



ENHANCING VALUE



CORPORATE INFORMATION

Board of Directors

Mr. Fabio Landazabal
Chairman

Mr. M. Salman Burney
Chief Executive

Mr. Husain Lawai
Independent Director

Mr. Mehmood Mandviwalla
Non-Executive Director

Mr. Yahya Zakaria
Non-Executive Director

Mr. Nicolas Ragot
Non-Executive Director

Mr. Abdul Samad
Chief Financial Officer

Audit Committee

Mr. Husain Lawai
Chairman

Mr. Mehmood Mandviwalla
Member

Mr. Fabio Landazabal
Member

Mr. Nicolas Ragot
Member

Human Resource & Remuneration Committee

Mr. Mehmood Mandviwalla
Chairman

Mr. Husain Lawai
Member

Mr. M. Salman Burney
Member

Mr. Fabio Landazabal
Member

Management Committee

Mr. M. Salman Burney
Chief Executive

Mr. Abdul Samad
Chief Financial Officer

Syed Azeem Abbas Naqvi
Head of Legal

Mr. Sohail Matin
*CEO and General 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

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

Dr. Gohar Nayab Khan
Director Regulatory Affairs

Dr. Tariq Farooq
Business Unit Head - Derma

Mr. Haseeb Pirzada
Head of Public Affairs and Communication

Company Secretary

Syed Azeem Abbas Naqvi

Chief Financial Officer

Mr. Abdul Samad

Chief Internal Auditor

Mr. Talal Javed Ahmed

Bankers

Citibank NA

Deutsche Bank A.G.

Habib Bank Limited

Meezan Bank Limited

Standard Chartered Bank (Pakistan) Ltd

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mandviwalla & Zafar

Orr, Dignam & Co.

Rizvi, Isa, Afridi & Angell

Vellani & Vellani

Registered Office

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Karachi - 74000.

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DIRECTORS' REVIEW

I am pleased to present the un-audited financial information of your Company for the nine months ended September 30, 2015. This financial information is submitted in accordance with Section 245 of the Companies Ordinance, 1984.

Review of Operating Results

Net Sales of the Company for the nine months ended were recorded at Rs 21.6 billion with steady growth of 5.6% over the corresponding period last year. Growth in the Pharmaceutical business slowed down partly due to supply constraints with some products. Within the Pharmaceutical business, key growth drivers were Antibiotics, Respiratory, and Dermatological. The Consumer Health Care business achieved sales of Rs 3.9 billion with double digit growth, key growth drivers being Panadol and Sensodyne.

Export sales of your Company grew progressively to Rs 721.6 million verses Rs. 554.2 million over the same period last year.

Demerger of Consumer HealthCare business

As disclosed earlier and as part of a major three-part inter-conditional transaction between GlaxoSmithKline plc, UK and Novartis AG, Switzerland, the Board of GlaxoSmithKline Pakistan Limited (the "Company") in its meeting held on 25 August 2015 at GlaxoSmithKline Pakistan Limited Head Office, 35 Dockyard Road, West Wharf, Karachi has approved the demerger through scheme of arrangement whereby the Company's Consumer HealthCare business

will be separated into a legal entity namely GlaxoSmithKline Consumer Healthcare Pakistan Limited. The said demerger, as per the scheme, will be based on a proposed share issue ratio where 3 shares of GlaxoSmithKline Consumer Healthcare Pakistan Limited will be issued to the shareholders of the Company for every 10 shares held by them. This is subject to approval by the shareholders of both the Companies and the Honorable High Court of Sindh at Karachi.

Once the Scheme of Arrangement under section 284 to 287 of the Companies Ordinance, 1984 is duly approved by the shareholders and sanctioned by the Honorable High Court of Sindh at Karachi, the assets, rights, liabilities and obligations of the Consumer Healthcare business of the Company will be transferred to and vested in GlaxoSmithKline Consumer Healthcare Pakistan Limited, a Public Limited company formed for this purpose.

Post demerger GlaxoSmithKline Consumer Healthcare Pakistan Limited will be listed on the Karachi and Lahore Stock Exchanges accordingly.

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

Rupees in million	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Continuing Operations	Discontinuing Operation	Total	Continuing Operations	Discontinuing Operation	Total
Net sales	17,677	3,908	21,585	17,022	3,413	20,436
Cost of sales	(12,880)	(2,652)	(15,532)	(12,680)	(2,396)	(15,076)
Gross profit	4,797	1,256	6,053	4,342	1,018	5,360
Selling, marketing and distribution expenses	(2,177)	(867)	(3,044)	(1,929)	(735)	(2,664)
Administrative expenses	(723)	(71)	(794)	(717)	(60)	(777)
Other operating expenses	(231)	(26)	(257)	(158)	(18)	(176)
Other income	1,088	-	1,088	293	-	293
Finance charges	(54)	-	(54)	(13)	-	(13)
Profit before taxation	2,700	292	2,992	1,817	205	2,023
Taxation	(725)	(135)	(860)	(735)	(95)	(830)
Profit after taxation	1,975	157	2,132	1,083	110	1,193

(Un-audited)

Gross margin for the nine months ended at 28.0% and improved by 1.8% from the comparative period last year. The margin improvement has been achieved through product portfolio rationalization, a better sales mix, price adjustments on a few older products and synergies through consolidation of manufacturing operations.

Selling, marketing and distribution expenses recorded at Rs 3.0 billion which increased by 14.3% mainly due to a one off provision for restructuring our pharmaceutical business. This restructuring is likely to positively impact long term cost and business viably. Excluding this one off restructuring cost, the expenses increased by 6.1% representing continued investment on core and new brands. There is also a good progress towards new ways of working pertaining to promotional and scientific engagements. Administrative expenses rose by 2.3% over the corresponding period to Rs 794.6 million in the current period mainly reflecting general inflation.

Other income in this period of Rs 1.1 billion which mainly includes the gain on sale of land at 18.5 Km Ferozepur Road, Lahore.

Overall, your Company reported net profit after tax of Rs 2.1 billion depicting an increase due to the reasons elucidated in the preceding paragraphs.

Capital expenditure was recorded at Rs 966 million (September 30, 2014: Rs 429 million). During the period under review, the Company invested mainly on plant up-gradations and capacity enhancement initiatives particularly at Korangi manufacturing facility.

The surplus funds of the Company increased by Rs 518.5 million during the period as compared to the year-end balance at December 31, 2014.

Future Outlook and Challenges

Pakistan's Pharma Industry has a great potential for generating economic value to the country in terms of providing quality medicines at affordable prices, domestic value addition, creating employment as well as significantly enhancing the country's export revenues.

Over the past many years, the industry has continued to suffer from the lack of transparent market oriented regulatory policies, benchmarked with other regional countries. The absence of a rational pricing policy has impeded the growth of this important sector and severely curtailed its economic potential for the country.

After a decade long concerted effort on the part of the industry, the Government in March 2015 finally notified a Drug Pricing Policy. While the new Policy contains many challenges and concerns that will need to be addressed, it is an important first step towards developing a transparent and predictable regulatory regime that would look after the interests of all stakeholders involved, ensuring the availability of quality affordable medicines and support the continuity of numerous research based drugs.

Acknowledgment

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.

By order of the Board



M. Salman Burney

Chief Executive

Karachi

October 26, 2015

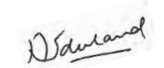
CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2015

Rupees '000	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
NON-CURRENT ASSETS			
Fixed assets	6	6,869,985	6,652,251
Intangible	7	996,072	955,742
Long-term loans to employees		58,897	65,722
Long-term deposits		21,955	21,955
		7,946,909	7,695,670
CURRENT ASSETS			
Stores and spares		174,550	158,775
Stock-in-trade		5,575,426	6,308,061
Trade debts		492,778	535,116
Loans and advances		220,964	414,641
Trade deposits and prepayments		210,583	144,669
Interest accrued		9,720	5,793
Refunds due from government		77,152	56,925
Other receivables		207,122	301,986
Taxation - payments less provision		531,711	799,984
Investments		495,389	591,667
Cash and bank balances		2,675,252	2,060,444
		10,670,647	11,378,061
Non-current assets and assets of disposal group classified as held for sale	8	1,623,845	27,147
		20,241,401	19,100,878
SHARE CAPITAL AND RESERVE			
Share capital		3,184,672	3,184,672
Reserves		9,299,707	8,760,431
		12,484,379	11,945,103
NON-CURRENT LIABILITIES			
Staff retirement benefits		427,013	382,253
Deferred taxation		466,609	593,354
		893,622	975,607
CURRENT LIABILITIES			
Trade and other payables		5,699,547	6,002,632
Provisions	9	228,806	177,536
		5,928,353	6,180,168
Liabilities of disposal group classified as held for sale	8	935,047	-
		7,757,022	7,155,775
CONTINGENCIES AND COMMITMENTS			
	10	20,241,401	19,100,878

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


M. Salman Burney
Chief Executive


Abdul Samad
Chief Financial Officer

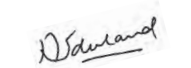
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

Rupees '000		Quarter ended		Nine months ended	
	Note	September 30, 2015	September 30, 2014 (Re-stated) - note 2	September 30, 2015	September 30, 2014 (Re-stated) - note 2
Continuing Operations:					
Net sales		5,902,093	5,740,143	17,676,691	17,022,046
Cost of sales		(4,249,205)	(4,135,348)	(12,879,917)	(12,680,237)
Gross profit		1,652,888	1,604,795	4,796,774	4,341,809
Selling, marketing and distribution expenses	11	(670,116)	(691,580)	(2,177,385)	(1,928,859)
Administrative expenses		(250,955)	(277,615)	(723,199)	(716,954)
Other operating expenses		(123,522)	(53,112)	(230,629)	(158,065)
Other income	12	925,055	52,506	1,088,357	293,154
Operating profit		1,533,350	634,994	2,753,918	1,831,085
Finance charges		(44,138)	(5,865)	(54,066)	(13,353)
Profit before taxation		1,489,212	629,129	2,699,852	1,817,732
Taxation	13	(238,388)	(276,692)	(725,000)	(735,000)
Profit after taxation from continuing operations		1,250,824	352,437	1,974,852	1,082,732
Discontinuing Operation:					
Profit after taxation from discontinuing operation	8	47,898	47,558	156,759	109,933
Other comprehensive income					
		—	—	—	—
Total comprehensive income					
		1,298,722	399,995	2,131,611	1,192,665
Earnings per share - basic					
- continuing operations	14	Rs. 3.93	Rs. 1.11	Rs. 6.20	Rs. 3.40
- discontinuing operation	14	Re. 0.15	Re. 0.15	Re. 0.49	Re. 0.35
		Rs. 4.08	Rs. 1.26	Rs. 6.69	Rs. 3.75

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M. Salman Burney
 Chief Executive


Abdul Samad
 Chief Financial Officer

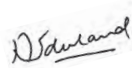
CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

Rupees '000	Note	September 30, 2015	September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	2,782,743	2,156,123
Staff retirement benefits paid		(63,030)	(37,810)
Income taxes paid		(725,726)	(532,991)
Decrease in long-term loans to employees		6,825	5,908
Increase in long-term deposits		-	(5,090)
Net cash generated from operating activities		2,000,812	1,586,140
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(966,249)	(429,002)
Proceeds from sale of operating and held for sale assets		980,589	85,097
Net cash generated/(used) in investing activities		14,340	(343,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,496,622)	(956,698)
Net increase in cash and cash equivalents		518,530	285,537
Cash and cash equivalents at beginning of the period		2,652,111	2,097,268
Cash and cash equivalents at end of the period	16	3,170,641	2,382,805

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


M. Salman Burney
 Chief Executive


Abdul Samad
 Chief Financial Officer

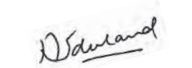
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

Rupees '000	Share Capital	Reserves				Total
		Capital		Revenue		
		Reserve arising on amalgamation	Issue of bonus shares	General reserve	Unappropriated profit	
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 year 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
Balance as at January 01, 2015	3,184,672	2,184,238	-	3,999,970	2,576,223	11,945,103
Final dividend for the year ended December 31, 2014 @ Rs. 5 per share	–	–	–	–	(1,592,335)	(1,592,335)
Total comprehensive income for the nine months ended September 30, 2015	–	–	–	–	2,131,611	2,131,611
Balance as at September 30, 2015	3,184,672	2,184,238	–	3,999,970	3,115,499	12,484,379

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


M. Salman Burney
Chief Executive


Abdul Samad
Chief Financial Officer

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

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

2. DISCONTINUING OPERATION

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

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

Subsequently, the Board of Directors in their meeting held on August 25, 2015 approved a Scheme of Arrangement and Reconstruction (the Scheme) of the Company. The Scheme envisages demerger of the Company's Consumer Healthcare Business into a separate legal entity subject to approval by the Company's shareholders and sanction by the Honourable High Court of Sindh whereunder, after requisite approvals, the assets, rights, liabilities and obligations of the Company relating to Consumer Healthcare Business will be transferred to and vested in GlaxoSmithKline Consumer Healthcare Pakistan Limited.

Consequently, the relevant assets and liabilities of the Company relating to Consumer Healthcare Business have been classified as disposal group in accordance with IFRS 5 - 'Non-current assets held for sale and discontinued operations' and have been disclosed in note 8.2 of this condensed interim financial information. The profit and loss and net cashflows attributable to the operating and investing activities of the Consumer Healthcare Business have been disclosed as discontinued operation in notes 8.1 and 8.3 to this condensed interim financial information respectively.

3. BASIS OF PREPARATION

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

The condensed interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2014.

3.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standard and interpretation have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations.

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

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

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2015, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2014.

4.1 Taxes on income are accrued using the average tax rate that is expected to be applicable to the full financial year.

4.2 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on December 31, 2014, therefore no impact has been calculated for the current period and comparative condensed financial information has also not been adjusted for the same reason.

4.3 Non-current assets (or disposal groups) are classified as assets held for sale when sale / distribution is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

5. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, 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, 2014.

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, 2014.

Rupees '000	Note	(Un-audited) September 30, 2015	Audited December 31, 2014
6. FIXED ASSETS			
Operating assets	6.1	5,176,106	5,318,400
Capital work-in-progress		1,622,397	1,259,309
Major spare parts and standby equipments		71,482	74,542
		<u>6,869,985</u>	<u>6,652,251</u>

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

Rupees '000	Additions (at cost)		Disposals* (at net book value)	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Freehold land	–	–	–	174
Improvements on buildings	25,959	15,316	–	23,001
Plant and machinery	120,926	267,952	5,391	9,270
Furniture and fixtures	1,615	24,410	9	25
Vehicles	114,444	123,440	69,987	45,395
Office equipments	23,134	78,307	1,994	1,098
Major spare parts and standby equipments	24,045	30,559	27,106	11,386
	<u>310,123</u>	<u>539,984</u>	<u>104,487</u>	<u>90,349</u>

* Includes items reclassified as fixed assets pertaining to discontinuing operation note 8.2.

Rupees '000	Note	(Un-audited) September 30, 2015	Audited December 31, 2014
7. INTANGIBLES			
Goodwill		955,742	955,742
Marketing authorisation rights	7.1	40,330	–
		<u>996,072</u>	<u>955,742</u>

7.1 During the period, the Company has made a payment of Rs. 40.3 million as consideration in respect of acquiring marketing authorisation rights in relation to Novartis's vaccines business. This is in line with major global three-part inter-conditional transaction between GlaxoSmithKline plc, UK and Novartis AG, Switzerland announced on April 22, 2014 to acquire Novartis's global vaccines business (excluding influenza vaccines).

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

8 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUING OPERATION

8.1 Profit and loss from discontinuing operation for the nine months ended:

Rupees '000	Quarter ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net Sales	1,340,870	1,126,040	3,907,795	3,413,484
Cost of sales	(915,166)	(775,561)	(2,652,145)	(2,395,608)
Gross profit	425,704	350,479	1,255,650	1,017,876
Selling, marketing and distribution expenses	(298,316)	(230,819)	(867,163)	(735,276)
Administrative expenses	(29,900)	(21,122)	(71,357)	(59,846)
Other operating expenses	(7,978)	(8,184)	(25,371)	(17,821)
Profit before taxation	89,510	90,354	291,759	204,933
Taxation	(41,612)	(42,796)	(135,000)	(95,000)
Profit after taxation	47,898	47,558	156,759	109,933

8.2 Assets and liabilities of disposal group classified as held for sale:

Rupees '000	September 30, 2015
Non-Current Assets	
Fixed assets - note 8.2.1	30,017
Deferred taxation	7,254
	37,271
Current Assets	
Stock-in-trade	1,245,515
Trade debts	185,553
Loans and advances	155,506
	1,586,574
Total assets	1,623,845
Current Liabilities	
Trade and other payables	935,047
Net assets	688,798

8.2.1 These assets include additions to vehicles amounting to Rs. 3.21 million.

8.3 Cashflow statement - discontinuing operation

Rupees '000	September 30, 2015	September 30, 2014
Net cash generated from operating activities	110,017	106,863
Net cash used in investing activities	(1,856)	(1,229)
Net cash from financing activities	—	—

Rupees '000	(Un-audited) September 30, 2015	Audited December 31, 2014
9. PROVISIONS		
Balance at the beginning of the period	177,536	165,079
Charge for the period	251,812	30,730
Payments during the period	(200,542)	(18,273)
Balance at the end of the period	228,806	177,536

- 9.1** Provisions include restructuring costs and government levies of Rs. 85.22 million and Rs. 143.59 million (December 31, 2014: Rs. 64.85 million and Rs. 112.69 million) respectively.

10. CONTINGENCIES AND COMMITMENTS

- 10.1** Following is the change in the status of contingencies as reported in the financial statements for the year ended December 31, 2014:

During the period, monitoring proceedings of withholding tax for the tax year 2014 (accounting year ended December 31, 2013) Assistant Commissioner Inland Revenue (ACIR) issued a notice under section 161 (1A) / 205 of the Income Tax Ordinance, 2001. Such notice has been issued with a contention that the Company has allegedly not deducted applicable withholding taxes under section 149, 150, 152, 153, 156, 233 and 236 (A) of the said Ordinance. The Company has filed a civil suit before the Honourable Sindh High Court against the said notice. The Honourable Sindh High Court has granted stay against the recovery proceedings.

- 10.2** Commitments for capital expenditure outstanding as at September 30, 2015 amounted to Rs. 1,037.34 million (December 31, 2014: Rs. 1,077.17 million).

11. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs. 1,060.44 million (September 30, 2014: Rs. 1,000.78 million).

12. OTHER INCOME

This includes gain on sale of land at 18.5 km Ferozepur Road, Lahore. This land was classified as asset held for sale in the financial statements as at December 31, 2014.

13. TAXATION

- 13.1** This includes a one-time prior year charge of super tax amounting to Rs. 114.4 million imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2015)..

- 13.2** Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the Company are in excess of its paid up capital and the Company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. In respect of Tax Year 2015 (accounting year ended December 31, 2014), no such income tax liability exists for the Company since the cash dividend paid for the year ended December 31, 2014 exceeds the requisite threshold.

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

Rupees '000	September 30, 2015	September 30, 2014
14. EARNINGS PER SHARE		
Profit after taxation from continuing operations	1,974,852	1,082,732
Profit after taxation from discontinuing operation	156,759	109,933
	Number of shares	
Weighted average number of shares outstanding during the period	318,467,278	318,467,278
		(Re-stated)
Earnings per share - continuing operations	Rs. 6.20	Rs. 3.40
Earnings per share - discontinuing operation	Re. 0.49	Re. 0.35
Earnings per share - basic	Rs. 6.69	Rs. 3.75

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

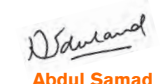
Rupees '000	September 30, 2015	September 30, 2014
15. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,991,611	2,022,665
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	371,327	338,942
Impairment reversal (net)	(28,690)	(12,135)
Gain on disposal of operating and held for sale assets	(898,549)	(20,560)
Provision for staff retirement benefits	107,790	85,615
Profit before working capital changes	2,543,489	2,414,527
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(15,775)	(9,404)
Stock-in-trade	(512,880)	300,948
Trade debts	(143,215)	(222,185)
Loans and advances	38,171	(85,291)
Trade deposits and prepayments	(65,914)	(95,803)
Interest accrued	(3,927)	1,653
Refunds due from government	(20,227)	7,436
Other receivables	94,864	70,640
	(628,903)	(32,006)
Increase / (decrease) in current liabilities		
Trade and other payables	816,887	(227,799)
Provisions	51,270	1,401
	239,254	(258,404)
	2,782,743	2,156,123

Rupees '000		September 30, 2015	September 30, 2014
16. CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,675,252	2,235,645
Short term investments - Treasury bills		495,389	147,160
		3,170,641	2,382,805
17. TRANSACTIONS WITH RELATED PARTIES			
Relationship	Nature of transactions		
Holding company	Dividend paid	1,226,002	780,183
Associated companies:			
	a. Royalty expense charged	169,865	175,887
	b. Purchase of goods	3,912,245	3,606,998
	c. Purchase of property, plant and equipment	-	5,446
	d. Sale of goods	114,560	91,541
	e. Recovery of expenses	15,474	18,438
	f. Service fee on clinical trial studies	1,060	1,505
	g. Services received	-	1,236
Staff retirement funds:			
	a. Expense charged for retirement benefit plans	185,182	153,867
	b. Payments to retirement benefit plans	137,922	106,062
Key management personnel:			
	a. Salaries and other employee benefits	156,869	136,312
	b. Post employment benefits	18,806	7,827
	c. Proceeds from sale of fixed assets	1,395	1,900
	d. Legal / Professional fee	-	2,725

18. 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 26, 2015.


M. Salman Burney
 Chief Executive


Abdul Samad
 Chief Financial Officer

GlaxoSmithKline Pakistan Limited

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GlaxoSmithKline Pakistan Limited is a member of
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