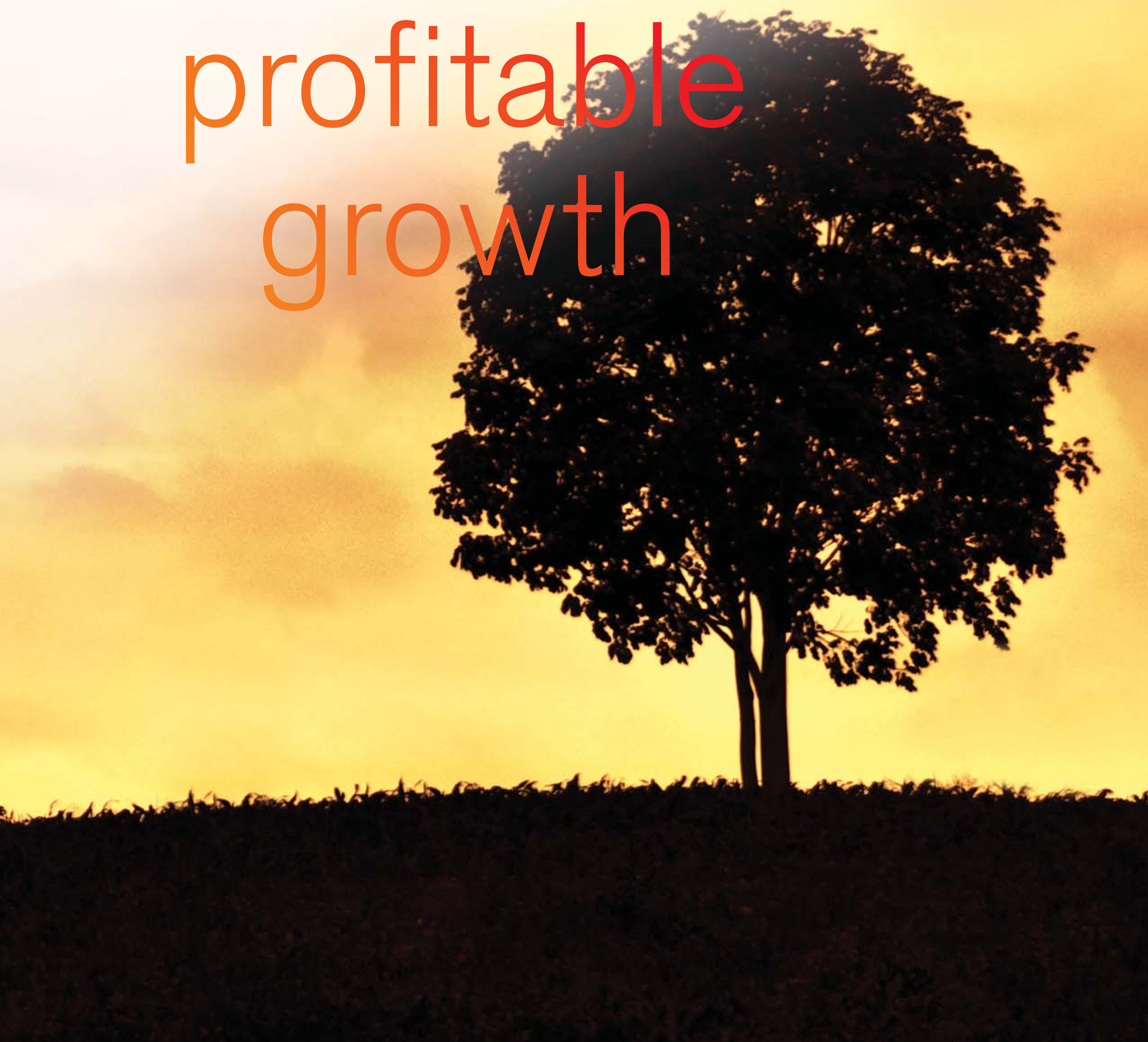
GlaxoSmithKline Pakistan Limited
Third Quarter Report 2014

Delivering sustainable profitable growth



Corporate Information

Board of Directors

Mr. Renaud Savary
Chairman/Non-Executive Director

Mr. M. Salman Burney
Chief Executive

Mr. Husain Lawai
Non-Executive Director

Mr. Mehmood Mandviwalla
Non-Executive Director

Mr. Dave Cooper
Non-Executive Director

Mr. Yahya Zakaria
Director Finance

Ms. Fariha Salahuddin*
Non-Executive Director

Audit Committee

Mr. Husain Lawai
Chairman

Mr. Mehmood Mandviwalla
Member

Mr. Dave Cooper
Member

Mr. Renaud Savary
Member

Human Resource & Remuneration Committee

Mr. Mehmood Mandviwalla
Chairman

Mr. Husain Lawai
Member

Mr. M. Salman Burney
Member

Mr. Renaud Savary
Member

Management Committee

Mr. M. Salman Burney
Chief Executive

Mr. Yahya Zakaria
Director Finance

Mr. Azeem A. Naqvi
Head of Legal

Mr. Sohail Matin
Country Manager - Consumer Healthcare

Ms. Pouruchisty Sidhwa
Director Human Resources

Dr. Khawar Saeed Khan
Director Medical Affairs

Dr. Naved Masoom Ali
Business Unit Head

Mr. Khalid Mehmood Sethi
Business Unit Head

Ms. Zainab Hameed
Head of IT

Company Secretary

Mr. Azeem A. Naqvi

Chief Financial Officer

Mr. Yahya Zakaria

Chief Internal Auditor

Ms. Ayesha Muharram

Bankers

Barclays Bank PLC Pakistan

Citibank NA

Deutsche Bank A.G.

HSBC Bank Middle East Limited

Habib Bank Limited

Standard Chartered Bank (Pakistan) Limited

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mandviwalla & Zafar
Orr, Dignam & Co.
Rizvi, Isa, Afridi & Angell
Surridge & Beecheno
Vellani & Vellani

Registered Office

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

*Fariha Salahuddin, Non-Executive Director - resigned with effect from 22 August, 2014

Chief Executive Review

It gives me pleasure to present the un-audited financial information of your Company for the nine months period ended September 30, 2014. This financial information is submitted in accordance with Section 245 of the Companies Ordinance, 1984.

Review of Operating Results

Net sales of your Company surpassed Rs 20 billion during the current period, reflecting double digit growth over the corresponding period last year. This is despite recent political instability, floods coupled with energy crisis and adverse security situation.

Your Company's pharmaceutical segment sales showed resilience by maintaining market share in the industry and deliver's steady sales growth with net sales of Rs 17 billion for the nine months, recording a growth of 9% over same period last year. Key portfolios contributing towards this growth were Oncology, Dermatology, Haematinics, Anti-Virals, Eye/Ear, Anti-Diarrhoeals and Anthelmentics.

Our Consumer Health Care business continued to show strong top line growth of 14%, achieving overall sales of Rs 3.4 billion for the nine months under review. Panadol, Horlicks and Sensodyne remained the main growth drivers. During the period under review certain brands were realigned within business segments in line with global strategy, which will help these products achieve better market penetration in the longer term.

Export sales of your Company stood at Rs 554 million versus Rs 725 million over the same period last year. This is mainly due to changes in the export regulatory regime and adverse political situation in Afghanistan following general elections which has resulted in supply delays.

Gross margins of your company for the nine months ended September 30, 2014 are in line with the comparative period last year due to continued rationalization of the product mix and synergies through consolidation of manufacturing facilities. As reiterated earlier, gross margins have seen constant attrition over the past few years due to inflation, escalating raw and packing material prices, internalization of increases in sales tax and levies of new taxes on services, rising utilities & fuel cost, also constant and significant currency devaluation. These adverse factors have not been compensated by way of an adequate price increase. In order to address the margin erosion issue, the management is in the process of assessing the product portfolio and taking corrective action which now includes discontinuation of loss making SKUs. We will further explore improvements and rationalization wherever possible.

Selling, marketing and distribution expenses at Rs 2.7 billion evidenced a decrease from corresponding period last year. This reduction is due to strong commercial investments made during same period last year in the Nutrition and Oral categories of the Consumer Healthcare segment to support new line introductions of Horlicks and Sensodyne coupled with rephasing of promotional activities in Pharmaceutical segment. Administrative expenses rose by 11% over the corresponding period to Rs 777 million in the current period representing general inflation.

Other operating income decreased by Rs 61 million against same period last year mainly due to one-off gain on divestment of the Company's Animal Health business in 2013 which was partly offset by favorable movement in Rupee exchange rate versus major foreign currencies in the current period.

Overall net profit of your Company was recorded at Rs 1.2 billion depicting strong double digit growth over the corresponding period last year due to factors elucidated in the preceding paragraphs.

Capital expenditure of Rs 429 million (September 30, 2013: Rs 629 million) were incurred during the period under review. This mainly represents investments on plant up-gradations, capacity enhancement initiatives, IT equipments and purchase of vehicles.

The surplus funds of the Company increased by Rs 286 million as compared to the year-end balance at December 31, 2013 to Rs 2.4 billion on account of cash generated from operations.

Future outlook and Challenges

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

Despite such significant challenges, your Company is endeavoring to deliver optimum value by focusing on the best product mix strategy of our legacy as well as new products. Your Company also continues to strive to simplify operational processes through manufacturing and commercial excellence initiatives, developing new, innovative and improved products in line with our strategic priorities with a focus to provide affordable healthcare solutions to patients and creating value for our shareholders.

The pharmaceutical industry has great potential for generating economic value to the country in terms of domestic value addition, creating employment, enhancing exports as well as generating revenue for the exchequer. The industry continues however to suffer from an irrational regulatory framework which is not aligned with other countries in the region resulting in severely curtailing its economic potential and value for the country. It is hoped that the Government will take necessary steps to approve a pricing policy and a regulatory regime that safeguards the interest of the industry, supports the continuity of supplies of quality affordable medicines and ensures the ongoing availability of numerous research based drugs which are now at risk.

As mentioned in half yearly report, on April 22, 2014 GlaxoSmithKline plc UK (GSK plc) announced a major global three-part inter-conditional transaction with Novartis AG, Switzerland (Novartis) whereas GSK plc and Novartis will work to create a new world-leading Consumer Health care business with GSK plc holding a controlling equity interest of 63.5%. GSK plc will acquire Novartis' global Vaccines business (excluding influenza vaccines) and GSK plc will divest its marketed Oncology portfolio and Research and Development activities related to it, as well as rights to GSK plc's AKT inhibitor to Novartis. The transaction is still progressing, subject to the approvals from regulatory authorities. GSK Pakistan has also started to view possibilities for alignment with global GSK-Novartis transaction and shall have move visibility on its future business plans in next few months.

Acknowledgment

Despite challenges, your Company remains committed to enhance shareholder value through continued productivity initiatives, upgrade of our technology footprint, prudent commercial & scientific engagement activities, strict cost controls and investments in growth opportunities and people.

Throughout the period the industrial relations climate has remained congenial and all employees showed great dedication towards achievement of Company's objectives. On behalf of the Board, I would take this opportunity to record our appreciation for the passion and commitment shown by all the staff and our stakeholders for their continuing support.

M. Salman Burney
Chief Executive
Karachi
October 21, 2014

Condensed Interim Balance Sheet
as at September 30, 2014

Rupees '000	Note	(Un-audited) September 30, 2014	(Audited) December 31, 2013
ASSETS			
Non-current assets			
Fixed assets	5	5,933,851	5,973,404
Intangible - goodwill		955,742	955,742
Long-term loans to employees		64,171	70,079
Long-term deposits		21,955	16,865
		6,975,719	7,016,090
Current assets			
Stores and spares		165,952	156,548
Stock-in-trade		5,970,457	6,271,405
Trade debts		572,135	349,950
Loans and advances		333,754	248,463
Trade deposits and prepayments		214,395	118,592
Interest accrued		8,100	9,753
Refunds due from government		39,515	46,951
Other receivables		321,562	392,202
Taxation - payments less provision		959,579	1,231,588
Investments		147,160	224,269
Cash and bank balances		2,235,645	1,872,999
		10,968,254	10,922,720
Non-current assets held for sale	6	25,812	-
Total assets		17,969,785	17,938,810
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		3,184,672	2,895,156
Reserves		8,344,001	8,454,157
		11,528,673	11,349,313
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		298,782	250,977
Deferred taxation		637,012	612,012
		935,794	862,989
Current liabilities			
Trade and other payables		5,338,838	5,561,429
Provisions		166,480	165,079
		5,505,318	5,726,508
Total liabilities		6,441,112	6,589,497
Contingencies and commitments	7		
Total equity and liabilities		17,969,785	17,938,810

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

M. Salman Burney
Chief Executive

Yahya Zakaria
Chief Financial Officer

Condensed Interim Profit and Loss Account

For the nine months ended September 30, 2014 (Un-audited)

Rupees '000	Note	Quarter ended September 30, 2014	Quarter ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Sales		6,866,183	6,033,773	20,435,530	18,602,308
Cost of sales		(4,910,909)	(4,665,072)	(15,075,845)	(13,782,523)
Gross profit		1,955,274	1,368,701	5,359,685	4,819,785
Selling, marketing and distribution expenses	8	(922,399)	(822,763)	(2,664,135)	(2,723,804)
Administrative expenses		(298,737)	(242,733)	(776,800)	(702,365)
Other income		52,506	29,860	293,154	354,230
Other expenses		(61,296)	(11,587)	(175,886)	(136,311)
Profit from operations		725,348	321,478	2,036,018	1,611,535
Finance cost		(5,865)	(107,778)	(13,353)	(127,153)
Profit before taxation		719,483	213,700	2,022,665	1,484,382
Taxation		(319,488)	(73,000)	(830,000)	(630,000)
Profit after taxation		399,995	140,700	1,192,665	854,382
Other comprehensive income		-	-	-	-
Total comprehensive income		399,995	140,700	1,192,665	854,382
Earnings per share	9	Rs. 1.26	Rs. 0.44	Rs. 3.75	Rs. 2.68

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

M. Salman Burney
Chief Executive

Yahya Zakaria
Chief Financial Officer

Condensed Interim Cash Flows Statement

For the nine months ended September 30, 2014 (Un-audited)

Rupees '000	Note	September 30, 2014	September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	2,156,123	2,248,947
Payment for defined benefits obligations		(37,810)	(34,200)
Taxes paid		(532,991)	(906,519)
Decrease in long-term loans to employees		5,908	7,191
(Increase) / decrease in long-term deposits		(5,090)	5,062
Net cash generated from operating activities		1,586,140	1,320,481
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(429,002)	(628,614)
Proceeds from sale of operating fixed assets		85,097	62,389
Net cash used in investing activities		(343,905)	(566,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(956,698)	(989,144)
Net increase / (decrease) in cash and cash equivalents		285,537	(234,888)
Cash and cash equivalents at the beginning of the year		2,097,268	2,315,744
Cash and cash equivalents at the end of the period	11	2,382,805	2,080,856

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

M. Salman Burney
Chief Executive

Yahya Zakaria
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For the nine months ended September 30, 2014 (Un-audited)

Rupees '000	Share capital	Reserves – Capital – Reserve arising on amalgamation	Reserves – Capital – Issue of bonus shares	Reserves – Revenue – General reserve	Reserves – Revenue – Unappropriated profit	Total
Balance as at January 1, 2013	2,631,960	2,184,238	-	3,999,970	2,577,270	11,393,438
Final dividend for the year ended December 31, 2012 @ Rs. 4 per share	-	-	-	-	(1,052,785)	(1,052,785)
Transferred to reserve for issue of bonus shares	-	-	263,196	-	(263,196)	-
Bonus shares issued during the period in the ratio of 1 share for every 10 shares held	263,196	-	(263,196)	-	-	-
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	854,382	854,382
Balance as at September 30, 2013	2,895,156	2,184,238	-	3,999,970	2,115,671	11,195,035
Balance as at January 1, 2014	2,895,156	2,184,238	-	3,999,970	2,269,949	11,349,313
Final dividend for the year ended December 31, 2013 @ Rs. 3.5 per share	-	-	-	-	(1,013,305)	(1,013,305)
Transferred to reserve for issue of bonus shares	-	-	289,516	-	(289,516)	-
Bonus shares issued during the period in the ratio of 1 share for every 10 shares held	289,516	-	(289,516)	-	-	-
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	1,192,665	1,192,665
Balance as at September 30, 2014	3,184,672	2,184,238	-	3,999,970	2,159,793	11,528,673

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

M. Salman Burney
Chief Executive

Yahya Zakaria
Chief Financial Officer

Selected notes to and forming part of the Condensed Interim Financial Information

For the nine months ended September 30, 2014 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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

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

2 BASIS OF PREPARATION

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

The condensed interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2013.

3 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013.

3.1 Taxes on income are accrued using tax rate that would be applicable to the full financial year.

3.2 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on December 31, 2013, therefore no impact has been calculated for the current period and comparative condensed financial information has also not been adjusted for the same reason.

3.3 New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended December 31, 2013.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2013.

Rupees '000	Un-audited September 30, 2014	Audited December 31, 2013
5. FIXED ASSETS		
Operating assets - note 5.1	5,184,646	5,075,833
Capital work-in-progress	687,310	854,849
Major spare parts and stand-by equipments	61,895	42,722
	5,933,851	5,973,404

	Additions (at cost)		Disposals (at net book value)*	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
5.1 Details of additions and disposals to operating fixed assets are as follows:				
Freehold land	-	-	174	-
Improvements on buildings	15,316	57,300	23,001	17,501
Plant and machinery	267,952	551,549	9,270	24,925
Furniture and fixture	24,410	18,879	25	178
Vehicles	123,440	128,102	45,395	32,047
Office equipments	78,307	46,880	1,098	2,050
Major spare parts and stand by equipments	30,559	6,177	11,386	12,596
	539,984	808,887	90,349	89,297

* Include items reclassified as non-current assets classified as held for sale - note 6.

5.2 Change in accounting estimates

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

Had the Company not made the above referred changes in accounting estimates, profit before tax for the nine months ended September 30, 2014 would have been lower by Rs. 88.52 million. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs. 88.52 million.

Selected notes to and forming part of the Condensed Interim Financial Information

For the nine months ended September 30, 2014 (Un-audited)

Rupees '000	Un-audited September 30, 2014	Audited December 31, 2013
6. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Freehold land	174	-
Building on freehold land	23,001	-
Plant and machinery	2,012	-
Office equipment	600	-
Furniture and fixtures	25	-
	25,812	-

6.1. During the period, the Company has initiated assessment of disposal of its land located at 18.5 Km, Ferozepur Road, Lahore measuring approximately 27 acres alongwith the related operating assets. As the market value is expected to be higher than net carrying value of these assets prior to such classification, provision for impairment accumulating to Rs. 24.57 million in respect of these assets has been reversed.

7. CONTINGENCIES AND COMMITMENTS

7.1. Following are the changes in the status of contingencies as reported in the financial statements for the year ended December 31, 2013:

Company's appeals to Commissioner Inland Revenue (Appeals) (CIRA) in respect of its income tax assessments for tax years 2000-01 to 2002-03 have been decided whereby additions to income in respect of certain raw materials have been deleted, resulting in deletion of tax demand to the extent of Rs. 26.8 million. The Company has filed appeal before the Appellate Tribunal Inland Revenue against the additions to income confirmed by the CIRA whereas the department has filed appeal before the Appellate Tribunal Inland Revenue against the additions to income deleted by CIRA.

During the period, while finalising the assessments of the Company for tax year 2011 (accounting year ended December 31, 2012) the Deputy Commissioner (DC) made additions to income raising tax demands of Rs. 98.64 million on the contention that the Company had allegedly paid excessive amounts on account of royalty and technical fees, for importing certain raw materials and stock written off. The Company has filed appeal with the CIRA in respect of the said matter.

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

7.2. Commitments for capital expenditure outstanding as at September 30, 2014 amounted to Rs. 516.99 million (December 31, 2013: Rs. 232.34 million).

8. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 1,000.78 million (September 30, 2013: 1,195.07 million).

Rupees '000	September 30, 2014	September 30, 2013
9. EARNINGS PER SHARE		
Profit after taxation	1,192,665	854,382
Weighted average number of shares outstanding during the period - 9.1	318,467	318,467
Earnings per share - basic	Rs. 3.75	Rs. 2.68

9.1 The weighted average number of shares outstanding during the period ended September 30, 2013 has been increased to reflect the bonus shares issued during the period ended September 30, 2014.

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

Rupees '000	September 30, 2014	September 30, 2013
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,022,665	1,484,382
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	338,942	360,197
Impairment reversal (net)/charge	(12,135)	14,311
(Gain) / loss on disposal of operating fixed assets	(20,560)	4,189
Provision for staff retirement benefits	85,615	72,194
Profit before working capital changes	2,414,527	1,935,273
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(9,404)	(30,481)
Stock-in-trade	300,948	(1,203,226)
Trade debts	(222,185)	(165,987)
Loans and advances	(85,291)	(40,084)
Trade deposits and prepayments	(95,803)	(58,608)
Interest accrued	1,653	6,551
Refunds due from government	7,436	21,750
Other receivables	70,640	26,790
	(32,006)	(1,443,295)
(Decrease) / Increase in current liabilities		
Trade and other payables	(227,799)	1,774,275
Provisions	1,401	(17,306)
	(258,404)	313,674
	(2,156,123)	2,248,947
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,235,645	1,931,432
Short term investments - Treasury bills	147,160	149,424
	2,382,805	2,080,856

Selected notes to and forming part of the Condensed Interim Financial Information

For the nine months ended September 30, 2014 (Un-audited)

Rupees '000			September 30, 2014	September 30, 2013
12. TRANSACTIONS WITH RELATED PARTIES				
Relationship	**Nature of transactions**			
Holding company:	Dividend paid		780,183	810,580
Associated companies:	a.	Royalty expense charged	175,887	157,556
	b.	Purchase of goods	3,606,998	3,871,731
	c.	Purchase of fixed assets	5,446	-
	d.	Sale of goods	91,541	108,343
	e.	Recovery of expenses	18,438	16,926
	f.	Service fee on clinical trial studies	1,505	1,237
	g.	Services received	1,236	1,151
	h.	Donations paid	-	957
	i.	Payment on behalf of associated company	-	575
Staff retirement funds:	a.	Expense charged for retirement benefit plans	153,867	131,235
	b.	Payments to retirement benefit plans	106,062	94,866
Key management personnel:	a.	Salaries and other employee benefits	136,312	141,002
	b.	Post employment benefits	7,827	11,099
	c.	Proceeds from sale of fixed assets	1,900	5,484
	d.	Legal / Professional fee	2,725	-

13. SEGMENT INFORMATION

Management has determined the operating segments based on the information that is presented to the chief operation decision-maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure the Company is organised into two operating segments being (i) pharmaceuticals and (ii) consumer healthcare.

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

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

13.1 The financial information regarding operating segments is as follows:

Rupees '000.	Nine months ended September 30, 2014			Nine months ended September 30, 2013		
	Pharma-ceuticals	Consumer healthcare	Total	Pharma-ceuticals	Consumer healthcare	Total
Sales	17,022,047	3,413,483	20,435,530	15,603,239	2,999,069	18,602,308
Cost of sales	(12,790,612)	(2,285,233)	(15,075,845)	(11,661,914)	(2,120,609)	(13,782,523)
Gross Profit	4,231,435	1,128,250	5,359,685	3,941,325	878,460	4,819,785
Selling, marketing and distribution expenses	(1,899,707)	(764,428)	(2,664,135)	(1,991,717)	(732,087)	(2,723,804)
Administrative expenses	(715,074)	(61,726)	(776,800)	(648,921)	(53,444)	(702,365)
Segment results	1,616,654	302,096	1,918,750	1,300,687	92,929	1,393,616
Other expenses			(175,886)			(136,311)
Other income			293,154			354,230
Finance cost			(13,353)			(127,153)
Profit before taxation			2,022,665			1,484,382

13.2 There are no inter-segment sales.

13.3 The Company has realigned certain brands (mainly Dermatology products) from Pharmaceuticals segment to Consumer healthcare segment, in line with group strategy envisaged at helping these products achieve better market penetration. Due to this realignment, revenue and segment results of comparative period relating to Consumer healthcare increased by Rs. 380.37 million in terms of revenue and Rs. 103.71 million in terms of profit with a corresponding decrease in Pharmaceuticals segment.

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

	As at September 30, 2014			As at December 31, 2013		
Rupees '000.	Pharma-ceuticals	Consumer healthcare	Total	Pharma-ceuticals	Consumer healthcare	Total
Segment assets	13,430,591	1,166,755	14,597,346	13,685,915	897,421	14,583,336
Unallocated assets			3,372,439			3,355,474
Total assets			17,969,785			17,938,810
Segment liabilities	4,658,655	536,457	5,195,112	5,122,799	382,144	5,504,943
Unallocated liabilities			1,246,000			1,084,554
Total liabilities			6,441,112			6,589,497

13.5 Non-current assets classified as held for sale are included in segment assets of Pharmaceuticals segment.

14. CORRESPONDING FIGURES

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

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on October 21, 2014.

M. Salman Burney
Chief Executive

Yahya Zakaria
Chief Financial Officer

do more
feel better
live longer

GlaxoSmithKline Pakistan Limited
35 - Dockyard Road, West Wharf, Karachi - 74000
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