customers	58,062,750	–
Taxes deducted at source and payable to statutory authorities	18,197,711	–
Workers' Profits Participation Fund	18,683,000	–
Workers' Welfare Fund	46,473,000	–
Others	2,996,610	3,060
	1,265,016,674	255,760

15.1 This includes liability for share based compensation amounting to Rs. 10.48 million (2015: Rs. Nil).

16. COMMITMENTS

16.1 Commitments

Commitments for capital expenditure outstanding as at December 31, 2016 amount to Rs. 32.33 million (2015: Rs. Nil).

Rupees	2016	For the period from March 31, 2015 to December 31, 2015
17. NET SALES		
Manufactured goods		
Gross sales	5,941,497,093	–
Less:		
Commissions, returns and discounts	(231,555,769)	–
Sales tax	(334,136,722)	–
	(565,692,491)	–
	5,375,804,602	–

17.1 During the year ended December 31, 2015, the Drug Regulatory Authority of Pakistan (DRAP) issued the Drug Pricing Policy 2015 (the Policy) vide a notification dated March 5, 2015. Under the Policy, pending hardship cases were to be decided within period of nine months from the date of notification of the Policy. Prior to the promulgation of the Policy, GSK Pakistan had submitted applications for hardship price increase in respect of certain products which also included Over the Counter (OTC) drugs transferred to the Company from GSK Pakistan under the Scheme of Arrangement.

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

In December 2016, the SHC passed a Judgement in respect of the hardship cases. Two weeks after the Judgement, DRAP also issued a letter directing GSK Pakistan (on behalf of the Company - see note 1.2) to recall from the market all products on which the hardship price increase is availed, within 7 days of the letter. An Appeal against the aforementioned Judgement was filed before Divisional Bench of SHC. The SHC has directed DRAP not to take any coercive action.

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

Rupees	2016	For the period from March 31, 2015 to December 31, 2015
18. COST OF SALES		
Raw and packing materials consumed	368,828,939	–
Manufacturing charges to third parties	123,802,506	–
Salaries, wages and other benefits - note 18.1	5,249,668	–
Travelling and entertainment	681,410	–
Vehicle running	392,263	–
Depreciation	506,250	–
Handling, freight and transportation	7,710,000	–
Stock written off - note 18.2	502,012,477	–
Reversal of provision for slow moving, obsolete and damaged stock in trade	(2,111,796)	–
Others	44,524	–
	1,007,116,241	–
Stock of work-in-process transferred - note 1.1	6,794,629	–
Closing stock of work-in-process	(16,207,828)	–
	997,703,042	–
Stock of finished goods transferred - note 1.1	543,289,395	–
Purchase of finished goods	2,835,564,249	–
	4,376,556,686	–
Closing stock of finished goods	(509,488,194)	–
	3,867,068,492	–

18.1 Salaries, wages and other benefits include Rs. 275,034 (2015: Rs. Nil) and Rs. 97,281 (2015: Rs. Nil) in respect of defined benefit plans and contributory provident fund respectively.

18.2 A fire incident occurred on June 24, 2016 at one of the Company's third party warehouses located at main Hawksbay Road, Karachi. The Company's management has ascertained that stocks amounting to Rs. 502.01 million were destroyed at the warehouse and the same has been written off in these financial statements.

Subsequently, the management filed a claim with the Insurance Company with regards to the burnt stock. The Insurance Company pursuant to filing the claim, has acknowledged the claim and the Company has received the insurance claim amounting to Rs. 506.25 million.

Rupees	For the period from March 31, 2015 to December 31, 2015	
	2016	2015
19. SELLING, MARKETING AND DISTRIBUTION EXPENSES		
Salaries, wages and other benefits - note 19.1	101,939,110	—
Sales promotion	325,558,350	—
Advertising	364,996,893	—
Handling, freight and transportation	82,804,164	—
Travelling and entertainment	30,133,270	—
Depreciation	8,096,486	—
Vehicle running	4,154,705	—
Provision for doubtful debts	152,035	—
Repairs and maintenance	2,333,775	—
Insurance	2,034,303	—
Printing and stationery	50,361	—
Security expenses	1,431,816	—
Shared services cost - note 20.2	58,631,400	—
Other expenses	1,887,561	—
	984,204,229	—

19.1 Salaries, wages and other benefits include Rs. 2,347,542 (2015: Rs. Nil) and Rs. 2,631,224 (2015: Rs. Nil) in respect of defined benefit plan and contributory provident fund respectively.

Rupees	For the period from March 31, 2015 to December 31, 2015	
	2016	2015
20. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits - note 20.1	58,902,685	—
Depreciation	1,545,249	—
Communication	30,000	—
Legal and professional charges	9,652,233	2,700
Rent, rates and taxes	4,241,680	—
Travelling and entertainment	3,358,306	—
Repairs and maintenance	104,880	—
Auditors' remuneration - note 20.3	4,831,433	250,000
Vehicle running	2,163,003	—
Publication and subscriptions	3,965,582	—
Insurance	545,665	—
Printing and stationery	297,300	—
Management fees - note 1.2	9,000,000	—
Shared services cost - note 20.2	31,978,494	—
Others	1,335,837	—
	131,952,347	252,700

20.1 Salaries, wages and other benefits include Rs. 2,672,844 (2015: Rs. Nil) and Rs. 2,015,806 (2015: Rs. Nil) in respect of defined benefit plan and contributory provident fund respectively.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

20.2 These represent cost reimbursements to GSK Pakistan against cost of various functions / services provided to the Company due under cost sharing agreement.

Rupees	2016	For the period from March 31, 2015 to December 31, 2015
20.3 Auditors' remuneration		
Audit fee	2,630,250	250,000
Special certifications and others	1,760,735	-
Out-of-pocket expenses	440,448	-
	4,831,433	250,000
21. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund	46,473,000	-
Workers' Welfare Fund	18,683,000	-
	65,156,000	-
22. OTHER INCOME		
Income from financial asset		
Income on deposit account	21,982,068	-
Interest income on loan to GlaxoSmithKline OTC (Private) Limited	1,689,041	-
Income from non-financial assets		
Gain on disposal of operating assets	278,683	-
Others		
Insurance claim recovery - note 18.2	506,245,038	-
	530,194,830	-
23. FINANCIAL CHARGES		
Exchange loss - net	1,223,405	-
Bank charges	331,204	-
	1,554,609	-
24. TAXATION		
Current	313,606,236	-
Deferred	(3,007,873)	-
	310,598,363	-
24.1 Relationship between tax expense and accounting profit		
Profit / (loss) before taxation	856,063,755	(252,700)
Applicable tax rate	31%	32%
Tax calculated at applicable tax rate	265,379,764	-
Impact of taxability at different rate and Final Tax Regime	49,272,841	-
Effect of tax credits	(8,993,385)	-
Effect of change in tax rate	1,713,187	-
Tax effect of other than temporary differences	3,225,956	-
	310,598,363	-

Rupees	2016	2015
25. EARNINGS PER SHARE		
Profit / (loss) after taxation	545,465,392	(252,700)
Weighted average number of outstanding shares	71,727,780	3
Earnings / (loss) per share - basic	Rs. 7.60	Rs. (84,233.33)

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

Rupees	2016	2015
26. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	856,063,755	(252,700)
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	10,147,985	-
Gain on disposal of operating assets	(278,683)	-
Interest income	(23,671,109)	-
Provision for slow moving, obsolete and damaged stock-in-trade net of stock written off	(2,111,796)	-
Provision for doubtful debts	152,035	-
Provision for staff retirement benefits	5,202,470	-
	(10,559,098)	-
Profit before working capital changes	845,504,657	(252,700)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stock-in-trade	101,242,732	-
Trade debts	(82,875,338)	-
Loans and advances	(20,311,938)	-
Refunds due from government	(17,242,440)	-
Other receivables	(104,709,514)	-
	(123,896,498)	-
Increase in current liabilities		
Trade and other payables	554,879,327	255,760
	430,982,829	255,760
	1,276,487,486	3,060
27. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 11	670,342,359	3,090

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

28. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

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

Rupees	Chief Executive		Director	
	2016	2015	2016	2015
Managerial remuneration	8,262,080	–	3,114,039	–
Bonus - note 28.1	12,819,627	–	3,044,785	–
Retirement benefits*	1,578,697	–	577,826	–
House rent	3,682,809	–	1,347,960	–
Utilities	818,406	–	299,551	–
Medical expenses	81,601	–	35,747	–
Other	421,317	–	555,547	–
	27,664,537	–	8,975,455	–
	1	1	1	1

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

28.1 Bonus includes share based payments as Share Appreciation Rights (SARs) given to the Chief Executive and Executive Director amounting to Rs. 7.04 million (2015: Rs. Nil). 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.

Chief Executive and Executive Director are also provided with free use of Company maintained cars in accordance with the Company policy.

29. TRANSACTIONS WITH RELATED PARTIES

Rupees		2016	2015
Relationship	Nature of transactions		
Associated Companies / undertakings:	a. Purchase of goods	2,835,564,249	–
	b. Management fees charged by GlaxoSmithKline Pakistan Limited	9,000,000	–
	c. Expenses cross charged by GlaxoSmithKline Pakistan Limited	90,609,894	–
	d. Loan to GlaxoSmithKline OTC (Private) Limited	1,000,000,000	–
	e. Interest income on loan to GlaxoSmithKline OTC (Private) Limited	1,689,041	–
Staff retirement funds:	a. Expense charged for retirement benefit plans	9,902,470	–
	b. Payments to charged for retirement benefit plans	9,742,201	–
Key management personnel:	a. Salaries and other employee benefit	36,712,780	–
	b. Post employment benefit	4,024,147	–

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

30. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS

The facilities for opening letters of credit as at December 31, 2016 amounted to Rs. 502.08 million (2015: Rs. Nil) which were unutilised at the year end.

The facilities for standby letters of credit and guarantees as at December 31, 2016 amounted to Rs. 95 million (2015: Rs. Nil) which were unutilised at the year end.

31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 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	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	-	-	-	1,734,575	638,747	2,373,322	2,373,322
Trade debts	-	-	-	315,941,587	-	315,941,587	315,941,587
Interest accrued	-	-	-	1,902,192	-	1,902,192	1,902,192
Loan to GlaxoSmith Kline OTC (Private) Limited	1,000,000,000	-	1,000,000,000	-	-	-	1,000,000,000
Other receivables	-	-	-	120,374,628	-	120,374,628	120,374,628
Cash and bank balances	500,000,000	-	500,000,000	170,342,359	-	170,342,359	670,342,359
December 31, 2016	1,500,000,000	-	1,500,000,000	610,295,341	638,747	610,934,088	2,110,934,088
December 31, 2015	-	-	-	-	-	-	-
Financial liabilities							
Trade and other	-	-	-	1,123,600,213	-	1,123,600,213	1,123,600,213
December 31, 2016	-	-	-	1,123,600,213	-	1,123,600,213	1,123,600,213
December 31, 2015	-	-	-	-	-	-	-
On balance sheet gap							
December 31, 2016	1,500,000,000	-	1,500,000,000	(513,304,872)	638,747	(512,666,125)	987,333,875
December 31, 2015	-	-	-	-	-	-	-

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2016

31.2 Financial Risk Management

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at December 31, 2016 the Company does not have any borrowings. Further, the interest bearing financial assets of Rs. 500 million (2015: Rs. Nil) are on fixed interest rates, hence management believes that the Company is not exposed to interest rate changes.

(ii) Currency risk

Foreign currency risk arises mainly where receivables and payables exist in foreign currency due to transactions with foreign undertakings. Net payables exposed to foreign currency risk as at December 31, 2016 amount to Rs. 151.62 million (2015: Rs. Nil). The liability is mainly denominated in US Dollars. At December 31, 2016, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 7.58 million (2015: Rs. Nil).

(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	2016	2015
Trade debts	315,941,587	–
Loans to employees, interest accrued and other receivables	124,650,142	–
Bank balances	670,342,359	–
	<u>1,110,934,088</u>	<u>–</u>

Trade debts of the Company are not exposed to significant credit risk as the Company trades with credit worthy third parties. Trade debts of Rs. 20.28 million (2015: Rs. Nil) are past due of which Rs. 6.77 million (2015: Rs. Nil) have been impaired.

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.

32. PROVIDENT FUND RELATED DISCLOSURES

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

Rupees	2016	2015
Size of the Funds - Total assets	59,394,744	–
Fair value of investments	59,394,744	–
Percentage of investments made	100%	–

32.1 The cost of the above investments amounted to Rs. 59.39 million (2015: Rs. Nil).

32.2 The investments comprises entirely of bank deposits.

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

	2016	2015
33. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at the end of year / period	55	–
Average number of employees including contractual employees during the year / period	58	–

34. 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.

35. DATE OF AUTHORISATION FOR ISSUE

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


Chief Executive


Director

Pattern of Shareholding

form 34

NUMBER OF SHAREHOLDERS	SHARES HOLDING		TOTAL SHARES HELD
	From	To	
2071	1	100	69,330
2119	101	500	513,179
626	501	1000	455,142
850	1001	5000	1,873,407
169	5001	10000	1,178,619
55	10001	15000	674,088
26	15001	20000	441,768
15	20001	25000	324,144
12	25001	30000	328,050
7	30001	35000	222,363
5	35001	40000	188,385
3	40001	45000	128,850
1	45001	50000	46,200
6	50001	55000	318,000
3	55001	60000	174,453
1	60001	65000	62,457
2	65001	70000	134,820
1	70001	75000	73,359
2	85001	90000	173,415
1	90001	95000	90,774
2	95001	100000	195,327
1	115001	120000	120,000
1	125001	130000	128,490
1	250001	255000	254,043
1	270001	275000	273,282
1	290001	295000	290,490
1	555001	560000	556,215
1	575001	580000	576,450
1	1165001	1170000	1,169,040
1	2750001	2755000	2,753,004
1	2840001	2845000	2,844,105
1	78915001	78920000	78,918,934
5,988			95,550,183

Categories of Shareholders

a)

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	1,800	1,277,033	1.34
2	Investment Companies	4	822	0.00
3	Joint Stock Companies	9	6,306	0.01
4	Financial Institutions	2	1,809	0.00
5	Associated Companies	1	78,918,934	82.59
6	Central Depository Company (b)	4,168	15,332,310	16.05
7	Others (see below)	4	12,969	0.01
		<u>5,988</u>	<u>95,550,183</u>	<u>100.00</u>
Others:				
i	Mohsin Trust	1	7,935	0.01
ii	The Al-Malik Charitable Trust	1	279	0.00
iii	Punjabi Saudagar Multipurpose Co-operative Society	1	99	0.00
iv	The Anjuman Wazifa Sadat-o-Momineen Pakistan	1	4,656	0.00
		<u>4</u>	<u>12,969</u>	<u>0.01</u>

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

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
1	Individuals	3,979	3,250,430	3.40
2	Investment Companies	39	4,257,969	4.46
3	Insurance Companies	8	2,958,006	3.10
4	Joint Stock Companies	57	278,253	0.29
5	Financial Institutions	9	1,362,756	1.43
6	Modarabas	4	35,256	0.03
7	Foreign Shareholders	15	1,234,944	1.29
8	Others (see below)	57	1,954,696	2.04
		<u>4,168</u>	<u>15,332,310</u>	<u>16.0</u>

Others:

1	Trustee - Ibm Italia S.p.a. Pakistan Employees Pension Fund	1	270	0.00
2	Trustee Pak Tobacco Co Ltd Staff Def Contri Pen Fd (1384-1)	1	6,000	0.01
3	Trustee Pak Tobacco Co Ltd Staff Pension Fund [1390-2]	1	131,300	0.14
4	Trustee-Shell Pakistan Dc Pension Fund	1	12,200	0.01
5	Trustee-Shell Pakistan Management Staff Pension Fund	1	24,600	0.03
6	Trustee National Bank Of Pakistan Employees Pension Fund	1	846,818	0.89
7	Trustees Engro Corp Ltd Mpt Employees Def Contr Pension Fund	1	15,900	0.02
8	Trustee-Sanofi Aventis Pakistan Senior-Executive Pension Fd	1	6,800	0.01
9	Trustee-Shell Pakistan Staff Pension Fund	1	300	0.00
10	Unilever Pakistan Limited Non-Management Staff Gratuity Fund	1	700	0.00
11	The Union Pakistan Provident Fund	1	20,800	0.02
12	Trustee-Sanofi Aventis Pakistan-Employees Provident Fund	1	7,000	0.01
13	Trustee-Sanofi Aventis Pakistan- Employees Gratuity Fund	1	5,200	0.01
14	Trustee - Ibm Italia S.p.a. Pakistan Employees Gratuity Fund	1	400	0.00
15	Trustee - Ibm Semea Employees Provident Fund	1	7,200	0.01
16	Trustee-Rafhan Best Foods Employees Provident Fund	1	3,100	0.00
17	Trustee Pak Tobacco Co. Ltd Management Prov Fund (1386-2)	1	19,400	0.02
18	Trustee Pak Tobacco Co. Ltd Employees Provident Fund(1385-5)	1	20,700	0.02

Categories of Shareholders

Sr. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage (%)
19	Trustee Pak Tobacco Co Ltd Employees Gratuity Fund(1383-4)	1	31,900	0.03
20	Trustee-Shell Pakistan Management Staff Provident Fund	1	9,000	0.01
21	Trustee-Shell Pakistan Management Staff Gratuity Fund	1	3,400	0.00
22	Trustee-Shell Pakistan Labour & Clerical Staff Gratuity Fund	1	1,700	0.00
23	Trustee-Shell Pakistan Labour Provident Fund	1	1,900	0.00
24	Trustee-Allied Engineering & Services Ltd Empl Provident Fund	1	8,000	0.01
25	The Aga Khan University Foundation	1	21,710	0.02
26	Pakistan Memon Educational & Welfare Soc	1	23,125	0.02
27	Trustees Kandawalla Trust	1	68,360	0.07
28	Trustees Saeeda Amin Wakf	1	92,500	0.10
29	Trustees Mohamad Amin Wakf Estate	1	180,000	0.19
30	Trustees Lotte Chemical Pakistan Mngt Staff Gratuity Fund	1	3,550	0.00
31	Mang.com.karachi Zarhosti Banu Mandal	1	29,012	0.03
32	Trustees Lotte Chemical Pakistan Non Mgn Staff G.fund	1	80	0.00
33	Trustees Lotte Chemical Pakistan Mng Staff Provident Fund	1	6,100	0.01
34	Trustees Of Aminia Muslim Girls School	1	33,000	0.03
35	Trustees Lotte Chemical Pakistan Mgt.staff Def. Cont. S.fund	1	5,200	0.01
36	Trustees Of Zafa Phar Lab.staff P.fund	1	16,738	0.02
37	Trustees Mrs.khorshed H.dinshaw & Mr.hoshang N.e.dinshaw C.tr	1	54,239	0.06
38	Trustees D.n.e. Dinshaw Charity Trust	1	73,610	0.08
39	Ribat-UI-Ulum-Il-Islamiyah	1	1,000	0.00
40	Trustees Of Magnus Investment Advisors Ltd. Empl. Prov. Fund	1	150	0.00
41	Trustees Of Pakistan Refinery Ltd Manag. Staff Gratuity Fund	1	1,000	0.00
42	Trustees Of Pakistan Refinery Ltd Provident Fund	1	8,700	0.01
43	Trustees Of E A Consulting (Pvt) Ltd Employees P.f	1	11,000	0.01
44	Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	29,713	0.03
45	Trustees D.g.khan Cement Co.ltd.emp. P.f	1	52,000	0.05
46	The Al-Malik Charitable Trust	1	3,221	0.00
47	Trustee Abdul Shakoor Haji Hussain	1	70	0.00
48	Trustee International Indust. Ltd Employees Provident Fund	1	5,900	0.01
49	Trustee International Indust. Ltd Employees Gratuity Fund	1	9,000	0.01
50	Trustees International Steels Ltd Employees Gratuity Fund	1	1,150	0.00
51	Trustees International Steels Ltd Employees Provident Fund	1	1,700	0.00
52	Akhuwat	1	2,400	0.00
53	Trustee - Greaves Pakistan (Pvt) Ltd. - Staff Gratuity Fund	1	1,000	0.00
54	Trustees Engro Corporation Limited Gratuity Fund	1	5,900	0.01
55	Trustees Engro Corp Ltd Mpt Employees Def Cont Gratuity Fund	1	28,800	0.03
56	Trustee- Hafiz Foundation	1	30	0.00
57	Trustee Avanceon Ltd. Employees Provident Fund	1	150	0.00
		57	1,954,696	2.05

Shareholding Information

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage (%)
Directors and their spouse(s) and minor children			
Husain Lawai	3	1,159	0.00
Syed Azeem Abbas Naqvi	1	1	0.00
Sohail Ahmed	1	1	0.00
Associated Companies, undertakings and related parties			
Glaxosmithkline Consumer Healthcare B.V.	1	78,918,934	82.59
Executives			
	5	3,186	0.00
Public Sector Companies and Corporations			
	10	3,951,246	4.14
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	-		
	40	789,657	0.83
Mutual Funds			
CDC - Trustee Picic Investment Fund	1	290,490	0.30
CDC - Trustee Picic Growth Fund	1	576,450	0.60
CDC - Trustee First Dawood Mutual Fund	1	86,955	0.09
CDC - Trustee Unit Trust Of Pakistan	1	16,230	0.02
CDC - Trustee Akd Index Tracker Fund	1	3,231	0.00
CDC - Trustee Meezan Islamic Fund	1	1,056	0.00
CDC - Trustee Nafa Stock Fund	1	15,600	0.02
CDC - Trustee Dawood Islamic Fund	1	2,760	0.00
CDC - Trustee Hbl - Stock Fund	1	128,490	0.13
CDC - Trustee Hbl Multi - Asset Fund	1	25,080	0.03
CDC - Trustee Nit-Equity Market Opportunity Fund	1	6,000	0.01
CDC - Trustee Hbl Islamic Stock Fund	1	20,670	0.02
CDC - Trustee Picic Stock Fund	1	6,330	0.01
CDC - Trustee Kse Meezan Index Fund	1	15,279	0.02
CDC - Trustee Piml Strategic Multi Asset Fund	1	4,740	0.00
CDC - Trustee First Capital Mutual Fund	1	2,160	0.00
CDC - Trustee Nafa Islamic Principal Protected Fund - I	1	11,250	0.01
CDC - Trustee Piml Islamic Equity Fund	1	9,000	0.01
CDC - Trustee National Investment (Unit) Trust	1	2,844,105	2.98
CDC - Trustee Picic Islamic Stock Fund	1	14,100	0.01
CDC - Trustee Piml Value Equity Fund	1	8,040	0.01
CDC - Trustee Hbl Mustahekum Sarmaya Fund 1	1	8,100	0.01
CDC - Trustee Nit Islamic Equity Fund	1	69,270	0.07
CDC - Trustee Nafa Islamic Active Allocation Equity Fund	1	16,500	0.02
CDC - Trustee Hbl Islamic Asset Allocation Fund	1	10,350	0.01
General Public			
a. Local	5,768	5,898,155	6.17
b. Foreign	2	112,332	0.12
Foreign Companies			
	13	1,122,612	1.17
Others			
	119	560,664	0.59
Totals	5,988	95,550,183	100.00
Share holders holding 5% or more			
Glaxosmithkline Consumer Healthcare B.V.		78,918,934	82.59

Notice of Annual General Meeting

Notice is hereby given that the SECOND Annual General Meeting of the Shareholders of the Company will be held at Beach Luxury Hotel, Karachi at 10:30 a.m. on Friday, April 21st, 2017 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Accounts together with the Directors and Auditors' Report thereon for the year ended December 31, 2016.
2. To 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
March 30, 2017

FARHAN MUHAMMAD HAROON
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 Shakra-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN) and Folio Number along with copy of the CNIC. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 19(1)/2014 dated January 10, 2014 in continuation to SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP Order dated July 06, 2015 under section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants of such shareholders.
2. The Share Transfer Books of the Company will be closed from April 15, 2017 to April 21, 2017 (both days inclusive). Transfers received at the Office of the Share Registrar of the Company at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H. Society, Main Shakra-e-Faisal, Karachi at the close of business on April 14, 2017 (Friday) will be treated in time.
3. A member entitled to attend and vote at the Meeting may appoint another member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Office of the Share Registrar of the Company at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi not less than 48 hours before the time of the Meeting.
4. The shareholders are requested to notify the Company if there is any change in their addresses.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

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

B. For Appointing Proxies:

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

7. Transmission of Annual Financial Statements through Email:

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

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

Factories and Distribution

/ Sales Offices

HEAD OFFICE

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

DISTRIBUTION / SALES OFFICE

Karachi

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

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

Form of Proxy

GlaxoSmithKline Consumer Healthcare Pakistan Limited

I/We _____ of _____, being a Member of GlaxoSmithKline Consumer Healthcare Pakistan Limited holding _____ ordinary shares, HEREBY APPOINT _____ of _____, another Member of the Company, failing him/her _____ of _____ as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Beach Luxury Hotel, Karachi at 10:30 a.m. on Friday, April 21, 2017 and at any adjournment thereof.

As witness my/our hand(s) this ____ day of _____ 2017.

Signed in the presence of:

Ten Rupees
Revenue
Stamp

(Signature of Witness 1)

Name of Witness:

CNIC No.:

						-										-			
--	--	--	--	--	--	---	--	--	--	--	--	--	--	--	--	---	--	--	--

Address: _____

(Name in Block letters)

Folio No.

(Signature of Witness 2)

Name of Witness:

CNIC No.:

						-										-			
--	--	--	--	--	--	---	--	--	--	--	--	--	--	--	--	---	--	--	--

Address: _____

Signature of the Shareholder

Notes:

1. The Member is requested:

- to affix Revenue Stamp of Rs. 10/- at the place indicated above;
- to sign in the same style of signature as is registered with the Company;
- to write down his/her Folio Number.

2. For the appointment of the above Proxy to be valid, this instrument of proxy must be received at the Office of the Share Registrar of the Company at Share Registrar Department, Central Depository Company of Pakistan Limited, 99-B, Block - B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi, at least 48 hours before the time fixed for the Meeting.

3. Any alteration made in this instrument of proxy should be initialled by the person who signs it.

4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

5. The Proxy must be a Member of the Company.

For CDC Account Holders / Corporate Entities:

In addition to the above, the following requirements have to be met:

- The proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy form.
- The Proxy must produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entities, the Board of Directors' resolution/power of attorney and specimen signature must be submitted (unless it has been provided earlier) alongwith proxy forms to the Share Registrars.

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



do more
feel better
live longer

GlaxoSmithKline Consumer Healthcare Pakistan Limited

35 - Dockyard Road, West Wharf, Karachi - 74000

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