



do more
feel better
live longer



Happiness in Health

GlaxoSmithKline Bangladesh Limited
Annual Report 2016

ENSURING HAPPINESS & HEALTH ACROSS GENERATIONS

As a global company, we have endeavoured to combine science with innovative healthcare products to provide and improve access to quality healthcare. All of our efforts are aimed towards improving the quality of human life and delivering long-term value in order to make a difference in the lives of millions, across generations.

This year's theme reflects our legacy of serving quality healthcare products to generations, enabling them to do more, feel better and live longer.

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THE SPIRIT



GSK EXPECTATIONS

Legend:
Leadership Expectations 
Individual Expectations 



Set direction and inspire

Using sound judgement 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 judgement 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

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

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

Grow a diversified, global business



Grow a diversified global business

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

Create a culture of individual empowerment



Create a culture of individual empowerment

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

Simplify the operating model



Simplify the operating model

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

Deliver more products of value



Deliver more products of value

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

Build trust



Build trust

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

LIVING OUR VALUES

At GSK, we believe that operating in a responsible and ethical manner is essential to our business. This belief in Values-Based Decision Making underlies everything we do, and supports the delivery of our business strategy. We are committed to earning the trust of our stakeholders, both internal and external, by delivering on our promises as employees and as a company. In doing so, we foster an environment where people feel safe to speak up and identify areas for improvement, as well as issues of concern. Trust is the key to our good reputation, and crucial to our company's success.



questions and Speak up. Every employee is guided to hold themselves and each other accountable for abiding by our Code of Conduct. Furthermore, employees are empowered, and required to promptly raise concerns of possible misconduct, potential conflicts, or known breaches of this Code and Company expectations. Suspected violations of country laws and regulations in Bangladesh must also be reported. This includes the potential misconduct of employees, complementary workers, consultants, vendors, and partners with whom we jointly do business (including co-promote entities).

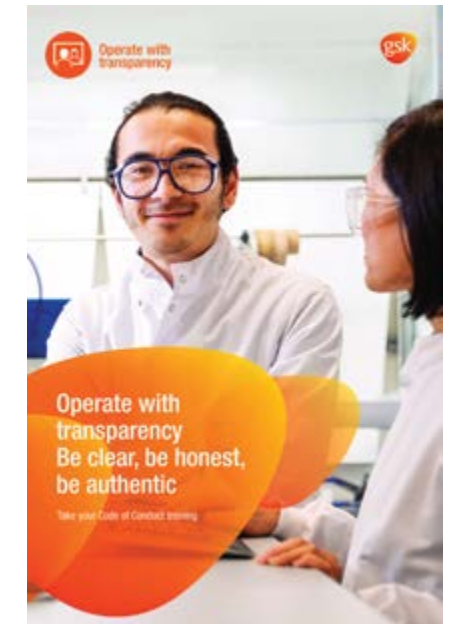


Our values reflect our belief that it is not just what we achieve that counts, it is also how we achieve it.

- Be patient/customer focused
- Act with integrity
- Demonstrate respect for people
- Operate with transparency



Our values provide the management tone for the whole organization. They describe the spirit in which we operate and provide a reference point when we encounter difficult situations. The consistent demonstration and communication of values by leaders at all levels is essential in making our controls effective. We all have individual responsibility to live the values in everything we do, every day, for GSK.



Our Speak Up culture and procedures encourage everyone to raise concerns about potential unethical or illegal conduct, and assure confidentiality and protection from retaliation, retribution, or any form of harassment to those reporting such concerns.

All the GSK Bangladesh employees follow Speak Up culture to ask

THE GSK ANTI-BRIBERY AND CORRUPTION (ABAC) PROGRAMME

Bribery and corruption are illegal no matter where in the world you work.



Know

- Do not offer or accept bribes
- Understand our policies and the corruption risks you face



Prevent

- Be vigilant and assess risks
- Keep up to date with training for you and your team



Report

- Properly document any risks
- Speak up if you identify a risk or any wrongdoing

There is no greater priority for GSK than the ethical conduct of our people. We exist to improve patients' lives. Everything we do must be in the best interests of the patient. No matter where we operate in the world, in our interactions with patients, prescribers, payers and governments, we must live our values of respect for people, transparency and integrity.

Nowhere is our commitment to ethical conduct more evident than in the area of corruption prevention and detection. At GSK, our attitude towards corruption in all its forms is simple: it is one of zero tolerance. We operate in challenging commercial environments and in cultures where corruption can be widespread. However, this can never be an excuse. It is vital that we ensure that our people and those who work on our behalf understand their responsibilities and operate to the highest ethical standards.

GSK Anti-Bribery and Corruption Standards:

- GSK has a Anti-Bribery and Corruption Policy which covers GSK's general principles and standards on anti-bribery and corruption (ABAC) and maintenance of business documentation and financial records. It reinforces our zero tolerance towards all forms of corruption and our commitment to maintaining accurate records of our business dealings.
- GSK Bangladesh operates on our corporate values and our four ABAC Foundational Principles: legitimacy of intent, no undue influence or conflict of interest, transparency and proportionality.
- We prohibit the giving, offering, accepting or requesting of improper payments. Improper payments are anything of value transferred directly to an individual, or on someone's behalf, with the purpose of influencing or inducing an act to secure an improper business advantage, or to improperly obtain or retain business. This applies to everyone we deal with, regardless of their affiliation with a government organization or a private company.
- It is unlawful even to offer a bribe, even if the offer is not accepted or no benefit is gained. It is critical that bribery and corruption risks are assessed on an ongoing basis within each business area, that mitigation plans are appropriately established, and that the appropriate systems of internal controls are in place.
- Payment covers anything of value, so not just cash but also gifts, services, job offers, loans, travel and expenses and entertainment. The bottom line is that we must not offer anything to improperly influence any person, regardless of whether they are in the private or public sector, or government officials.
- GSK Bangladesh prohibits all facilitation payments. These are payments or gifts offered to secure or speed up (rather than influence) a routine government decision that should take place anyway e.g., payments to customs officials to release imports or expedite official procedures.

- All our financial records must accurately reflect the substance of transactions, regardless of their size. No transaction can be authorized or funded unless the substance of the transaction is accurately recorded and disclosed in our books and records.
- We have to perform sufficient risk-based due diligence prior to the engagement of any third party and ensure appropriate contractual clauses and oversight controls are put in place as described in ABAC Third Party and Business Development frameworks.
- Our Interactions with Government Officials are in full compliance with laws, regulations and codes of conduct applicable to Government Officials to protect GSK's reputation.
- GSK has zero tolerance towards bribery and corruption.
- GSK employees shall not make, offer to make, or authorise payment to a third party (e.g., sales agent, distributor or intermediary) with knowledge that all or part of the payment will be offered or given to any individual to secure an improper advantage, obtain or retain business.

ABAC for GSK's Third Parties Due Diligence

GSK has a Code of Conduct setting out the standards of ethics of the corporation, and specifically an Anti-Corruption Policy that applies worldwide to all GSK employees, our subsidiaries and affiliates, and third parties acting for or on behalf of GSK. In many of its elements, our policy is stricter than some of the legislations of countries where we operate.

GSK's Anti-Bribery and Corruption Programme (ABAC) has been designed to incorporate a robust set of internal controls of GSK's operations around the world, and includes not only the GSK Anti-Corruption Policy, but also a set of rules of conduct for the Company and its employees in our interactions with Healthcare Providers and Government Officials, third parties in general and our business development transactions.

The purpose of the Third Parties Due Diligence framework is designed: To ensure compliance with GSK-POL-007 - Preventing Corrupt Practices and Maintaining Standards of Documentation (the "GSK Anti-Corruption Policy").

At GSK Bangladesh, ABAC due diligence process is embedded within the existing processes for engagement of third parties. It is critical that the ABAC due diligence set out in the Framework is applied consistently to third parties working for or on behalf of GSK (including resolution of red flags) to ensure a standard implementation of and compliance with the GSK Anti-Corruption Policy and other applicable internal policies and controls. The level of due diligence required for a third party depends on whether it is considered a High Risk Third Party.

If a third party does not fit the criteria indicated above, it is categorised as a Non-High Risk Third Party. Non-High Risk Third Parties are subject to minimum due diligence as mandated in the Third Party Framework and this Guidance.

GENERAL INFORMATION



A view of manufacturing site of GSK Bangladesh in Chittagong

Board of Directors

David Pritchard (Appointed on 20/07/2016)
 Rodrigo Becker (Resigned on 30/06/2016)
 Erum Shakir Rahim
 Venkatramani Gopalakrishnan
 Rajib Barua
 Zinnia Tanzina Huq
 Masud Khan
 Md. Iftikhar-uz-zaman
 Md. Mesbahul Hoque

Company Secretary

Zinnia Tanzina Huq

Registered Office & Factory

Fouzderhat Industrial Area
 North Kattali
 Chittagong
 Bangladesh

Corporate Office

House 2A, Road 138
 Gulshan 1, Dhaka 1212, Bangladesh

Audit Committee Members

Masud Khan
 Erum Shakir Rahim
 Md. Iftikhar-uz-zaman

Bankers

Standard Chartered Bank
 The Hongkong and Shanghai Banking Corporation (HSBC)
 Citibank NA
 Agrani Bank
 Sonali Bank

Statutory Auditors

Chartered Accountants:
 ACNABIN Chartered Accountants
 Compliance Governance Auditor:
 MABS & J Partners

Legal Advisors

Barrister Abdullah Al Mamun
 Advocate S C Lala

43rd ANNUAL GENERAL MEETING



The Board of Directors of GSK Bangladesh Limited at the 43rd AGM



The Board of Directors speaking at the 43rd AGM session



Shareholders speaking at the AGM



Shareholders at the AGM

PROFILE OF COMPANY

Global Identity

GlaxoSmithKline (GSK) is a science-led Global Healthcare Company that researches and develops a broad range of innovative medicines, vaccines and consumer healthcare products. Our products are used by millions of people around the world, helping them to do more, feel better and live longer. With our Headquarters in UK, GSK has a wide geographical reach which include 115 countries, manufacturing network in 87 sites and almost 100,000 people working globally. We have three primary areas of business in pharmaceuticals, vaccines and consumer healthcare. As a research based company we believe in creating innovative new products and making these accessible to as many people who need them. GSK's strategic priorities lie in growing a balanced global business, delivering more products of value, simplifying the operating model and in being a responsible business.

Our Heritage

The legacy of the Company in this country dates back to 1949 and it established its own manufacturing unit in Chittagong in 1967. Following a number of mergers and acquisitions; the Company underwent identity evolution from Glaxo to Glaxo Welcome Bangladesh Limited and eventually to GSK Bangladesh Limited, a subsidiary of GSK plc, in 2002. GSK Bangladesh's activities include secondary manufacture of pharmaceutical products and marketing of vaccines, pharmaceutical healthcare products, nutrition and oral healthcare products. Our activities in all three business areas are strictly guided by "GSK values" which include commitment to transparency, showing respect for people, demonstration of highest integrity in our conduct and being patient/customer focused. Embedded with these values and backed by leading edge technology, around 1000 personnel are working all over the country with the global mission to improve the quality of human life by ensuring quality healthcare products.

Our Products

The Consumer Healthcare unit leads the Health Food Drink (HFD) category in Bangladesh and maintains a dominant presence in the market. Horlicks continues to be one of the top Brands in Bangladesh across all Categories because of the brand's consistent delivery of its 'Promise of Nutrition' to the consumers. GSK also has flagship brands in the categories of Oral Health Care and Vitamins & Minerals which include Sensodyne and Glaxose amongst others.

Our Pharmaceuticals business continues to achieve positive growth in a highly competitive and onerous local market. Till today, GSK Bangladesh continues to rank among the leaders in the vaccines, respiratory and dermatology therapy areas. While GSK continues to leverage its flagship pharma brands like Ventolin, Seretide, Betnovate, etc., it keeps up the promise of shaping up the disease management paradigm to

a world-class one by bringing in advanced knowledge and by establishing novel therapy with differentiated medicines like Avamys and cosmeceuticals like Physiogel, Acne-aid, etc.

GSK Bangladesh's Vaccine portfolio provides a whole range of disease prevention for both infants and adults, includes global brands like Engerix-B, Synflorix, Cervarix and Rotarix, amongst many others. In March 2015, GSK's pneumococcal vaccine was introduced in Bangladesh Government's Expanded Programme for Immunisation (EPI). This means, potentially every single child born in Bangladesh will now be vaccinated with at least one GSK product.

Our Commitment to the Community

GSK has made a global commitment to re-invest 20% of the profits we make in developing countries to address issues around providing healthcare services to the underserved communities. In line with the above, in Bangladesh, we have been investing more than 1 million GBP per year since 2010 in a number of projects in partnerships with CARE, icddr, and Friendship.

Our perennial commitment to developing new and effective healthcare solutions - the values on which the Group was founded; have always inspired growth and will continue to do so in times to come.



STATEMENT OF CHAIRMAN



On behalf of the Board, I am delighted to welcome you all to the 44th Annual General Meeting of GlaxoSmithKline (GSK) Bangladesh Ltd. and present to you the Annual Report of the Company for the year 2016. Following the global strategic priorities this year, the Company has continued to focus on:

- Growing a diversified business
- Delivering more products of value
- Simplifying the operating model
- Creating a culture of individual empowerment
- Building trust

The external environment for the diversified businesses of Pharmaceuticals and Consumer Healthcare continued to be challenging in 2016. However, focused strategies around key products and enhanced capability building for the sales force ensured a like for like growth in major products. Special focus was given to capability building for the sales force and managers through innovative models across Pharma and Consumer business. Embedding of new models like Sales Force Compensation (SFC) model, Healthcare Professional Engagement (HCPE) model and rollout of Patient Focused Scientific Selling (PFSS) further diversified our new ways of working in the Pharma business. Capability building activities included First Line Leadership training and Winning Sales Skill training amongst others.

In 2016 the Consumer Healthcare business retained its leadership position and increased its market share in a heavily competitive environment. Although the growth against previous year was impacted by a challenging external environment; integrated action plans across legal, regulatory and commercial arenas since last year yielded a

strong recovery from H2 2016 onwards. This upward trend is expected to continue further. The Pharmaceuticals business faced extraordinary external regulatory challenges as a result of restrictions, as well as supply challenges of both finished goods and global raw materials. The Company has initiated engagement with relevant authorities on discussions around an even playing field in the industry.

GSK Bangladesh continued to introduce efficient ways of working across core and support functions to simplify our operating model. A major step is the initiation of an enhanced Enterprise Resource Planning (ERP) system across the commercial business which will go live in 2017. The new people management system named "Workday" further supported and enabled employees to manage information and receive HR services anytime and anywhere. Internal controls were reinforced to ensure that the business is maintaining a robust control environment while bringing in simplifications within our operating model. We remain committed to our value based ways of working.

As a part of our strategic priorities, your Company ensured the individual empowerment of our employees through the rollout of global Partnership for Prevention (P4P) initiative. This unique program provides access to preventive health care services to all employees and their families across the company.

We continued to build trust in our community through the 20% reinvestment project. Our flagship programme GSK CARE Community Health Workers Initiative in Sunamganj reached new heights as 300 Private Skilled Birth Attendants were developed who are ready to serve almost half a million

underserved community members.

We continue our commitment to upholding the highest Standard of Ethics while carrying out our business activities and ensuring that consumer and patient safety is always a priority in our decision making. Every employee of the company embeds the GSK values of Transparency, Respect for People, Integrity and Patient/Consumer Focus into their everyday work life.

The strategic priorities on which we stand give us the confidence that GSK Bangladesh will continue to deliver increased value to the patients and consumers and offer sustainable returns to the shareholders.

Returns to shareholders always remain a key priority for the Board and the management team. Despite the challenging trading environment in 2016, our focus on cost and financial efficiencies has allowed the Board to recommend a final cash dividend of Tk 50 per share for 2016.

Risk Management & Governance

The Board continued to oversee the corporate governance and internal control framework of the Company. The Board notes that throughout the year risk management was a key part of Board and management discussions. Management through the Audit Committee, assured the Board of the integrity of GSK Bangladesh's business operations through rigorous processes and systems.

At our Global Manufacturing & Supply (GMS) Site in Chittagong, investment continued towards facility upgradation and people capability enhancement. Investments took place in newer generation pharmaceutical machinery as well as infrastructure support like higher capacity generators and change room facilities. Robust quality management programs around data integrity requirements has been initiated and extensive training has been provided to keep at pace with latest pharmaceutical quality management system.

Throughout 2016 medical governance took a proactive role in risk management, simplifying process and ensuring robustness of the pharmacovigilance and safety reporting processes. This helped strengthen our oversight of our commercial process.

GSK Bangladesh remained a preferred employer for aspiring professionals in the country as it encourages

strength through diversity. Human Resource function in your organization is seen as a successful business partner in enabling business transformation through people. Like any other year, employee and industrial relations were healthy in 2016.

It gives me immense pleasure to share that this year your Company's Annual Report 2015 has won awards from both the prestigious Institute of Chartered Accountants of Bangladesh (ICAB) under the Best Presented Annual Reports 2015 in the manufacturing sector and the esteemed Institute of Cost Management Accountants of Bangladesh (ICMAB) under Best Corporate Awards 2015 in the pharmaceutical sector.

Board Changes and Composition

In 2016 there has been a change in the composition of the Board since the last report.

Mr. Rodrigo Becker, Chairman of the Board, decided to leave GSK effective 30th June 2016 to pursue other opportunities. I would like to thank Mr. Becker for his contribution to the Company in Bangladesh, especially his focus on strategic priorities during his tenure with the company. I am pleased to report that your Board has appointed me as a member of the Board and Chairman of the Company with effect from 20th July 2016. Currently I am serving as Vice President and Area Head for Africa & Developing Countries of GSK.

Currently, the Board of Directors of the Company consists of 8 Directors, including 3 Non-Executive Directors.

I conclude by expressing my gratitude to each employee of GSK Bangladesh for the hard work they have put in during the last year. I am confident that the team will continue to drive the business forward. On behalf of the Board, I would like to express my sincere appreciation to you all, our valued business partners, the healthcare professionals and institutes, suppliers and government authorities for their trust and continued support to the Company. I wish the Company continued success in the future.



David Pritchard
Chairman

BUSINESS ACTIVITIES & DETAILS

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DETAILS OF BUSINESS ACTIVITIES

Medical-Commercial Partnership Marching Towards Success

The highlight for the year was the enhanced partnership between our newly strengthened internal Medical & Commercial teams. With the objective of greater patient focus, aligned with GSK's core objectives, the team performed various activities throughout the year. As 2016 brought forward a number of changes in the ways of working, the Medical & Commercial team assumed a proactive role towards implementation of new HCP engagement model. To support the new model, written standards impacted by the HCP Engagement Initiative were revised to incorporate the changes. The team reached almost 6000 HCPs through different planned activities where external facing medics spent at least 70% time in engaging with HCPs.

The HCP satisfaction survey was successfully rolled out in Bangladesh and was implemented in around 90% of the HCPs meetings where portfolio medics were involved.

Vaccines, Commercials and Medical Team

The Vaccines, Commercial & Medical teams worked together for follow up of HPV Demo Project launch for prevention of cervical cancer. This Demo project will continue for 2 years and target population is 40,000 girls aged 10 years of Gazipur district, to be vaccinated with two dose of HPV vaccine (Cervarix). With the support of global team, effective engagement has been ensured with different stakeholders for Synflorix defense in national immunization program which finally convinced Bangladesh government to continue with PCV-10 (Synflorix) in EPI. Another key milestone was the successful submission of the Rota virus vaccine application to GAVI.

For improving overall immunization coverage across the country, HCPs were engaged through several speaker tour and satellite symposia in different local congresses. These brought in key medical experts from GSK Emerging Markets, aimed at cross boundary integration of knowledge and experiences.



Respiratory

Nurses Education Program

Nurses are one of the most important stakeholders in improving patient healthcare. Based on the insights collected by the external facing medics, medical team designed & drove "Nurses' Education Program" to improve their understanding of the basic concept of Asthma & Chronic Obstructive Pulmonary Disease (COPD)". This education program is designed in a very engaging & effective way that includes presentation, live demonstration & hands on training. Around 300 potential nurses from different part of the country were trained in 2016.



Nurses' Education Program was highly appreciated by the participants & top level respiratory physicians. Considering the patient needs and benefits, the Respiratory team will continue this initiative for 2017.



COPD Day 2016

To mark World COPD Day 2016 "World COPD Day Event: Patient and Expert Perspectives" was held on 16th November, 2016 for healthcare professionals. Bangladesh was one of the 26 countries celebrating the day. 5 meetings were held in 4 different cities; 2 of the venues were located in Dhaka and 3 in Chittagong, Rajshahi and Comilla. A total of 197 participants attended the webinar.



Debunk the Myth

An innovative campaign was designed to maximize patient benefit by increasing adherence to the treatment given and decrease the dropout rate called "Debunk the Myth". The myths were collected from the HCPs by external facing medics and was shared with the cross-functional team. Based on the insights from external and internal stakeholders, this initiative used a unique multi-channel approach to reach the HCPs as well as the patients through power-point presentations presented in HCP meetings and web portal contents for both HCPs and patients.





For dry skin management a separate international speaker program was organized. The speaker presented online on the topic “Role of moisturizers in dry skin disorders”. The keynote speaker was Dr Zonke Mlokoti-Fikeni, Area Medical Lead, GSK for Classic & Established Medicines including Stiefel. Q&A session was conducted by Dr Bernadette Arcilla, Area Medical Expert, Dermatology Asia-Pacific, GSK.



Dermatology

VATES webinar & Physiogel AI Meeting

There was a strong partnership between Dermatology, Commercial and Medical teams to achieve the objectives set out in the business plan. Based on insights from stakeholders, two campaigns were run called “ALIVE” for Physiogel & “SOS” for VATEs portfolio. Under ALIVE campaign 24 meetings on Physiogel covering approximately 250 or more HCPs were done. Medical prepared the content & also presented in those meetings. For “SOS” campaign, medical also prepared meeting content & attended as internal speaker in 11 VATEs Meeting covering about 150 HCPs. In addition there were 2 global webinars on VATEs across Bangladesh covering almost 200 HCPs.



The program was attended by more than 60 top Dermatologists of Bangladesh with renowned Dermatologists like Prof. M. U. Kabir Chowdhury, Prof. Rashed Mohammad Khan & others in attendance. Prof. Kabir Chowdhury, who is a pioneer in Dermatology in Bangladesh was impressed with all the efforts put in. He highly praised the speakers & stressed that many similar sessions should be organized as these would be hugely informative for the HCPs. Prof. Rashed Muhammad Khan, head of the Dermatology department of the premier Medical College in Dhaka (Dhaka Medical College & Hospital) echoed his views. Two newsletters were also published on Dry skin (Skinfo) & one newsletter on topical steroids (Amazing Steroids). These received positive feedback from HCPs.

Anti-infective

Save Antibiotics

To generate awareness on appropriate use of antibiotics, 2 highly scientific newsletters were developed & distributed among HCPs.



APAC inspiration webinar 2016

The APAC inspiration webinar 2016 on “Appropriate Antibiotic Prescribing (AAP) – a focus on community-acquired respiratory tract infections” was organized successfully in Bangladesh by the Medical and Commercial team. This was arranged in 5 venues & was attended by 252 doctors out of 255 invited doctors (Web-to-Face).



Capability building initiatives

An interactive training model was introduced for Commercial team to embed the tenets of our code of practice. These sessions were designed to reinforce the core messages of GSK code with an in-built effectiveness check mechanism. This was like a hands-on session where everyone was actively engaged which was highly appreciated by the internal stakeholders.



To enhance the capability of commercial team in terms of disease and product areas, several interactive learning sessions were conducted such as REview of Learning

On Asthma & copD (RELOAD) for Marketing team. To ensure easy access to scientific contents and templates; an online repository center, Capability Optimization Reaching Excellence (CORE) was launched which acts as one stop service for Medical and Commercial team.



In order to develop and to leverage the performance of medics, periodic assessment of competency of all external facing medics have been assessed according to Medical Competency Framework. All the external facing medics were found proficient in scientific & product expertise and effective communications. However based on assessment, further learning courses have been assigned and monitored to step up their competency in other capabilities. Along with these, several sessions were arranged and coordinated on External Engagement in briefcase, Value access & evidence generation webinar, medical engagement framework etc.



Patient Focused Scientific Selling (PFSS)

Under new ways of working, in-call effectiveness is the major determinant of success, where PFSS (Patient Focused Scientific Selling) is the key. In Bangladesh PFSS was rolled out through an excellent cross-functional engagement and a well-designed training plan to create maximum impact.



Commercial and Medical teams were taken on board to drive alignment, while sales leaders were also taken on board before Rep level roll-out to drive execution. Rep level roll out was then done in small batches of less than 20 reps per session to ensure intensive learning. For this, 24 sessions had to be held across the country requiring extensive travel by the facilitators.



To ensure sustainability a pool of 11 Trained Trainers have been developed. For embedding the process, specific campaign has been designed for post-roll out.



Role of moisturizers in dry skin disorders

Stiefel portfolio of GSK Bangladesh organized a WebEx meeting on "Role of moisturizers in dry skin disorders" on 8th November 2016 at Marriot Convention Center, Dhanmondi, Dhaka. All the first line Dermatologists of Dhaka were invited to the meeting. Keynote speech was provided by Dr. Zonke Mlokoti-Fikeni, Regional Medical Lead Classic & Established Medicine (CEM) who spoke from South Africa through online platform.

The complications & causes of dry skin were discussed in detail, with particular focus on Atopic Dermatitis, a classic example of dry skin disorder. The use & benefits of moisturizers in dry skin & align those with international guidelines were also highlighted along with the key features of Physiogel range.



It was followed by an interesting Q&A conducted by Dr. Bernadette Arcilla, Area Medical Expert, Regional Medical Lead CEM who joined the session online from Manilla, Philippines. The meeting's effectiveness was acknowledged by premier dermatologists of the country such as Dr. Kabir Chowdhury and Dr. Rashed Mahmud Khan amongst others.

Compliance Training & Strategy Deployment Workshop

Compliance training and strategy deployment workshop was held from 29th October – 31st October, 2016 at an off-site location in Dhaka. Erum Shakir Rahim, Managing Director and Ferdous Khan, Head of Ethics & Compliance, Bangladesh jointly hosted this hybrid workshop.

Total of 59 participants comprised of entire Pharma Leadership Team, Line Managers, GMS Site Director and other relevant Pharma colleagues joined this 3 days long residential training. The first 2 days of the event focused on compliance training and the 3rd day was dedicated for business strategy deployment.

The vision of the compliance training was to distill/refresh pharma employees' compliance knowledge through case based problem solving activities and enhance compliance-business partnering, embedding GSK's Internal Control Framework and its application to business. The learning was made interesting and engaging through solving real life case studies around Internal Control Framework (ICF). There were many quizzes to test knowledge and application of ICF in day to day decision making.

The participants were also debriefed on SOP-007 Interactions with Government Officials, Anti-Bribery & Anti-Corruption Programme & ABAC Third Party Framework etc.



Mid-Year Annual Meeting



The Mid-Year annual meeting was held in August with the GSK sales team. The main purpose of the meeting was to unmask the tigers within and surge forward with a Roar!!

GMS Chittagong

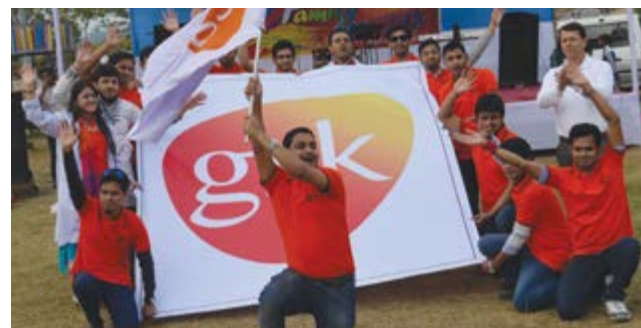


The GMS Chittagong site has been on the path of achieving manufacturing excellence over the years and will be completing 50 years of operations in Bangladesh in 2017.

The Chittagong site plays a vital role in local pharma business of GSK Bangladesh. During 2016 the site has invested in upgrading facility and enhancing people's capability. In line with our continuous efforts to improve quality, GMS has received investments on newer generation pharmaceutical machineries like high speed tablet compression machine; higher capacity generators; balances and printers for production as well as laboratory areas for better documents and data control management.

GSK systems like One CDS (Chromatographic Data System), CDMS (Controlled Document Management System) & CMMS (Computerized Maintenance Management System) have been introduced for ensuring appropriate quality management in 2016. Extensive training has been provided to all employees to keep them at pace with the latest requirements for pharmaceutical quality management systems. Extensive capability building programmes for all employees have been rolled out at site in 2016. Global SMEs

(Subject Matter Experts) were engaged and they visited site to train site SMEs. Cross site SME visits including regular engagement between site and above site had built capability and confidence among site resources.



GSK is always embedding new ways of working to simplify the business and operations for achieving greater effectiveness. and developing our people to meet the expectations of our consumers/patients at the end of the supply chain.

Human Resources

Employee Development

The company takes a global view of talent and strategic capabilities, looking at the quality, depth and breadth of our talent across the world. HR strives to have a good succession plan in place for critical positions across the organisation. There are productive initiatives in place to recruit specialist and leadership talent, and maintain a robust leadership strategy to identify and develop our highly skilled leadership group. All employees are offered a range of learning opportunities and tailored development programmes.

In order to deliver better business results and develop successors, Pharmaceutical BU restructured its Commercial function by de-layering Commercial Director role and elevating three roles, viz, Marketing Director, Sales Director and Head of Vaccines. In addition, a new role of Head of Legal and Government Affairs was created to strengthen GSK Bangladesh' statutory compliance standing and help influence external policymakers to further GSK interest.

In 2016, the focus was on developing our line managers' capability and accordingly, rolled out GSK's leadership development programme: First Line Leaders (FLL), covering 100% line managers from all BUs. People's Coaching at Workplace (PCW) programme was also rolled out for line managers. In addition, dedicated Coach was assigned for Pharmaceutical leadership team members and few critical role holders to improve their performance effectiveness. Our intentions are to extend the Coaching programme to other BUs in coming years. In order to better equip employees on their career planning and develop required competencies, Pharmaceutical BU launched 'My Pharma Career at GSK'

In order to better equip employees on their career planning and develop required competencies, a countrywide initiative 'My Pharma Career at GSK' was rolled out by HR through webinars.



Employee Engagement

GSK Partnership for Prevention (P4P) was launched in GSK Bangladesh on 10 May 2016. P4P is directed to employees hired by GSK and their eligible dependants to receive health benefits. It is a preventive health program that provides access to preventive healthcare services to our employees at little to no cost.



GSK is the first multinational employer to commit to this type of progressive and groundbreaking initiative at such scale. This programme helps to bring to life our mission to: do more, feel better and live longer.

Initiatives like Breakfast with Erum for Pharma colleagues and Coffee with Rajib for GMS colleagues are employee engagement and interactive sessions where employees get the opportunity to share their ideas and views directly with the BU Heads.



Communications Initiatives

Town Halls



Town Halls are highly interactive and insightful sessions where ideas and feedback are shared regarding business objectives, performance and opportunities. They are held by Leadership Team Members with LOC colleagues regularly. In 2016, Town Halls were held by David Pritchard, VP Area Head, Africa Developing Countries & Erum Shakir Rahim, Managing Director, GSK Bangladesh.

Corporate Social Responsibility

Our continuous strive at GSK remains to be creating access to quality healthcare in the communities we work for. To create access and facilitate healthcare service delivery, GSK has taken an initiative to re-invest 20% of its profits to building capacity of the Community Health Workers (CHWs) at the hard to reach areas of the country. The projects under this initiative are described below:

“GSK-CARE Public-Private Partnership initiatives to address health work force issues at remote areas”



GSK-CARE Community Health Worker Initiative is an innovative public private partnership (PPP) to address the human resource and health services gap for 2.8 million people in all 87 unions of the 11 underserved sub districts of Sunamganj. This is an ongoing initiative since December, 2012 in partnership with the Ministry of Health and Family Welfare of the Government of Bangladesh and CARE Bangladesh that is funded by GlaxoSmithKline Bangladesh Limited. The program is working toward delivering consistent, high quality and sustainable maternal, newborn and child healthcare by developing Private Community Skilled Birth Attendants (P-CSBAs) and Community Health Workers (CHWs) to strength community health systems. The programme also actively engages local governments (Union Parishad) to support the P-CSBAs, and facilitates service access to poor women and children.


The impressive results which was demonstrated in the first phase of the program from 2012-2015 resulted to the expansion of the program to another 3 years from 2016-2018 across all sub districts of Sunamganj .

The key milestones Achieved till Date:

Project Duration: December 2012-November 2018

Key Achievements & Results

 <p>300 Private skilled health care providers (Private CSBAs)</p> <p>3000 CHWs</p>	<p>500,000 skilled health services in three years</p> <p>22,000 skilled deliveries</p> <p>13,000 referral</p> <p>> 100 Health services/month/ Providers</p>
<p>872 Community Support System (CmSS)*</p> <p>14,824 CmSS members</p> <p><small>*CG and CSG</small></p>	<p>6,000 women and children supported by CmSS during referral in three years</p> <p>\$ 10,000 local fund raised in a year</p> <p>\$ 7,000 Utilized in a year</p>
 <p>Social Entrepreneurship brings financial sustainability of the providers</p>	<p>50% Entrepreneurs earning 5,000 BDT (\$ 67) or more in a month</p> <p><small>*Jan to August 2016</small></p>

 **Sharing and Branding**

CARE-GSK CHW Initiative was presented in different global platforms such as **Global Health and Innovation Conference (GHIC) at Yale, Wilson Center and USAID in DC.** The project was also featured as one of the best practices in Bangladesh by Johns Hopkins University.



Health Access and Linkage Opportunities for Workers (HALOW)

The HALOW project is another of the 20% Re-investment initiative which was jointly funded by MARKS & SPENCER and GlaxoSmithKline. This year long project (2015-2016) was launched with the objective addressing the Urban/Semi

Urban health sector by creating awareness and facilitating health service delivery for the Readymade Garment Workers and their families at selected factories in Gazipur. This pilot project was implemented by CARE Bangladesh. The project aimed at improving health care services to RMG workers through:

- Increased awareness and understanding of health issues, especially the female workers at both the factory and community levels
- Changed health and nutrition behavior
- Increased healthcare access
- Community mobilisation and service linkage
- Increased uptake of preventive and curative service

Project Achievements:

- 241 Health Champions (126 female: 115 male)trained as peer educators and ‘go-to’ information points for fellow workers
- 7,700 (100%) RMG workers received health, hygiene and nutrition information
- 25,000 family and community members visited and accessed community satellite health clinics health facilitated by Community Support Groups (CmSS)
- 8 new services added to the in the in-factory health clinics identified based on workers’ needs: Blood grouping, eye screening, pain management, exercise, urine testing, family planning, Iron Folic Acid and sanitary pads
- Established formal relationship between Government of Bangladesh (GoB) leading to provision of free regular health services at the factories
- 2,100 couples registered to receive free family planning services and products through the GoB relationship



GSK icddr,b Health System Strengthening Program

From August 2015 the GSK icddr,b Health Strengthening Program began its second phase by expanding to 6 hospitals in Sunamganj. The 3 year long project which is implementing clinical governance for infection control has trained 275 Health care professionals in 2 hospitals at Sunamganj in 2016. The training modules cover hygiene management; aseptic precaution; needle stick and sharp injuries prevention; decontamination and sterilization; hospital house keeping; standard nursing practices; waste management and good laboratory practices



Finance Commercial Enterprise Resource Planning Solution (CERPS)

To align the LOC with the global strategic priority of simplifying the operating model GSK Bangladesh is launching an advanced ERP system across the commercial business called Commercial Enterprise Resource Planning Solution (CERPS). It is an integrated set of IT programmes that provides support for core finance and business processes organisational activities. CERPS will standardise systems and processes across GSK. It will help make better decisions, make reporting and compliance easier, save money and people can move around the organisation easily. CERPS deployment in Bangladesh is part of the Global CERPS initiative. The program has gone live in 75 countries across GSK world since 2011. Bangladesh is part of the Wave 14 which include Sri Lanka and India A dedicated local team is working around the clock with the global team for successful implementation of CERPS.



Cx Marketing Activities 2016



Most Consistent Brand in the Country: Horlicks continues to win Consumer trust

GSK Bangladesh, with its portfolio of some of the world's most trusted and loved Brands, is focused on enabling consumers to do more, feel better and live longer through strengthening Brands with relentless innovation, best in class interactions with retailers, healthcare professionals and shoppers, and the highest quality products fueled by talented, committed people.

The passion, in driving Horlicks, one of the leading Health Food Drinks in the country resulted in Horlicks getting 3 prestigious Awards in 2016 in the Best Brand Award, where the Best Brands of Bangladesh are Honoured.

Horlicks yet again became the No. 1 Health Food Drink Brand in the Country, Continuing it's sheer dominance in the Category. Furthermore, Horlicks has been awarded as the 2nd Best Brand overall, among all categories, amid both Local and Multinational Brands, FMCG and Non FMCG. Moving up from 3rd position last year to 2nd this time, the award is a result of our persistent efforts to enrich the legacy of the Brand and getting even closer to our consumers.

GSK's relentless efforts on the work in Horlicks over the years resulted in Horlicks bagging the special Award for being the most consistent Brand in the Top 5 in all Categories combined. This has been a true honor for Horlicks being the only Brand to receive this award, which bears testimony to the trust consumers have in Horlicks.

Continuing with the innovation in marketing activities as well,

Horlicks, along with the entire Health Food Drink Portfolio has leveraged social media platforms, keeping in mind the rising importance of Digital as one of the key mediums for engaging with Consumers due to rising internet penetration and usage.

Horlicks Exam Campaign:

Horlicks, with its aim of helping kids grow taller stronger, sharper, ran an integrated 360 Degree Exam Campaign. The Campaign included Mass media communication, through a new Thematic on TV, along with an aligned Press Campaign. Alongside this, Horlicks is also reached out to Schools in Dhaka providing the students with Exam Tips, through a School Activation, to help kids reach their fullest potential during their exams. The Activity has been amplified through engagement and integration in Digital, especially through our social media platform, where extensive content marketing is also done, to help children prepare even better for exams. On the Shopper front the activation also reaches out to retailers in Dhaka and Chittagong, through various engagement activities



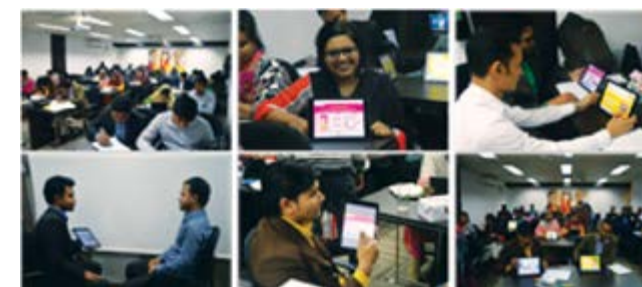
Digital Drive & Website Launch

With over 20 million Facebook users in the country, social media is one of the most important channels to reach out to customers. Regular post to connect sensitivity with food triggers as well as the benefits of Sensodyne are undertaken to reach people across the digital borders.

For the first time ever, a Sensodyne Bangladesh website dedicated with resourceful and insightful information has been launched. www.sensodyne.com.bd provides an online tooth sensitivity test along with a wide array of product and condition information.

Expert Marketing Team in 2016

The vision of Expert Marketing Team is to deal with unique detailing excellence to expert, penetrate high potential HCPs and chemists, robust and ASmart engagement plan to manage key stakeholders and be the first choice of experts.



Knowledge is the backbone of Expert Marketing Team. Knowledge is what is shared with experts and chemists through smooth and efficient communication to stand out in this ever competitive world and to convince experts to suggest our products to patients. In addition to this, excellence in territory management, market development, institute management, KOL management and initiative and chemist channel development have all been marked as recognition for this team.

The year 2016 was rather a radical one for this team considering it had just rolled out in 2015. More than 5000 expert coverage which is 14% of national experts and more

than 9000 calls made to HCPs and chemists, while covering 14% of national doctors.



It was also the year of the inauguration of e-detailing and e-reporting at market places, the year of robust engagement and management of Key Opinion Leaders. Around 36,000 pieces of physician samples of Sensodyne were provided for patients with dentine hypersensitivity. 60,000 mothers were congratulated with WOW cards and Pregnancy Care Booklets. Along with these, more than 37% growth of Sensodyne and more than 49% growth of Mother's Horlicks was observed at strategic mapped chemists. strengthen the relationship between our ASEs and our customers, and to also enhance the knowledge of our products, 265 products promotional meetings were successfully done with HCPs and chemists.

For 2017, the Expert Marketing Team plan to have more aggressive coverage with the potential experts in relation with expanding manpower to more dominance at medical fraternity. All detailing weapons are radically utilised along with market development ideas to enhance our CH business potentiality through Experts and influence of KOLs.

CX Supply Chain

GSK Bangladesh Consumer Healthcare Supply Chain Team is committed to deliver high Quality Consumer Products to delight our customers and consumers. Over the decades, Brands like Horlicks, Sensodyne & Glaxose-D have occupied a unique position and trust in consumer's mind. As a result of our continued pursuit of achieving excellence, Horlicks again became the No. 1 Health Food Drink Brand in the country in 2016, which bears testimony to the consumer trust.



PRODUCT INDEX

Therapeutic Area	Trade Name	Composition	Therapeutic Class
Anti-bacterial	Ceporex	Cephalexin	Oral cephalosporin
	Cexime	Cefixime	Oral cephalosporin
	Kefdrin	Cephadrine	Oral cephalosporin
	Zinnat	Cefuroxime axetil	Oral cephalosporin
	Glaxipro	Ciprofloxacin	Oral tablet
Respiratory	Seretide	Salmeterol + Fluticasone	Bronchodilator / anti-inflammatory
	Ventolin	Salbutamol	Bronchodilator
	Avamys	Fluticasone Furoate	Anti-Allergic
	Beconase ANS	Beclomethasone dipropionate	Intra-nasal anti-inflammatory
	Flixonase ANS	Fluticasone propionate	Intra-nasal anti-inflammatory
	Piriton	Chlorpheniramine maleate	Anti-histamine
	Ventolin Nebules	Salbutamol	Solution for Nebulization
	Ventolin Respirator Solution	Salbutamol	Nebuliser solution
Cough & Cold preps	Acticol	Ambroxol hydrochloride	Cough expectorant
	Betnovate	Betamethasone valerate	Topical corticosteroids
Dermatology	Betnovate N	Betamethasone valerate + Neomycin sulphate	Topical corticosteroids & combinations
	Betnovate CL	Betamethasone valerate + clotrimazole	Topical corticosteroids & combinations
	Dermovate	Clobetasol propionate	Potent topical corticosteroids
	Eumovate	Clobetasone butyrate	Topical corticosteroids
	Cutivate	Fluticasone propionate	Topical corticosteroids
	Bactroban	Mupirocin	Topical antibiotic
	Neobacrin	Neomycin + Zinc bacitracin	Topical antibiotic
	Fluvin-OD	Fluconazole	Systemic antifungal
	Grisovin FP	Griseofulvin	Oral anti-fungal
	Tinatrim	Clotrimazole	Topical anti-fungal
	Dermovate Scalp Application	Clobetasol Propionate 0.05%	Topical corticosteroids
	Lotrix	Permethrin 5% w/w	Ecto - parasites
	Gastro-intestinal	Norain	Omeprazole
Zantac		Ranitidine	Anti-ulcerant
Vitamins	Berin	Thiamine HCl	Vitamin
	Berin Plus	Thiamine Mononitrate, Pyridoxine Hydrochloride, Cyanocobalamin Crystals	Vitamin
	Caldivit	Calcium Carbonate 500mg and Vitamin D 200 I.U.	Vitamin and Mineral Supplements
Analgesics	Parapyrol	Paracetamol	Analgesic and anti-pyretic
	Panadol Extra	Paracetamol BP 500mg	Non-narcotic Analgesics
		Caffeine BP 65 mg	
Oral steroid	Betnelan	Betamethasone	Glucocorticosteroids
	Prednelan	Prednisolone	Glucocorticosteroids
Eye/Ear preps	Otosporin	Polymyxin+Neomycin+Hydrocortisone	Anti-infective

Therapeutic Area	Trade Name	Composition	Therapeutic Class
Anti-depressive	Amitriptyline	Amitriptyline HCl	Anti-depressant
Laxative	Laxenna	Senna pod	Vegetable Laxative
Special use prep	Kemadrin	Procyclidine HCl	Anti-parkinsonism
	Tracrium	Atracurium besylate	Anaesthetic
	Eltroxin	Levothyroxine sodium BP 50 mcg	Hormone
	Prolia	Denosumab	Bone regulators
Oncology	Imuran	Azathioprine	Anti-cancer
	Purinethol	6-mercaptopurine	Anti-cancer
	Revolade	Eltrombopag Olamine	TPO-receptor agonist
	Votrient	Pazopanib Hydrochloride	Anti-cancer
Vaccines	Engerix B	Hepatitis B Surface antigen (HBsAg)	Hepatitis B vaccine
	Havrix	Inactivated hepatitis A virus (HM175 hepatitis A virus strain)	Hepatitis A vaccine
	Fluarix	inactivated influenza vaccine (split virion) consists of WHO recommended strains (Northern Hemisphere) for the season 2013/2014.	Inactivated Influenza Vaccine
	Varitrix	Oka strain of varicella zoster virus	Chicken pox vaccine
	Priorix	Attenuated Schwarz measles, RIT 4385 mumps (Jeryl Lynn strain) and Wistar RA 27/3 rubella strain of viruses	Measles, Mumps Rubella (MMR) vaccine
	Rotarix	Live attenuated human rotavirus RIX4414 strain	Live-attenuated human rotavirus vaccine
	Synflorix	Pneumococcal polysaccharide and Non-Typeable Haemophilus influenzae (NTHi) protein D conjugate vaccine, adsorbed	Pneumococcal conjugate vaccine
	Infanrix-Hexa	Diphtheria, Tetanus, Acellular Pertussis, Hepatitis B recombinant, Inactivated Poliomyelitis, Conjugated Haemophilus Influenzae Type B	Hexavalent vaccine for infants
	Cervarix	Human Papillomavirus Vaccine Type 16 and 18	Cervical cancer vaccine
	Stiefel Pharma	Brevoxyl	Benzoyl Peroxide
Isotrex		Isotretinoin	Topical-antiacne
Duofilm		Salicylic Acid & Lactic Acid	Keratolytic & cleansers
Duac Once daily gel		Clindamycin & Benzoyl Peroxide	Topical anti-acne
Stiefel Non-Pharma	Acne-Aid	Sulphonated Surfactant Blend	Topical anti-acne
	LactiCare	Lactic Acid & Sodium Pyrolidone Carboxylate	Antipruritic & soothing
	Oilatum Bar	Light Liquid Paraffin & Salt of High Molecular Weight Fatty Acids	Antipruritic & soothing
	Oilatum Emollient	Light Liquid Paraffin	Antipruritic & soothing
	Oilatum Baby Bath Emollient	Light Liquid Paraffin	Antipruritic & Soothing
	SpectraBAN 60	Microfine Zinc Oxide, Octyl Methoxycinnamate, 4-Methylbenzylidene Camphor, Avobenzone	Sunscreen preparation
	Physiogel	Caprylic/Capric Triglyceride	Antipruritic & Soothing
	Sastid Bar	Precipitated Sulphur, Salicylic Acid	Psoriasis, Seborrhoea, Ichthyosis

PRODUCT DETAILS: CONSUMER HEALTHCARE

Horlicks

Horlicks is leading the Health Food drink category being a trusted partner of family for ages. Horlicks provides balanced nutrition including 23 vital nutrients (macronutrients, vitamins and minerals) that are important for internal strength and nourishment. It has nutriabsorb science and is clinically proven to make kids Taller, Stronger and Sharper. Moreover, it improves 5 signs of growth. It's a crafted combination of milk, malted barley and wheat, available in Original and Chocolate Flavours.

Women's Horlicks

Women's Horlicks is a tailor-made nutrition supplement for the women of today. It contains a unique combination of HemoCal™ nutrients important for healthy blood and bones.

Horlicks Lite

Horlicks Lite provides a unique combination of essential micronutrients important for strength and stamina. It also contains anti-oxidants essential to reduce oxidative stress and help manage fatigue. Horlicks Lite is also low fat and has zero cholesterol.

Junior Horlicks

Junior Horlicks is a specialized Health Food Drink for younger kids of 5+. Junior Horlicks contains 20 vital micronutrients known to be essential for optimal physical growth and development. And it has DHA, which, with other micronutrients, are known to contribute to normal brain development and function of the older pre-schooler.

Mother's Horlicks

Mother's Horlicks is a superior nutritional supplement for pregnant and breastfeeding mothers. Specially designed with a unique combination of 26 essential nutrients known to help fill gaps in dietary intakes, improve birth weight of infant and improve the quality and quantity of breast milk. It also has choline which is important for the brain development of the foetus.



Glaxose-D: Extraordinary growth in 2016

One of the iconic brands of GSK CH BD- Mother's Horlicks has been revamped in August 2016 with a new attractive pack, designed keeping in mind the hi-science benefits of the brand. Keeping up with the tremendous growth momentum and consumer traction, Mother's Horlicks attained the highest ever sales in its history, during 2016, through our perseverance for serving the consumers better, and garnering trust from Doctors, consumers and retailers alike.



Mother's Horlicks: Momentum to the peak

One of the iconic brands of GSK CH BD- Mother's Horlicks has been revamped in August 2016 with a new attractive pack, designed keeping in mind the hi-science benefits of the brand. Keeping up with the tremendous growth momentum and consumer traction, Mother's Horlicks attained the highest ever sales in its history, during 2016, through our perseverance for serving the consumers better, and garnering trust from Doctors, consumers and retailers alike.



Sensodyne:

2016 has been a turning point for Sensodyne in Bangladesh, with the brand achieving the highest growth among the GSK Bangladesh Consumer Healthcare brands. Several new initiatives were undertaken to drive the brand across the country and promote the awareness of tooth sensitivity, which affects millions of lives.



PRODUCT INFORMATION

Vaccines



GSK is one of the global leaders hoisting the flag of preventive effort to tackle some of the deadliest diseases prevailing in the world today. GSK thrives in bringing in preventive medicines and ensures wide access of the medicines to individuals. Thus, GSK offers a wide range of vaccines which addresses wide span of human beings-from infants to adults. GSK Bangladesh leverages opportunities to carry out wide range of disease awareness programs to help individuals understand the burden of vaccine preventable diseases prevalent. GSK Bangladesh supplies different vaccines countrywide to help in reducing the disease burden. GSK Bangladesh has one of the most comprehensive vaccine solutions ranging from Hepatitis A & B, Cervical Cancer, Chickenpox, Measles, Mumps, Rubella, Rotaviral diarrhea, Pneumonia etc. The portfolio includes leading brands like Engerix, Rotarix, Cervarix, Synflorix, etc. In 2016, GSK has undergone integration with Novartis, acquiring Novartis' vaccine portfolio (except Influenza vaccine). This has enriched GSK's range of vaccines which will address more preventable diseases.

Antibiotics



GSK Antibiotics have a strong market share for many years in Bangladesh. GSK has a research brand in its portfolio, which not only makes it unique, also provides better quality for saving patients' lives. The emergence of new infectious disease and resistance of micro-organisms towards antibiotics are making it indispensable to be updated in technology and bring new changes to combat the challenges. The Anti-biotic portfolio of GSK currently showcases some powerful brands which HCPs can trust for quality. Zinnat is the foundation of the GSK Anti-infective Portfolio and will continue to treat thousands of patients by expanding access and offering a range of indications. Glaxipro and Cexime are also some few brands enriching the Antibiotics portfolio ensuring better health.

Respiratory Portfolio



Asthma and Chronic Obstructive Pulmonary Disease (COPD) have been encountered as two burning problems through which a lot of patients in Bangladesh suffers every year. These affect not only quality of life, also make their life miserable if are being uncontrolled for days after days. Every year many patients are entering into these group as a new cohort and it has been considered an utmost need to deliver a novel medicine for betterment of these patients. GSK being the pioneer in Asthma & COPD therapy brings Seretide which is considered for a unique treatment options among large group of patients in achieving asthma control and make their life easy with smooth breathing. Apart from Seretide, Seasonal & perennial allergic rhinitis are the usual problems where patient seek treatment care very frequently. GSK Avamys has been introduced with its good efficacy and sustainable results among Healthcare Professionals who may choose this drug to relieve sufferings of the patients with allergic rhinitis. Ventolin Evohaler is a well-accepted non-CFC treatment in Bangladesh. In anti-histaminic market, Piriton is still one of the top preference. For rhinitis, Beconase and Flixonase nasal spray are considered as gold standard therapy.

Dermatologicals

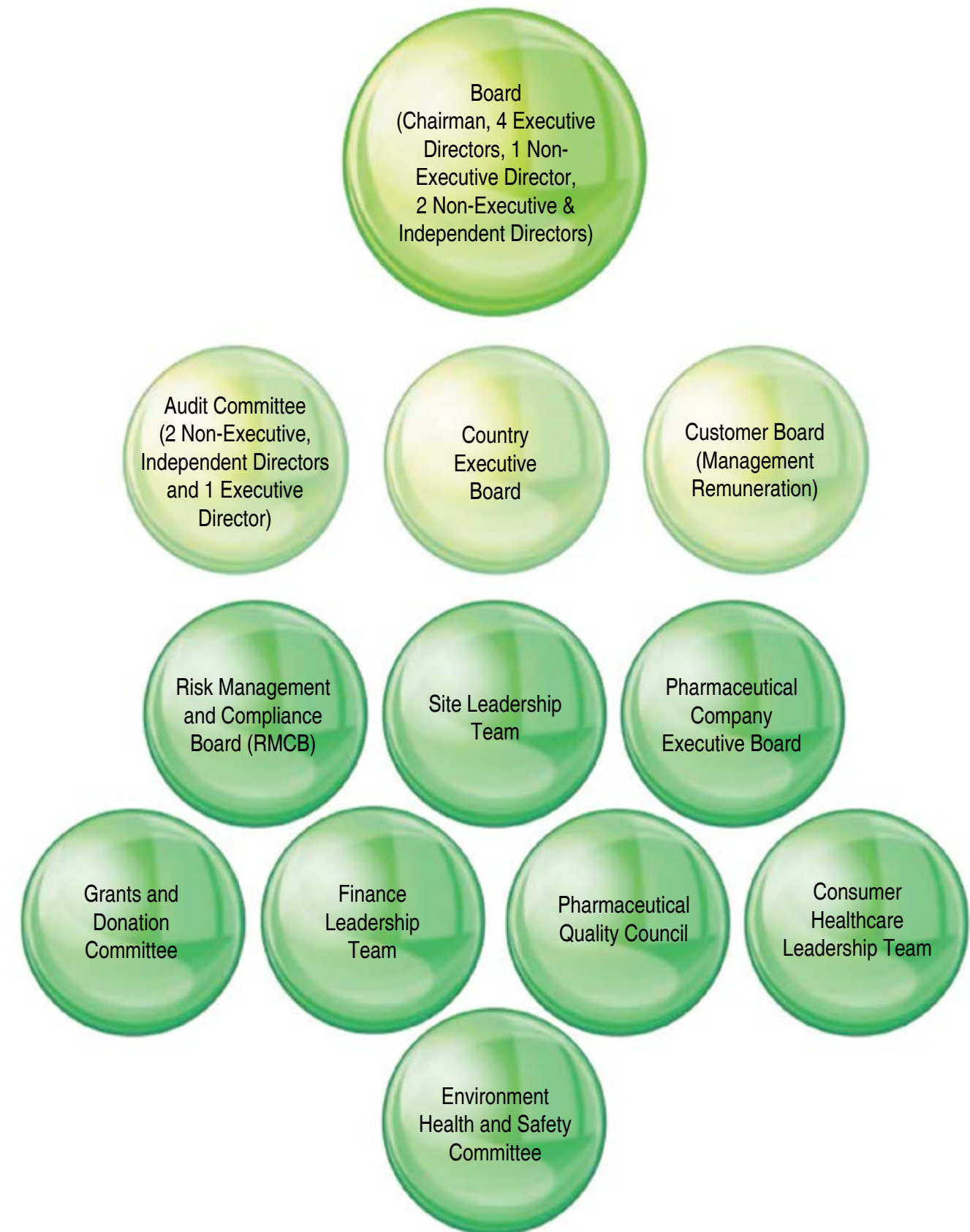


Derma is one of the prominent portfolio of GSK Bangladesh which contains both prescription and non-prescription skin care products. We have a clear mission to help more people discover and enjoy healthy skin, all over Bangladesh. Building on our long heritage of skincare excellence, we are proud of our innovation and determined to keep on exploring scientific solutions to skin conditions. Our prescription medicines include treatments for a wide range of skin conditions. We provide all types of skin management like eczema, psoriasis, bacterial and fungal infections. Dermovate, Betnovate, Cutivate, Eumovate, Bactroban, Fluvin OD, Grisovin FP are treated as reliable solutions in derma care. We offer a variety of skin health products over-the-counter. Daily skin care is a growing and important part of our business. As for all of our products, the driving force behind our innovation in Stiefel Consumer products is science and research. We offer Physiogel for dry and sensitive skin, SpectraBAN 60 as Sun Block cream, Acne Aid for oily and pimple prone skin and Oilatum for dry skin treatments.

CORPORATE GOVERNANCE FRAMEWORK

CORPORATE GOVERNANCE

- Corporate Governance Framework
- Report of Corporate Governance
- GSK Risk Management
- Internal Control Framework
- The Board of Directors
- Statement of Directors' Responsibility
- Report of Audit Committee
- Company Executive Committee (CEC)
- Consumer Healthcare Leadership Team



REPORT OF CORPORATE GOVERNANCE

Company's Philosophy of Governance

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligation to the stakeholders, and is guided by a strong emphasis of transparency, accountability and integrity. For several years, the Company has adopted a codified Corporate Governance Charter, which is in line with the best practice, as well as meets the relevant legal and regulatory requirements. All employees are bound by a code of conduct that sets forth the Company's policies on all important issues.

Corporate Governance Charter

The Board of Directors has adopted a Corporate Governance Charter which has been complied with throughout the year.

The purpose of this charter is to codify the Company's system of corporate governance so as to assist the top management of the Company in the efficient conduct of its business and in meeting its obligations to the shareholders.

The Charter Specifics

- The relationship with other Group Companies
- The role of the Board of Directors
- Responsibilities of the Managing Director
- Responsibilities of the Finance Director
- Responsibilities of the Company Secretary
- Important matters requiring the prior approval of the GlaxoSmithKline plc board or its committees
- Matters requiring prior approval of group central functions
- Important matters requiring approval of the Company's Board
- Control of expenditure
- Professional advisor

The Board

The Board consists of a non-executive Chairman, four executive directors, one non-executive director and two non-executive, independent directors. There is a clear division of responsibilities between the Chairman's functions and that of Managing Director. The Chairman is mainly responsible for chairing the Board Meeting as well as the Annual General Meeting. On the other hand, the Managing Director is responsible for implementing and coordinating the company's corporate and commercial programmes to achieve its business objectives. All directors have full and timely access to all relevant information and independent professional advice.

Role of the Board

The Board is responsible for the strategic direction, policies and overall management of the Company. It ensures that the Company's policies and activities conform to Mission, Key goals, Core values, Code of Conduct, Key strategies, Policies and Practices asset out in the statements of policies, safeguarding the assets of the Company and establishing an adequate as well as effective system of internal control.

The Board has authorized the formation of a number of committees in order to implement the stated policies and activities. The committees are: The Committee of Directors, Pension Fund Trustees; Provident Fund Trustees; and Company Executive Committee.

Frequency of Meetings

The Board meets at least once a quarter. The number of meetings that were held during the financial year ended 31st December, 2016 was 5.

Management and Conduct

The Board supports good Corporate Governance based on generally accepted framework. Compliance with statues governing the industry is of great importance to maintain the reputation of the Company. Key staff have been appointed and given specific responsibility to ensure compliance.

Independence in decision without conflict of interest is considered important in discharging stewardship function of the Board of Directors. The company therefore follows a stringent policy which prohibits any financial accommodation to directors. Also, the directors are required to make a declaration of their interest in any contract with the Company. These measures ensure that any conflict of interest does not arise.

Audit Committee

The Audit Committee reviews the financial and internal reporting process, the system of internal controls, the management of risks, and the external and internal audit process. The committee also proposes to shareholders the appointment of the external auditors and is directly responsible for their remuneration and oversight of their work. The majority of the members of the audit committee are non-executive directors of the Company, headed by a non-executive independent director.

GSK RISK MANAGEMENT

We are committed to conducting business in accordance with all applicable laws and regulations and in a manner that is consistent with our values. We have an established risk management framework to address operational, legal and compliance risk; both those inherent to the nature of our business and those specific to our strategic ambitions. Risk management, coupled with our internal control framework helps us maintain our focus on product quality, safety and sustainability.

Company policies, standards and internal controls, together with our company values underpin our approach to risk management. We are committed to being a responsible, values-based business and our leaders are responsible for embedding this into our culture, decision making and how we work. Ensuring product quality, safety and sustainability are fundamental to our business model.

At GSK Bangladesh, Risk is defined as "a potential event that creates uncertainty or could adversely affect the expected achievement of our business objectives". Our Risk Management is a 5 step process of proactively identifying, assessing and implementing appropriate risk treatment to manage risks. Risks are seldom avoided and without a certain level of appropriate risk taking, GSK is unable to create shareholder value.



Employees are accountable for working to established standards and for identifying and escalating encountered risks so that they can be appropriately managed. GSK Bangladesh has comprehensive learning programmes to ensure employees are suitably trained including mandatory training on the GSK Code of Conduct and Anti-Bribery and Corruption policies.

Overview of Risk Governance Forums



As an UK based organization, the UK Corporate Governance Code requires companies to implement integrated risk management and internal controls that identify and manage significant risks that might have a material impact on its financial performance.

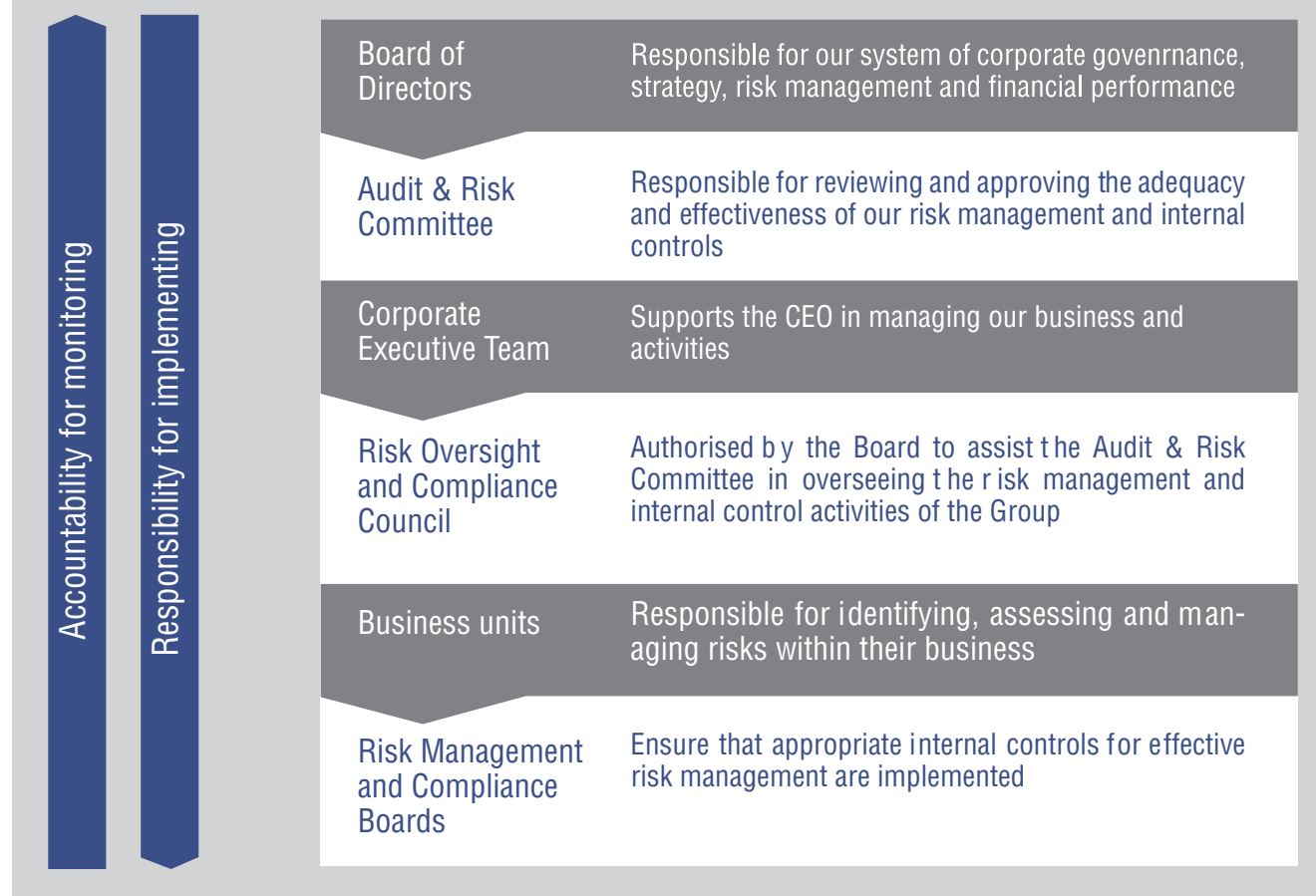
The GSK Bangladesh Board of Directors has delegated accountability to its Audit Committee for assessing the effectiveness of management controls for significant legal, operational or compliance risks facing the Group. External issues concerning corporate responsibility could potentially have a serious impact on the reputation of GSK Bangladesh.

The Corporate Executive Team (CET) has operational accountability for maintaining effective management controls. Each year, CET reviews the risks facing the Group and agrees the Principal Risks that present a significant legal, operational or compliance risk to the Group. The CET also designate individuals responsible for developing and maintaining Enterprise Risk Strategies for certain Principal Risks that have a widespread impact across the Group.

Bangladesh business Units and Global Support Functions are responsible for executing corporate policies; ensuring robust internal control frameworks are being maintained and significant risks are adequately mitigated. Bangladesh Risk Management & Compliance Boards (RMCBs) exist within each Business Unit and Global Support Function to review and take action to ensure Principal Risks are being adequately addressed in line with applicable Enterprise Risk Strategies.

Country Executive Boards (CEBs) provide a means for different GSK business units operating in the country to manage the Principal Risks, which impact more than one business unit, from a country perspective. CEBs should ensure country-specific risks are identified and addressed. Some of the Principal Risks have a cross-Group forum to oversee and help coordinate risk management and controls across the Group (e.g., GSK Bangladesh Quality Council for Product Quality, GSK Bangladesh Medical Governance Committee, GSK Bangladesh Pricing Committee and Procurement Committee).

Figure 1 : Governance structure of risk management



One Country Executive Board in GSK Bangladesh

We have identified an opportunity to ensure oversight and governance where there is more than one business or operating unit in a country. Country Executive Boards (CEB) is being established to discuss operational and legal risk. We believe this is a great forum to also discuss Compliance risks. CEB helps GSK Bangladesh to better realize efficiencies, coordinate implementation of priority programmes, build reputation and effectively manage communications with external stakeholders. The CEB is a forum to create opportunity and manage operational, legal and compliance risks for GSK.

In Bangladesh, the Board is chaired by the Managing Director, GSK Pharmaceuticals and the other members are the General Manager of GSK Consumer Healthcare; Site Director of Bangladesh Manufacturing site; respective Finance Directors; Head of Legal and distinguished representatives from the following functions of the company: Communications, HR, Regulatory, Medical, Compliance and IT.

The Board sits thrice a year to ensure oversight and strategic coordination between the different GSK business units and sites in Bangladesh and Manages GSK's Principal Risks and any Bangladesh specific risks, which impact more than one business unit. It also formulates strategy, implements plans and monitors progress on joint enterprise initiatives e.g., sales compensation, recruitment and talent development and the global programme to evolve sales and marketing practices and monitors the external environment to inform strategy and identify environmental risk. The board also coordinates internal and external communications so we present one culture and voice externally for GSK Bangladesh; manages external stakeholders, e.g., government, media, regulatory more effectively and discusses and takes actions on opportunities and issues of common interest across businesses while maintaining adequate oversight to facilitate the achievement of agreed solutions.

GSK Enterprise Risks

Each year, the Corporate Executive Team (CET) reviews the risks facing the Group and agrees on a list of most significant risks – referred to as Enterprise Risks – that require particular attention from a Group perspective, including those that could cause our actual results to differ materially from expected and historical results.

A summary of our Enterprise Risks is set out below to the right of the GSK Enterprise Risk List.

Enterprise Risk	Risk Definition
Patient safety	Failure to appropriately collect, review, follow up, or report adverse events from all potential sources, and to act on any relevant findings in a timely manner.
Intellectual Property	Failure to appropriately secure and protect intellectual property rights.
Product Quality	Failure to comply with current Good Manufacturing Practices or inadequate controls and governance of quality.
Financial Control and Reporting	Failure to comply with current tax law or incurring significant losses due to treasury activities; failure to report accurate financial information in compliance with accounting standards and applicable legislation; failure to maintain adequate governance and oversight over third-party relationships.
Anti-Bribery and Corruption	Failure to comply with applicable local and international ABAC legislation.
Commercialisation	Failure to execute business strategies, or manage competitive opportunities or threats effectively and in accordance with the letter and spirit of legal, industry and, or Company requirements.
Research Practices	Failure to adequately conduct ethical and sound pre-clinical and clinical research. In addition, failure to engage in scientific activities that are consistent with the letter and spirit of the law, industry, or the Group's requirements.
Environment, Health & Safety and Sustainability	Failure to manage EHSS risks in line with our objectives and policies and with relevant laws and regulations.
Information Protection	Failure to protect and maintain access to critical or sensitive computer systems or information.
Crisis and Continuity Management	Failure to deliver a continuous supply of compliant finished product; inability to recover and sustain critical operations, including key supply chains, following a disruption or to respond to a crisis incident in a timely manner.

INTERNAL CONTROL FRAMEWORK

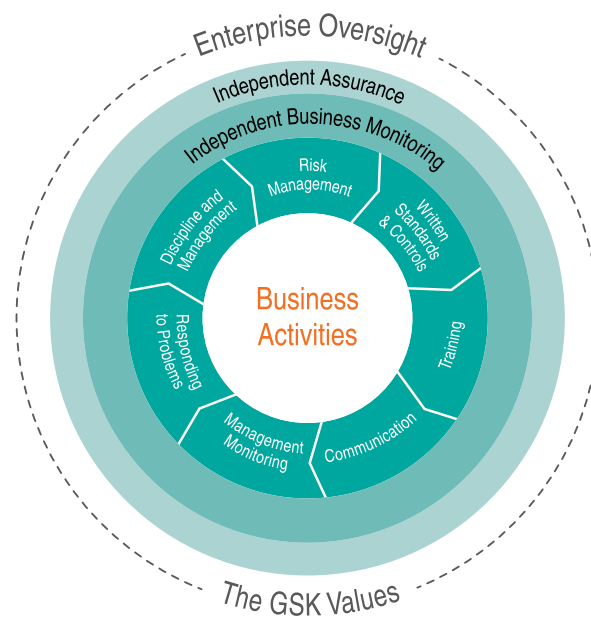
We are committed to having effective risk management systems (including frameworks and processes), to ensure that the significant risks we face have been appropriately identified, assessed, treated, monitored and reported. This is an integral part of good management practice and will help us to protect patient safety, people, the environment, company assets and reputation and also achieve our business objectives, safeguard shareholder investment and ensure we comply with legal requirements.

To make people Do More, Feel Better and Live Longer, we need to have great products that successfully meet the needs of patients and consumers throughout the world. However, to grow and sustain our business and to protect our reputation, we depend on the success of many Business Activities.

GSK Bangladesh internal control framework defines the essential elements expected of our compliance and risk management programmes. GSK gains competitive advantage when the controls required to mitigate risks are clearly defined and simple to implement. Our internal control framework drives:

- ♦ Common language
- ♦ Decrease in variability
- ♦ Reduction of failures in execution
- ♦ Reduction of rework
- ♦ Reduction of internal and external audit observations
- ♦ Improvements in the processes used to deliver products and services
- ♦ Confidence that risks are effectively managed

A fit-for-purpose internal control framework, in conjunction with embedding the GSK Values and our Speak-up Campaign, ensures that the GSK Principal Risks are actively and effectively controlled. The Enterprise Risk Strategies being developed for certain Principal Risks will also leverage the GSK Internal Control Framework when assessing the adequacy of existing control framework for their respective topic from an overall GSK perspective. Control Frameworks enable us to develop our systems of internal control in a structured and effective way. They ensure that we operate within applicable legislation and enhance our ability to deliver our strategic aims and adapt to the evolving nature of our business environment.



- Key**
- Individual Accountability
 - Line Management Accountability with Compliance
 - Business Management Accountability with Compliance
 - Audit & Assurance

By deploying a common Control Framework across GSK, we achieve a level of clarity and confidence that all necessary aspects of internal control are adequately managed and facilitate effective oversight.

1. Enterprise Oversight

Risk and Oversight Committees

Because we are a large and complex business, we need to approach management oversight in an organized and systematic way. This ensures we can confirm that all relevant parts of the Control Framework are either up to standard, or identify areas that need improvement. We have a Risk Management Compliance Board. GSK Expectations provide clear statements of how all employees must perform their jobs and deliver their performance objectives in order to drive success. They represent guides for delivering effective business and personal performance. They are not a menu of specific performance objectives. The organisation is designed to provide clear accountability for planning, executing and controlling our business activities in order to meet our objectives.

- ♦ The Board of Directors delegates operational responsibility to senior management.
- ♦ Delegation ensures individual business activities are adequately defined and managed by people with the appropriate expertise.
- ♦ Delegation only occurs to the extent necessary to achieve our business objectives.
- ♦ Duties are segregated in order to prevent inappropriate decision-making for key areas of risk.
- ♦ Putting in place an appropriate level of resource for the activity being undertaken.

As the first line of defense, the Business Activity is designed for success by taking account of key requirements such as standards, resources, capability or accountability. The Business Activity may also have certain in-process controls which ensure it delivers its desired output correctly the very first time. These activities, correctly executed each time, forms the basis of Management Assurance.

2. Risk Assessment

At GSK Bangladesh, Risk assessment is a pre-requisite for establishing a reference point for controls. It identifies all reasonable areas of scope and then assesses the impact and likelihood of potential risks. In turn, the Control Framework can provide focus on the greatest threats, while still providing a breadth of monitoring. Without a risk assessment activity, it is not possible to demonstrate whether the Control Framework has the correct focus. In acknowledgement of the pre-existence of controls, the controls pertaining to activities assessed as presenting a 'gross' risk should be used to determine a 'net' risk position. This aids determining whether enhancements to the control environment are required.

3. Written Standards

Written Standards are formal Company policies, standard operation procedures, and guidelines (collectively called 'control documents') that communicate the ideas, rules and expectations of GSK Bangladesh. Strong control documents can reduce risk, ensure accountability, and enforce compliance in business operations. Policy documents are strategic, high level, written statements that set out mandatory principles for business activities within GSK. They are supported by related standard operating procedures and guidance (mandatory procedures and standards and non-mandatory 'ways of working' guidelines) that show the practical 'how', 'what' and 'why' of implementing business activities dictated by policy.

4. Training

At GSK Bangladesh, all staff must operate competently in whatever activity they undertake. For each activity, the basic training requirements need to be identified. Key process controls should not be assigned to people who do not have the required training. Training may be simple first-time instructions or may require evidence of comprehension. For some activities, a professional qualification or specific experience may be required. People should be trained not just in what is not acceptable, but also how to identify and mitigate risks that arise when performing their role.

We ensure such training which is proportionate to control the risks associated with the business activity. Training programmes and materials are designed to take into account the skills, experience and knowledge of the audience. GSK retains adequate records of its training of employees. Participation in training programmes is made a condition of continued employment and failure to comply with mandatory training requirements result in disciplinary action. Adherence to the training requirements as well as other provisions of the Internal Control Framework is a factor in the annual evaluation of each employee. Training is periodically reviewed, especially following changes to relevant key controls.

5. Communication

The importance of the Control Framework needs to be effectively communicated so that everybody understands the importance of their role and how it contributes to the GSK Bangladesh wide framework. Managers need to be able to articulate to their teams the importance of each part of the framework in a relevant and engaging way aligned to our Values and encourage a Speak-up culture. Managers must also implement a process to receive complaints or questions and protect whistleblowers from retaliation.

We ensure regular communication of the importance and accountability for elements in the internal control framework. Where failure of control occurs, the lessons learned are communicated to prevent re-occurrence.

The Speak-up Programme enables staff to confidentially raise concerns for investigation and provides communications forums for supporting both upward and downward communication through the organisation.

6. Management Monitoring

At GSK Bangladesh, local managers are accountable for the controls in their area. Self-inspection is an ongoing process of assessing that the controls are in place and in use. The self-inspection process may involve a workplace inspection, a checklist, a review of data or observation of tasks.

They are also responsible for ensuring that processes within this local team or office are being followed properly; are fit for purpose and are providing the expected degree of control. All staff members know what is expected of them. GSK Bangladesh management has a complete and up-to-date awareness of the state of control. The information should be used to continuously improve the control of the business activity.

7. Responding to Problems

Failures and problems offer an important opportunity for learning and improvement. By understanding and correcting the root cause, they should not recur and thus the overall control framework is strengthened. Deliberate violation of policy, law or ethical codes threaten the Company's reputation and these need to be investigated.

Detected issues that are not properly addressed can result in a range of undesirable outcomes, including reputational and/or legal risks, as well as fines and penalties. As a result, it is imperative that managers have a process in place to investigate items on a timely basis to establish if a violation has occurred. Additionally, investigative activities should be thoroughly designed to ensure that the root cause of the problem is determined. If the investigation concludes that a violation has occurred, an appropriate action plan should be put in place to remediate the issue.

8. Discipline & Enforcement

Discipline and enforcement generally refers to undertaking appropriate and consistent disciplinary actions across the Company for violations of policy or Code of Conduct. Intentional breach of policy or failure to operate within our Values or the Code of Conduct results in robust disciplinary action.

At GSK Bangladesh, we have clear disciplinary policies that define the consequences for violating our operational or ethical standards. There is a rigorous framework for handling allegations and investigations in a manner that ensures that discipline is applied fairly and appropriately and has the desired deterrent effect.

Breaches are reported through the governance process where trends are monitored and as necessary, wider actions are taken across the business. We ensure that the appropriate disciplinary procedure is implemented when there has been intentional breach of policy or failure to operate within our Values or the Code of Conduct. As far as possible, disciplinary actions should be undertaken on a consistent basis.

9. Independent Business Monitoring

Independent business monitoring involves managers conducting regular reviews of activities, data, exceptions and deviations in order to continuously improve their operations and quality. This review gives the leadership objective evidence that the overall set of controls are effective, based on an understanding of current information. This activity is performed by a person or group, independent of the activity being monitored.

10. Independent Assurance

Independent Assurance is provided solely by the Internal Audit function (Audit and Assurance) - GSK's global audit team. No other GSK organisation has the charter to provide this. Internal Audit provides assurance across GSK, covering all of the Principal Risks. The focus of this line of defense is not a detailed verification of compliance but an overall assessment of management effectiveness at risk identification and mitigation.

It also assesses the overall effectiveness of the local control framework. In order to ensure its independence, the Internal Audit function reports both to the non-Executive Chair of the GSK Audit and Risk Committee as well as to the CET Head of Governance, Ethics and Assurance.

We use a common methodology that meets the external requirements of the Institute of Internal Audit. The IIA Professional Practices Framework assures the design and delivery of each audit and also enables sound and repeatable conclusions to be drawn from the audit. There is an expectation that the auditee will be fully transparent in the audit process. Our Internal Audit develops an annual Assurance Strategy which outlines its areas of focus for the forthcoming year; taking into account business risks and emerging themes from audits. Each year, GSK as a group publishes a schedule of audits from our UK Head Quarter that provides the coverer of all key risks in each of our Business Units

THE BOARD OF DIRECTORS



David Pritchard
Chairman

David Pritchard was appointed as the Chairman of GSK Bangladesh Board on 20th July, 2016. David has had an illustrious career with GSK for over 28 years. After graduating from Leeds University in Biochemistry and Microbiology, David joined GSK plc in 1988. Prior to his current role as Vice President & Area Head, Africa & Developing Countries; David was Vice President & Head, International Region, of ViiV Healthcare, a global specialist HIV company, and a joint venture of GSK and Pfizer set up to deliver advances in treatment and care for people living with HIV. During his diverse roles within the company, David has led GSK with tremendous commercial success in various capacities as VP & General Manager, South Africa; Area General Manager, DMEA (Developing Markets Eurasia) and General Manager, GSK Ukraine. David currently holds the position of Vice President & Area Head, Africa & Developing Countries.



Erum Shakir Rahim
Managing Director

Erum Shakir Rahim was inducted in the GSK Bangladesh Board in November, 2015. Prior to this role she was the General Manager of GSK Pharmaceuticals, Malaysia & Brunei and member of the GSK Asia Pacific Leadership Team. She holds a Master's degree in Mass Communication from University of Karachi. Ms. Erum began her career in journalism and advertising in Pakistan's leading agency Atelier BM Pakistan and The News International. She later moved to the Pharmaceutical Industry and joined SmithKline Beecham Pakistan in Product Management. After the merger of the Company in 2000 to GSK, she led 3 marketing groups of the 3 merged companies. In 2006 she became the Director Marketing and Business Development of GSK, Pakistan, Iran and Afghanistan. Ms Erum was a Member, Board of Directors, PhAMA Malaysia; Co chair PhAMA Ethics Committee; Member GSK Pakistan; Board of Directors, Member Overseas Chamber Committee on Trade Pakistan; Trustee Concern for Children Pakistan, etc. She was also awarded Presidents' Award for Synflorix inclusion in GAVI in 2013.



Rajib Barua
Site Director

Rajib Barua joined GSK on January, 2009 and assumed the position of Site Director from March, 2009. He was inducted to the GSK Bangladesh Board in August, 2010.

Having spent 16 years in Unilever Bangladesh Limited in various management positions at their Chittagong operations, his last position at Unilever was General Manager, Factory, having operational responsibility of the Chittagong based operations of Unilever. Rajib is a certified Food Quality Assurance (FQA) Auditor & TPM Instructor of Unilever. Prior to Unilever, he worked with Sonar Cotton Mills Bangladesh Limited, one of the export oriented joint venture textile factories. Rajib graduated from Maulana Azad College of Technology, Bhopal, India as Mechanical Engineer and is currently a Fellow of the Institution of Engineers' Bangladesh.



G. Venkatramani
General Manager, Consumer Healthcare

G. Venkatramani joined GSK Consumer Health, India in 2008, as General Manager for South India. Subsequently, he was appointed as General Manager of Bangladesh, Myanmar and Nepal in April, 2014. He was inducted in the Board in April, 2014. Prior to joining GSK, he worked in Nestle, Gillette and Procter & Gamble. His work over 30 years and more, in the Sales and Brand Management sectors in different parts of India and Singapore has earned him a diverse experience. He is a Post Graduate in Economics from Loyola College.



Zinnia Tanzina Huq
Finance Director & Company Secretary

Zinnia Tanzina Huq joined GSK Bangladesh Limited in August, 2014 as Finance Director-Designate and was subsequently appointed as Finance Director on 1st November, 2014. She has 16 years of experience as a finance professional in progressive leadership roles. Prior to joining GSK, she worked with British American Tobacco in Bangladesh. She further worked in British American Tobacco, Singapore Supply Hub as the Finance Lead for various market projects. She is a qualified accountant from Chartered Institute of Management Accountants, UK and is also a member of Institute of Cost and Management Accountants of Bangladesh and Institute of Internal Auditors- Bangladesh. She is a business graduate from Institute of Business Administration (IBA), University of Dhaka.



Masud Khan
Non-Executive Director

Masud Khan joined the GSK Board on April, 2013. He is currently the Finance Director of Lafarge Surma Cement Limited (a cross border joint venture project by Lafarge of France and Cementos Molins of Spain). With 33 years of work experience, this seasoned professional has worked in increasingly higher responsibility in the fields of finance, audit and ERP implementation in leading multinational companies in Bangladesh including British American Tobacco Limited and James Finlay. His long work experience also includes working abroad at Monrovia Tobacco Corporation, Liberia and Price Waterhouse & Co., Kolkata, India. He did his Bachelor of Commerce from University of Kolkata, India and qualified both as Chartered and Cost Accountant from Indian Institute with distinction.



Md. Iftikhar-Uz-Zaman
Non-Executive Director

Md. Iftikhar-Uz-Zaman was inducted in the GSK Bangladesh Board in February, 2016. He assumed the position of Managing Director of Investment Corporation of Bangladesh in February, 2016. His successful career spans over 32 years with important positions at different banks and financial organisations. Prior to his current position, he served as Deputy Managing Director of Janata Bank Ltd. and ICB. Before that he was General Manager of ICB.

Mr. Md. Iftikhar-Uz-Zaman also sits as Director of various companies including British American Tobacco Bangladesh Co. Ltd., Linde Bangladesh Limited, Renata Limited, Credit Rating Agency of Bangladesh Ltd., Standard Bank Limited, National Tea Company Limited, etc.

Mr. Md. Iftikhar-Uz-Zaman obtained B.A (Hons.) and M.A. in Statistics from University of Rajshahi. During his career he attended a number of training programmes on different Capital Market issues at home & abroad.



Md. Mesbahul Hoque
Non-Executive Director

Md. Mesbahul Hoque was inducted in the GSK Bangladesh Board in October, 2015. He did his graduation in Pharmacy from Punjab University, Pakistan. He also holds a MBA degree from the Institute of Business Administration, Dhaka University.

Md. Mesbahul Hoque started his career in country's pharmaceutical sector in 1969 by joining May & Baker (UK) Ltd. presently known as Aventis (BD) Ltd. He was the Managing Director of Therapeutics (BD) Limited from 1996 to 2012. He also worked as Director Operations of Libra Infusions Ltd. and Marketing Director of Sanofi Bangladesh Ltd. (Rhone-Poulenc). Currently, he is an Independent Director of AB Bank Limited; an active member of Bangladesh Pharmaceuticals Society and the former Chairman of Reptiles Farm Ltd., (first crocodile captive breeding farm in Bangladesh).

STATEMENT OF DIRECTORS' RESPONSIBILITY

Directors' statement of responsibility in relation to the financial statements

The Directors are:

- responsible for ensuring the maintenance of proper accounting records, which disclose with reasonable accuracy the financial position of the Company at any time and from which financial statements can be prepared to comply with the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and the Listing Regulations of the Dhaka Stock Exchange Limited 1996;
- required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period;
- responsible also for ensuring the operation of systems of internal control and for taking reasonable steps to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities;

The financial statements for the year ended 31 December 2016, comprising principal financial statements and supporting notes are set out in this report.

The Directors confirm that suitable accounting policies have been consistently applied in the preparation of financial statements, supported by reasonable and prudent judgments and estimates as necessary; applicable accounting standards have been followed, and the financial statements have been prepared on the going concern basis.

The responsibilities of the auditors in relation to the financial statements are set out in the independent auditor's report signed by the auditor and included in this report on page 72.

The financial statements for the year ended 31 December 2016 are included in the Annual Report 2016, which is published by the Company in hard-copy printed form and made available on the company's website.

Management Remuneration

Human Resources policies & compensation reviews are guided through the "Customer Board". The Managing Director heads the Customer Board with members from finance, manufacturing, consumer healthcare and human resources. The Customer Board provides guidelines for annual increment, promotion and standard of remuneration in line with budget provisions.

Annual appraisal of all employees' performance is made in accordance with the Company's established policy. Annual remuneration adjustments are performed through a system of 1+1 review (Manager recommends & Manager's Manager approves). The above country management approves the remuneration of Managing Director, Executive Directors and Senior Managers.

Going Concern

The Directors have a reasonable expectation, through internal and external assessment, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal Control

The Board, through the Audit Committee, has reviewed the assessment of risks and internal control framework that operates in GlaxoSmithKline Bangladesh Limited and has considered the effectiveness of the system of internal control in operation in the Company for the year covered by this report and up to the date of its approval by the Board of Directors.

Annual Report

The Annual Report for the year ended 31 December 2016, comprising the Report of Directors and the Financial Statements, has been approved by the Board of Directors in its meeting dated 13th March 2016.

REPORT OF AUDIT COMMITTEE

For the year ended 31 December, 2016



The Audit Committee, appointed by and responsible to the Board of Directors of GlaxoSmithKline Bangladesh Ltd., is constituted according to the internal control framework of the Company policy and as per conditions of the Bangladesh Securities and Exchange Commission's (BSEC) guidelines. The Committee comprises of three members, of whom 2 are non-executive directors. The Chairman of the Committee is appointed by the Board of Directors and is a non-executive independent director. The Company Secretary functions as the Secretary of the Committee. Meetings of the Committee are attended by the Finance Director, Head of Internal Audit and the External Auditors on invitation. All members of the Committee are financially literate and able to interpret financial statements and assess the adequacy of the internal control processes.

The terms of reference of the Audit Committee has been determined by the Board in accordance with the Audit Committee Charter.

Role of the Committee

The Audit Committee's role flows directly from the Boards oversight function and it is authorized by the Board to investigate any activity within its terms of reference. The Committee reports regularly to the Board on the performance of the activities it has been assigned. The Committee's main responsibilities include:

- Reviewing the form and content and monitoring the integrity of the company's financial statements;
- Monitoring and reviewing the arrangements for ensuring the objectivity and effectiveness of the external and internal audit functions;
- Recommending to the Board the appointment, reappointment or removal of the external auditors.
- Reviewing the adequacy and effectiveness of the company's internal controls and risk management

system;

- Reviewing and monitoring the company's ethical standard, procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities;
- Performing other activities as requested by the Board of Directors.

Meetings and Attendance

In the year 2016, the Audit Committee met four times. The details of attendance of each member of the Audit Committee meetings in 2016 are as follows:

Audit Committee Members	Category	Number of meetings held	Meetings attended
Mr. Masud Khan FCA	Independent Non-Executive Director (Chairman)	4	4
Mr. Md Iftikhar-uz-zaman	Non-Executive Director	4	4
Ms. Erum Shakir Rahim	Managing Director	4	2

Ms. Zinnia Tanzina Huq, Company Secretary, attended all the meetings to act as the Secretary of the Audit Committee. She also attended the meeting as the Finance Director of the Company to give clarifications on all financial matters.

Other invitees to the meetings are the External Auditors, who have attended one meeting and Manager, Internal Audit who has attended all meetings of the year.

Activities carried out during the year

In accordance with the “Audit Committee Charter”, governed by the BSEC notification on Corporate Governance, the Audit Committee carried out its duties to work upon areas that were raised for consideration and discussed to evaluate issues related to key events of annual financial reporting cycle.

During the year 2016, the Audit Committee carried out the following activities:

1. Financial Reporting Assurance

- Reviewed the quarterly and annual financial statements of the Company, in light of the financial performance of the Company.
- Assessed the external auditors report on all critical accounting policies, significant judgment and practices used by the company in producing the financial statements.

2. Internal Control and Risk Management Process

- Reviewed the GSK internal control framework.
- Appraised on the Bangladesh risk management framework.
- Assessed the management process of investigations.

3. Internal Audit

- Assessed and endorsed the annual internal audit plan 2016 in accordance with the annual objectives and risks of the Company.
- Reviewed all findings of the internal audit function and monitored the corresponding management actions to improve the controls.

4. External Audit

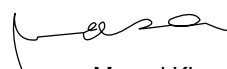
- Reviewed the scope of the services to be provided by the external auditors and did not approve any non-audit services to the external auditors.
- Reviewed the external auditors’ findings of observation and the management’s response thereto and is satisfied that the external auditors remain independent and that appropriate action is being taken on time.

The committee is of the opinion that adequate controls, procedures and risk management are in place to provide reasonable assurance that the company’s assets are

safeguarded and that the financial position of the company is adequately managed.

The Audit Committee recommended to the Board of Directors that Messrs ACNABIN Chartered Accountants be appointed as auditor for the financial year ending on December 31, 2017 subject to the approval of the members at the 44th Annual General Meeting of the Company.

On behalf of the Audit Committee



Masud Khan
Chairman
Audit Committee

COMPANY EXECUTIVE COMMITTEE (CEC)

The Pharma management of the Company is executed through the Company’s Executive Committee comprising the Managing Director and the Leadership Team Members



Erum Shakir Rahim
Managing Director

As Managing Director, Erum is responsible for overall management of the Company. She oversees all operational aspects including policies, objectives, initiatives and compliance. She also directs the long term strategy for the Company. Erum joined the GSK Bangladesh Team in January, 2016. Prior to her role in Bangladesh, she was the General Manager of GSK Pharmaceuticals, Malaysia & Brunei.



Zinnia Tanzina Huq
Finance Director & Company Secretary

As Head of Finance functions and Company Secretary, Zinnia is responsible for activities involving financial reporting and control, tax and treasury, investor relations, finance system, internal audit, information technology and other corporate affairs. She joined GSK Bangladesh Limited in August, 2014 as Finance Director-Designate and was subsequently appointed as Finance Director on 1st November, 2014.



Rajib Barua
Site Director

Rajib Barua joined GSK on January, 2009 and assumed the position of Site Director from March, 2009. As the Site Director, Rajib is responsible for all manufacturing related operations of the Company. In order to ensure patient safety, he overlooks the supply chain of all local manufacturing and supervises quality control & safety of production. Rajib is a Mechanical Engineer and is currently a Fellow of the Institution of Engineers’ Bangladesh.



Noor Mohammad
Director, Human Resources

Noor joined the GSK team in October, 2015 as the Designate Director, Human Resources. He assumed the position of Director HR from January, 2016. Post his BBA from University of Madras and MBA from North South; he started his career in New Zealand Dairy Milk Bangladesh Limited as an HR Professional. Prior to joining GSK, he worked for Airtel, Nokia, Fonterra Brands PTE Ltd., Singapore and Saudi New Zealand Milk Products Co. Ltd. As the Director HR, Noor is responsible for the overall development of Human Resources, which include HR strategies, employee relationship, performance management, etc., across all the business units of GSK Bangladesh which include Pharma, Consumer and GMS.



Dr. Md. Mahbubur Rahman
Director, Clinical R&D and Medical Affairs

As Head of Medical, Mahbub is responsible for management of medical department, medical governance oversight for Vaccines and Pharma products marketed in Bangladesh, Pharma and Biological clinical trials and Pharmacovigilance activities for marketed and investigational products. He completed MBBS from Sher-e-Bangla Medical College and did post-graduation in Master of Public Health (MPH) with major in Epidemiology from State University of Dhaka. Before joining GSK in 2011, he has worked in a variety of clinical & commercial roles in organisations such as BRAC, Square Pharmaceuticals and Novo Nordisk.



Nakibur Rahman
Marketing Director

M Nakibur Rahman was appointed as Marketing Director in November 2016. Before his current role, Nakib held the position of Head of Commercial Excellence. As Marketing Director, he is responsible for both Pharma & Vaccines marketing as well as for Commercial Excellence to drive effectiveness and capability building for the entire Marketing and Sales unit. Prior to joining GSK as Business Development & Strategic Projects Manager in 2013, he has worked with leading local and global pharma companies like Beximco, Square and Novartis (Sandoz) in various capacities. Mr. Nakib holds a post-graduation in Pharmacy with specialization in Clinical Pharmacy & Pharmacology from the University of Dhaka and also an MBA degree from the Institute of Business Administration (IBA).



Moynul Islam
Sales Director

Moynul Islam has been appointed as the Sales Director Pharma in November, 2016. In his new role, Moynul is responsible for all Pharma Sales. He is leading the team to ensure successful launches, grow key products, embed New Ways of Working and on capability and talent development across sales. Moynul joined the Company in 1983 as a Sales Representative and in the last 33 years worked in different capacities in Sales and Marketing. Moynul was also a key contributor in familiarizing Vaccines in the market as the Vaccines Manager. He has been successfully leading the Pharma Sales team as the National Sales Manager since 2010. He holds an MBA degree from American International University of Bangladesh.



Mohammad Mahmudul Kabir
Head of Vaccines

Mohammad Mahmudul Kabir has been appointed as the Head of Vaccines in November, 2016. In his new role, Kabir is responsible for EPI/Public and private market vaccine sales and focusing on capturing higher market share and revenue. Kabir joined GSK Bangladesh in February 2014 with the Vaccines Commercial Team and held the position of Business Development Manager, Vaccines, prior to his current role. He was instrumental in the growth and expansion of the Vaccines portfolio in the Private and Public Market and won the "Africa DC Asia Leadership Excellence Award" in 2015 for his role in creating Cervical Cancer awareness campaign. Prior to GSK, Kabir worked in Novo Nordisk, Novartis and Aristopharma in various capacities. Kabir is a Medical graduate from Bangladesh Medical College and Hospital, Dhaka.



Rumana Ahmed
Head of Communications

As Head of Communications, Rumana is responsible for all Internal & External Communications of the Company. She also leads all CSR related activities which include global initiatives e.g., 20% re-investment of profit to build healthcare infrastructure, etc. She completed her Masters from Dhaka University in English Literature. Prior to joining GSK in 2008, Rumana worked in a number of brand and corporate communication roles in renowned local and multinational organizations such as Social Marketing Company, Grey Worldwide, US Peace Corps, Asiatic MCL, Bitopi Leo Burnett, etc.

CONSUMER HEALTHCARE LEADERSHIP TEAM



S. O. M. Rashedul Quayum
Head of Legal & Government Affairs

S.O.M. Rashedul Quayum joined the GSK Leadership Team as Head of Legal & Government Affairs in October, 2016. He is responsible for all legal and corporate affairs related issues and provide strategic and legal advice in all matters of the Pharmaceutical business and Chittagong factory.

Rashedul comes with more than 16 years' experience, working for leading multinational company's/ law firms such as Novartis, British American Tobacco and A.F. Hassan Ariff & Associates. He is a Barrister-at-Law from the honorable society of Lincoln's Inn U.K. and enrolled as an Advocate of the Supreme Court of Bangladesh. He has completed his LLB (Hons) and Postgraduate Diploma in Law from University of Northumbria, U. K. and holds a MBA degree from North South University. In his last job he held the position of Country Head of Legal & Compliance of Novartis Bangladesh Limited.



Ferdous Noyem Khan
Head of Ethics & Compliance

Md. Ferdous Noyem Khan joined GSK Bangladesh Limited in October, 2012 as Risk & Compliance Manager. He has recently been promoted as Head of Ethics & Compliance and is a member of Pharmaceutical Leadership Team. He has more than 13 years of experience in Risk Management, Compliance, Internal Control and Corporate Investigations. Prior to joining GSK, he worked for the Hong Kong and Shanghai Banking Corporation Limited (HSBC) as Fraud Risk Manager for HSBC Asia Pacific Risk Management team. He is responsible for leading GSK ethics and compliance programme; help business to manage risks and support Risk Management Compliance Board. Ferdous has completed both of his Bachelor and Masters of Business Administration from BRAC University, Dhaka, Bangladesh.



G Venkatramani
General Manager

As General Manager, G Venkatramani (GV) is responsible for overall management of the Consumer Healthcare Business (CH) of GSK Bangladesh, Myanmar & Nepal. He leads the 3 countries as Head of Consumer Healthcare business and oversees all management and operational aspects of the business. Venkatramani joined GSK CH, India in 2008 as General Manager for South India.



Zahedur Rahman
Supply Chain Director

Zahed joined GSK CH, Bangladesh in April 2013 as Supply Chain Director for Bangladesh, Myanmar & Nepal cluster. As the Supply Chain Director, he is responsible for all supply chain related functions of the 3-country cluster. Prior to joining GSK, he worked at ACI Limited as Director – Business Development. He also worked for fourteen & half years in different roles in supply chain including the roles of Supply Chain Planning Manager & Manufacturing Manager at British American Tobacco Bangladesh. Zahed graduated from Bangladesh University of Engineering & Technology (BUET) in Electrical & Electronic Engineering and also has an MBA from IBA, University of Dhaka.



Rakesh Thakur
Head of Finance

Rakesh Thakur joined GSK Bangladesh Limited in April, 2016 as Head of Finance, Consumer Healthcare division. Prior to joining GSK, Rakesh have 13 years of experience in working for reputable organisations like Samsung and Pepsi in various capacities. As General Manager of Finance Controls at Pepsi's Beverages division, Rakesh set new standards in the Accounting, Compliance and Cost monitoring procedures of the organization. In his role as Commercial Head for Organized/Online Trade Business for Samsung Mobile Division, he was responsible for end to end commercial operations including cost controls analysis & MIS. A qualified chartered accountant, Rakesh completed his Bachelor of Commerce degree from University of Delhi.



Ishrat Zerín
 Director, Legal & Compliance
 Head MyBaN

Ishrat joined GSK CH, Bangladesh in 2014 as Head of Legal & Compliance for Bangladesh, Nepal and Myanmar. Prior to joining GSK, she served as Head of Compliance Group in Samsung, R&D and had an expanded career as corporate legal counsel for over twelve years in various renowned organisations like Unilever, Airtel (previously Warid Telecom) and GrameenPhone. Ishrat holds degrees from the University of Dhaka, (LL.B. and LL.M), the University of London, (LL.B.) and City University, London, (BPTC). She was called to the Bar of the Honourable Society of Gray's Inn (UK) in 2013, and has been awarded the prestigious title 'Barrister'.



Md. Naharul Islam
 Head of Regulatory & Corporate Affairs

Md. Naharul Islam Molla joined GSK on May 2016 as Head of Regulatory & Corporate Affairs-Myanmar, Bangladesh & Nepal for the consumer healthcare business. Before joining GSK he spent 19 years in Nestlé Bangladesh Limited in various management positions including Expert Marketing, Business Excellence, Scientific Relations and Code Compliance. He did both his graduation and post-graduation from Geology Department, University of Dhaka.



Sujay Kumar Prasad
 Commercial Excellence Manager

Sujay joined GSK in 1986 as Sales Officer in North India. He joined the Bangladesh team in April 2014, and is responsible for the overall Sales Division of GSK CH, Bangladesh. Before joining the Bangladesh team he worked in various parts of India including Chennai, Mumbai, etc., in both Sales & Trade Marketing. Prior to GSK, Sujay worked in Dabur India Ltd., Bennett Coleman, Times of India in Delhi. He is a Commerce Graduate from Delhi University with a Diploma in Business and Marketing Management.

BUSINESS REVIEW

- Report of Directors to the Shareholders
- Report of Key Operating and Financial Records
- Key Performance Indicators
- Analysis of Sales Revenue (NTO)
- Value Added Statement
- Shareholding Information
- Certificate of Compliance
- Statement of Compliance of Corporate Governance Guidelines

REPORT OF DIRECTORS TO THE SHAREHOLDERS



The Board of Directors of GlaxoSmithKline Bangladesh Limited has the pleasure in submitting the annual report together with the Company's audited financial statements for the year ended 31 December 2016.

The Directors' Report has been prepared in accordance with Bangladesh Securities & Exchange Commission (BSEC) Notification No SEC/CMRRCD/2006-158/134/ADMIN/44 dated 07 August, 2012 & the Section 184 of The Companies Act 1994. This report is being submitted to the members at the Forty Forth Annual General Meeting of the Company to be held on April 20, 2017.

The year 2016 was a challenging year for your Company with increased regulatory complexities, internal supply challenges and enhanced market competitiveness. Throughout the year the Company continued to focus on its strategies for the key brands in both the consumer healthcare and the pharmaceutical business segments to ensure maximisation of delivery to its shareholder value. This report highlights the key business activities that the Company carried out and presents the necessary disclosure in relation to good corporate governance.

1. Consumer Healthcare

Industry Outlook

In 2016, Fast Moving Consumer Goods (FMCG) market, valued at BDT 243 bn grew by 11.6% (Source: Nielsen). Major contributions came from Non-food Categories (47% of FMCG) which grew in value by 13.7%, while Food category (51% of FMCG) grew only in single digit by 9.4%. Health Food Drinks (HFD) category valued at BDT 3.4bn showed a growth of 7.9% in value, and 13.8% in terms of volume in 2016.

Business Performance

Recovering from strong external challenges, the GSK

consumer healthcare business declined by 5.9% in 2016, primarily on back of stock pipeline reduction at distributors and parallel imports. Second half 2016 has witnessed downside in parallel imports and improved consumption which led to 4% secondary sales growth in H2'16 viz. 9% decline in H1'16. On parallel imports, GSK Bangladesh continued to engage with authorities and taking legal steps to stem the flow of parallel imports. Furthermore, your Company focused on food and nutrition through our different media campaigns. On two leading product SKUs, there were offers of extra grammage ~ 20% at the same price. We believe these initiatives will strengthen the brand loyalty among customers. In 2016 your Company has gained market share by 1.1% and maintained a dominant market share of 88.1% in the Health Food Drink category.

Horlicks continued to be in the list of top Brands in Bangladesh across all Categories. Horlicks was the 3rd most loved brand and No.1 Brand in Health Food Drink Category held under the auspices of Bangladesh Brand Forum. This award is recognition of the brand's consistent delivery of its 'Promise of Nutrition' to the consumers.

Sensodyne continued to grow and expand its reach.

Your Company is humbly proud to be driving the initiative of providing access to good nutrition to the people of the country.

2. Pharmaceutical Business

Industry Outlook

The Bangladesh pharmaceuticals industry in 2016 was on a high growth trajectory, supported by an environment with improved political stability over 2015. The market size was approximately BDT 170 bn by the end of 2016. The market volume growth was estimated to be around 30% (Source: IMS), (which in value saw a higher growth) driven by changes

in the base criteria for 2016, non-adjustment to previous basis, introduction of products with high value growth and increase in prices across price decontrolled portfolio.

Towards the end of the year, the cabinet approved National Drug Policy 2016, one of the most significant events in the regulatory regime for pharmaceutical industry. The updated policy supersedes the one created almost a decade ago and focuses heavily on controlling substandard, counterfeit or spurious drugs. To support this, the policy evolves towards a more regulated pharmacy channel with the introduction of 'Model Pharmacies' and a structured OTC (Over the Counter) category. On the same note, the industry saw stringent measures from the regulators to ban companies from producing substandard medicine, later upheld by the High Court.

Business Performance

2016 has been a challenging year for the pharmaceutical business in terms of regulatory restriction on imports, supply challenges of key ingredients as well as interrupted local manufacturing as the Chittagong site went under significant enhancement activities. Moreover, GSK's focus on increased access to patients restricts your Company from increasing prices. Despite increased challenges, the locally manufactured portfolio managed to post positive growth over last year. This was made possible through successful pack optimization strategy for Betnovate-N, one of our flagship dermatology brands, and channel/pricing strategy for branded generic antibiotics like Glaxipro and Cexime. However, since majority of the locally manufactured products are from classic & established therapy areas, where the overall industry growth is low, compared to the differentiated imported product portfolio, the overall growth in business was challenged.

Big brands like Seretide (inhaled respiratory medicine) and Engerix-B (Vaccine for Hepatitis-B) missed the opportunity to seize the high growth potential in the market, due to import restrictions. The team continued to prove their ability to build brands in a crowded generic environment, where import & supplies were less affected - this includes high double digit growth in global assets like Avamys (Allergic rhinitis medication) and cosmeceuticals brands like Acne-Aid & Physiogel (consumer dermatology portfolio from Stiefels).

To drive growth in a competitive market environment, special focus was given to intensive capability building for the sales forces throughout 2017, which included roll out of new 'Scientific Selling' model and 'Sales Leaders Excellence' programme. Your Company drove initiatives to embed industry leading business model changes & innovations - new ways of delivering scientific contents to Health Care Professionals through Webinars and building on the revolutionary sales force compensation model delinking

individual sales targets with incentives - aimed to build trust among HCP, patients & the society. Your company also initiated engagement with relevant authorities on discussions around fair and even policies for all players in the market.

3. Manufacturing

The Global Manufacturing Site (GMS) in Chittagong plays a vital role in local pharma business of GSK Bangladesh; GMS Chittagong will be completing 50 years of operation in Bangladesh in 2017.

During 2016 the site has invested in upgrading facility and enhancing people's capability. To be in line to cGMP (current Good Manufacturing Practice), site has refurbished change room facilities, replaced doors in manufacturing areas including sandwich panels, down flow booths. Investment has been made in newer generation pharmaceutical machineries like high speed tablet compression machine, balances and printers for production, as well as laboratory areas to ensure documents and data control management. Reliable power is critical to pharmaceutical manufacturing and site has introduced higher capacity generators to ensure uninterrupted & reliable power to site by replacing both the emergency generator and main generator.

As part of quality management system, Data Integrity has been identified as a key challenge in pharmaceutical businesses across the Globe. In line with Global recommendations, the site has initiated robust programmes to ensure and comply with the data integrity requirement. GSK systems like One CDS (Chromatographic Data System), CDMS (Controlled Document Management System) & CMMS (Computerized Maintenance Management System) have been introduced for ensuring appropriate quality management in 2016. Extensive training has been provided to all employees to keep them at pace with the latest requirements for pharmaceutical quality management systems. Commissioning of new HPLC (High Performance Liquid Chromatography), Autoclave, GC (Gas Chromatography), stability chambers in quality control laboratory including enhanced systems and management to ensure GSK's commitment to deliver high quality and safe medicine to patients. In 2016 site underwent audit by CAG (Internal Compliance Audit Group) on Quality systems and procedure. The recommendations & CAPAs from the audit are being progressed.

Extensive capability building programmes for all employees have been rolled out at site in 2016. Global SMEs (Subject Matter Experts) were engaged and they visited site to train site SMEs. Cross site SME visits including regular engagement between site and above site have built capability and confidence among site resources. Regular site visits by global & regional functional heads have provided better

insights to improve site operations. GSK Global Learning and Development (GL&D) has recognized Chittagong's capability journey as one of the best practices to standardize across GSK networks. Site had already introduced Site Learning Zone (SLZ) to facilitate structured learning and skill up-gradation programmes for employees as part of this global initiative.

Regular employee engagement through "Coffee with Rajib", quarterly Town Hall meeting by Site Director, structured daily tier accountability meetings involving different cross functional levels has been instrumental in engaging employees at different levels. Additionally GEMBA visits by SLTs and management staff was very useful in addressing the current issues at site. These engagements were very encouraging and supported in meeting site priorities. All these engagement activities have resulted in 84.01% positive response from site employees in 2016 "Engagement Survey" conducted by GSK centrally.

The Company is always embedding new ways of working to simplify the business and operations for achieving greater effectiveness. The focus remains on strong compliance culture, meeting GSK values, commitment to health, safety and the environment, delivering customer service and commitment to developing our people in meeting expectation of the patient at the end of the supply chain.

4. GSK People

The Human Resources (HR) team is relentlessly supporting the business to embed a performance driven culture and GSK's new ways of working in Bangladesh.

GSK Bangladesh had launched the 'Future Leaders Programme' (FLP) for Pharmaceutical business unit (BU) in 2015. This is a highly recognised global programme that develops future leaders to strengthen GSK's leadership pipeline. In 2016 the programme was extended to Consumer Healthcare and Global Manufacturing and Supply BUs through hiring of 6 FLP trainees. We are delighted to share that Bangladesh FLP Campus Engagement Project won the 'Africa DC Asia Leadership Excellence Award 2016'. In addition, one of the FLP Trainees from 2015 batch got selected in Global 'Graduate Advisory Board', a testament to high quality FLP trainees of GSK Bangladesh.

In order to deliver better business results and develop successors, Pharmaceutical BU restructured its Commercial function by de-layering Commercial Director role and elevating three roles, viz, Marketing Director, Sales Director and Head of Vaccines. In line with our focus on developing internal talents, all three roles were filled by internal candidates. In addition, a new role of Head of Legal and Government Affairs was created to strengthen

GSK Bangladesh' statutory compliance standing and help influence external policymakers to further GSK interest.

In 2016, focus was on developing our line managers' capability and accordingly, rolled out GSK's leadership development programme: First Line Leaders (FLL), covering 100% line managers from all BUs. FLL is 6-month long programme comprising 2-day formal training followed by 6 months' on-the-job learning application journey. We also rolled out People's Coaching at Workplace (PCW) programme for line managers. In addition, dedicated Coach was assigned for Pharmaceutical leadership team members and few critical role holders to improve their performance effectiveness. We intend to extend the Coaching programme to other BUs in coming years.

This year there was greater talent movement across BUs and geographies. Around 5% openings were filled by talent movements from across BUs and two of our colleagues have moved to GSK subsidiaries in Singapore and Canada.

In order to better equip employees on their career planning and develop required competencies, Pharmaceutical BU launched 'My Pharma Career at GSK'.

The GSK-Novartis agreement was closed smoothly in end 2015 and in 2016 we on-boarded new colleagues from Novartis into our vaccines team.

Keeping in line with our new ways of working and instilling a performance driven culture; initiatives like Townhalls and Breakfast Meetings with the Managing Director have been initiated on a more frequent basis. Townhall meetings involved discussions on future goals and objectives and reviewing performance in previous quarters. Members of the sales force also provided valuable feedback on business performance and future opportunities. The purpose of the breakfast meetings is to gather feedback and suggestions from our colleagues. It is an excellent opportunity to discuss in detail about their vision regarding the progress of the organisation and how they can expand their contributions.

5. Financial Results

The Directors take pleasure in reporting the financial results of the Company for the year ended 31 December 2016.

Particulars	2016	2015
Revenue	6,284,015	6,698,828
Cost of Sales	(3,834,031)	(4,064,297)
Gross Profit	2,449,984	2,634,531
Profit before taxation	845,559	1,138,669
Less: Provision for taxation	(201,005)	(307,590)
Net Profit after tax	644,554	831,079
Add: Unappropriated profit brought forward from previous year	1,793,958	1,625,434
Add: Adjustment made on account of disposal of revalued assets		
Amount available for distribution	2,438,512	2,456,513
Appropriations:		
Dividend for the year ended 31 December 2016 @ 500% (2015: 550%)	(602,322)	(662,555)
Transfer to retained earnings	1,836,190	1,793,958

Net Sales of the Company was BDT 6,284mn, against BDT 6,698mn of last year. This represents a 6.19% decline from last year. Both business segments of Pharmaceuticals and Consumer Healthcare faced enhanced regulatory challenges last year. Consumer healthcare business posted a recovery in H2 through strong uptake in the market and pharmaceutical business has put in a number of upgradation facilities investments towards end of the year. In line with the sales decline, gross profit showed a decline of 7% from previous year. Operating expenses were maintained below inflationary rates, through rationalisation of discretionary expenses but continued investments behind key brands and our talent. Overall profits after tax declined by 22.44%, standing at BDT 645mn. As a result EPS (Earnings per Share) has decreased from BDT 68.99 in 2015 to BDT 53.51 for the reported year.

6. Dividend

In consideration of the GSK's priority to return to shareholders, the Board of Directors recommended a final dividend of 500% i.e. BDT50.00 per share of BDT 10.00 each for the year 2016.

The recommended dividend if approved by the members at

the Annual General Meeting will involve a cash outflow of BDT 602.32 mn

7. Directors' Disclosures and Declarations

The full financial statements are presented in a later section of the annual report, along with the full notes of disclosures. The Board of Directors is further pleased to present you the following disclosures:

- The financial statement 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 accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed;
- There are no significant variance between Quarterly Financial Performance and Annual Financial Statements;
- All deviations from the last year's operating results of the Company have been highlighted under the above point 5;
- All transactions with related parties have been made on a commercial basis and the basis was the principle of "Arm's Length Transactions". Related party transactions have been presented in notes to the Financial Statements;
- During the year, the Company has paid a total of BDT 200,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in the notes to the Financial Statements;
- There is no extra-ordinary gain or loss during the year;
- Utilization of proceeds from public issues is not applicable;
- Explanation of financial results after IPO is not applicable;
- The summarized key operating and financial data for the five years (2012-2016) is set out in Annexure-I.

The Directors also report that:

- The Managing Director and Finance Director have certified to the Board that they have reviewed the financial statements for the year and to the best of their knowledge believe that these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
- The Managing Director and Finance Director have certified to the Board that they have reviewed the financial statements for the year and to the best of their knowledge

believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;

- c) The Managing Director and Finance Director have further certified to the Board that there are to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the Company's Code of Conduct.

8. Risks & Concerns

The Company has a robust system of managing its business risk which has been described under Corporate Governance Chapter and the notes to the Financial Statements.

9. Internal Control

The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement of loss. The internal control framework is regularly reviewed by the Audit Committee in each meeting which is reported to the Board of Directors. Further, the Company Executive Committee also reviews the internal controls and risk management process on a quarterly basis. This report further encloses a detailed discussion on the internal control framework under the Statement of Internal Control.

10. Going Concern

The Directors are of the opinion that the Company is a going concern and there are no significant doubts upon the Company's ability to continue as a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

11. Contribution to the National Exchequer

Every year the Company makes a significant contribution to the National Exchequer in the form of duties and taxes. During the year 2016 GlaxoSmithKline Bangladesh Limited contributed to the government exchequer a sum of BDT 1,683mn.

12. Board of Directors and Shareholding Information

Composition and Size of the Board

On 31st December 2016 there were 8 members on the Board. The board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. Four Directors, including the Managing Director, are Executive Directors. There are Four Non-Executive Directors, out of which two are Independent Directors.

Board Meetings and Attendance

During the year 2016, 5 (Five) meetings were held. The

following table shows the composition of the Board and attendance at the Board meetings:

Name of Directors	Number of Meetings held Whilst a Board Member	Meetings Attended	Remarks
Mr. David Pritchard	1	0	Appointed from 20 th July 2016
Mr. Rodrigo Becker	3	1	Resigned from 30 th June 2016
Ms. Erum Shakir Rahim	5	2	Absence of leave granted
Mr. Masud Khan	5	5	
Ms. Zinnia Tanzina Huq	5	5	
Mr. Md Iftikhar-uz-zaman	5	5	
Mr. Rajib Barua	5	5	
Mr. Gopalakrishnan Venkatramani	5	4	Absence of leave granted
Mr. Md. Mesbah UI Hoque	5	2	Absence of leave granted

The members who could not attend the meeting were granted leave of absence.

Details of Directors being Appointed/Re-appointed:

As per the Articles, one-third of the Directors excluding the Managing Director should be retiring by rotation and if eligible, qualify for re-election.

The Directors retiring by rotation under Article 85 are Mr. Masud Khan, Mr. Md. Mesbah UI Hoque and Mr. Rajib Barua, who being eligible, offer themselves for re-election. Mr. David Pritchard having been appointed to the Board since the last Annual General Meeting under the provision of Article 89 also retires and being eligible, offers himself for re-election.

The brief resume of Mr David Pritchard is given below:

David Pritchard

Mr. David Pritchard has been with GSK plc since 1988. Before taking up the current role, David was Vice President & Head, International Region, of ViiV Healthcare, a global specialist HIV company, and a joint venture of GSK and Pfizer set up to deliver advances in treatment and care for people living with HIV. Over the 28 years with the Company, David has led GSK with tremendous commercial success in

various capacities as VP & General Manager, South Africa; Area General Manager, DMEA (Developing Markets Eurasia) and General Manager, GSK Ukraine. David graduated from Leeds University in Biochemistry and Microbiology. Currently he holds the position of Vice President & Area Head, Africa & Developing Countries.

Audit Committee:

As per stipulation of The Bangladesh Securities and Exchange Commission (BSEC) guidelines, the Board has constituted an Audit Committee for the Company which is mentioned in the Compliance Report enclosed herewith. The Committee comprises of 1 Independent Non-Executive Director (Chairman), 1 Non-Executive Director and the Managing Director. The Audit Committee met 4 times in the year. The Finance Director acted as the Secretary to the Audit Committee. Further details of the Audit Committee's responsibilities are included in the Audit Committee Report.

Remuneration to Directors:

The remuneration, performance and related bonus of Executive Directors are reviewed and approved by the above country management.

The Executive Directors and some senior employees of the Company are entitled to Share Value Plan of GlaxoSmithKline plc, UK.

Independent and Non-Executive Directors other than Directors who are in the employment of the GlaxoSmithKline Group Companies are paid attendance fees of BDT10,000 per meeting as remuneration.

The details of the remuneration paid to the Executive Directors during the year are given in Notes-30 of the Financial Statements.

Shareholding Information:

The shareholding information as at 31 December 2016 and other related information are set out in Annexure-II.

Shareholders/Investors Grievance

During the year under review, the company received some complaints regarding on time receipt of Annual Reports and dividend from the shareholders. All these issues have been resolved duly.

13 Corporate Responsibilities

As a Company we continue to be responsible and committed to the Community where we work. Being a healthcare company we have reinforced our mandate to improve and work in the public health sector and facilitate access to quality health care for all. Following our global commitment to create better and healthier community through facilitating access to

quality healthcare; we in Bangladesh have taken up a good number of initiatives to fulfil our corporate responsibilities for a better and healthier community.

Some key initiatives include:

Reinvestment of 20% of profits for Healthcare Infrastructure development in Bangladesh:

Over the last 5 years the Company build on the unique initiative to create healthcare infrastructure of the country by re-investing 20% of its profits to innovative health HR initiatives. Under one these initiatives, more than 250 skilled health HR were created through the Public Private Partnership amongst Ministry of Health, GSK and CARE. In 2016 some of the initiatives have moved from pilot to full-fledged programme and have delivered few key milestones. Besides creating health HR through Community Health Workers at the hard to reach rural areas the initiative is now expanded to the urban/semi urban areas especially for the workers at the Ready Made Garments Factories. Our partners include CARE, M&S, Friendship & ICDDR, B and the Ministry of Health & Family Welfare.

Key projects include:

- o GSK-CARE Community Health Worker Initiative
 - o GSK-FRIENDSHIP m-Health project
 - o GSK-ICDDR,B Health System Strengthening Programme
 - o GSK CARE RMG (Ready Made Garments) Healthcare Programme
 - o GSK, M&S, CARE Health Access and Linkage Opportunities for Workers (HALOW) Project
- Details of these initiatives are provided in page 22.

The Duke of Edinburgh's Awards (DEA)

As one of the Founding Trustees of this international programme GSK, aims at providing the new generation with life skills and opportunity to do different extracurricular activities. The programme received full licensing from its International Chapter in 2015 for its outstanding work and has continued its legacy of expansion. This international award is now accessible at more than 80 private and public educational institutions in Dhaka, Chittagong and at almost all divisional cities of the country. Almost 11000 awardees across the country are now part of the global DEA Alumni group.

Our support to different charitable projects through cash and medicine donations continued like previous years.

14. Environment, Health and Safety (EHS)

GSK Bangladesh is committed to provide a healthy and risk-free environment for its employees, service providers and

visitors at the site for ensuring “Zero Accidents”.

Chittagong Site ended the year 2016 with “Zero” Lost Time Injury & Illness (LTI&I) cases. This is the result of closing unsafe conditions, unsafe behavior & Near Misses as part of Zero Accident Promotion (ZAP) programme. In 2016, site employees proactively reported & closed 2,051 numbers of Near Misses arising from unsafe conditions and unsafe behaviour, and proactively mitigated the precursor of accident. The highest ZAP achievers were rewarded & recognized. Furthermore, Chittagong site is continuing weekly “Stop for Safety” shop-floor engagement to reduce at-risk behavior of the working people. The Site Leadership Team (SLT) members carried out Zero Access physical guarding & Lock-Out/Tag-Out (LOTO) audit at the site and closed the gaps in Machinery Safety compliance.

Audit & Assurance (A&A) Group carried out a thematic audit on site Waste Water Treatment Plant (WWTP) & drainage system. The recommendations & CAPAs are being addressed.

Site worked on a chemical agents’ exposure incident at the tablet manufacturing section taking support from Regional & Global EHS Team and Subject Matter Expert (SME) for further improvement by installing engineering control, review of PPE Management, health surveillance programme, occupational hygiene support and cross-functional governance. These programmes are in progress to mitigate the issue. Mid term

To increase EHS capability and risk awareness among our First-Line Leaders (FLLs) site has propagated “Leading EHS” certification programme on ten web-based mylearning modules, three workshops followed by a poster session and examination. Almost 20 people successfully completed the “Leading EHS” certification programme. Furthermore, Manager, EHS enrolled into the NEBOSH Fire Safety Certification programme as part of building EHS technical capability.

Site arranged 2 days workshop on fire safety & evacuation for the incident controllers, rescuers, fire fighters and first-aiders with the coach from the local fire brigade & Civil Defense department.

Site is committed to GSK sustainability programme for reduction of Carbon & Water consumption and arranged a mini Energy & Water Kaizen during July 2016, facilitated by Regional SMEs with the Site cross-functional team. In total, 18 JDIs (Just Do It) & projects were identified from this sustainability programme.

15. Code of Conduct

GSK is committed to operating with integrity. The Board of Directors of the Company has adopted a Code of Conduct for

the Directors. All employees of Company have also adopted the GSK Code of Conduct which applies to all GSK Staff and was circulated among the employees. All employees are required to abide by the ethical code of conduct in relation to business and regulations. Throughout 2016 all managers demonstrated living the GSK values of **Transparency, Respect for People, Integrity** and **Patient/Consumer Focus**.

The Sales and Marketing employees are further subject to the Our Code of Practice for Promotion & Scientific Engagement which has become firmly established as the cornerstone of Performance with Integrity value. GSK demands that its sales and marketing employees not only follow the letter of the Code, but enthusiastically embrace its spirit with a firm policy of zero tolerance to deviations.

The Company has in place a Whistle Blower Policy named ‘Speak Up’ pursuant to which our employees and vendors are empowered to promptly raise concerns of possible misconduct, potential conflicts or known breaches with GSK Code of Conduct and company policies and procedures. A supplementary policy of “Non-retaliation” ensures that employees can raise such concerns without risking any kind of retaliation.

16. Auditors

The present auditors, Messrs ACNABIN Chartered Accountants, retire and being eligible offers themselves for re-appointment. The Board recommends Messrs ACNABIN Chartered Accountants as the auditor of the Company for the year 2017 for approval at the Annual General Meeting.

17. Corporate Governance Compliance Report

As part of its corporate policy, GSK Bangladesh has always strived to maintain high standards of compliance in corporate governance. The Company’s Corporate Governance Charter, outlined in the Corporate Governance section, governs the way the Company will be operated and managed and the process in place to ensure high standards of transparency, accountability and integrity.

We are pleased to conform that the Company has complied with all necessary guidelines in accordance with the requirement of SEC Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, with the exception of the Company Secretary role being separate from the CFO role. This observation is noted by the Directors and will be auctioned on in 2017. The Corporate Governance Compliance Report for 2016 is attached in Annexure-III, along with the Certificate of Compliance required under the said Guidelines.

18. Acknowledgement

The Board of Directors would like to express their

deepest appreciation to all employees, of the Company who exemplified the GSK spirit of putting the patient and consumer first. All of them worked tirelessly within the constraints to provide appropriate information and ensure product availability for patients, consumers and healthcare professionals who serve them.

As a result of this resilience, your Company was able to record the resilient performance of 2016, despite external challenges. Investment in key launches continued this year to secure future sustainable returns to the business.

We are deeply grateful for the trust and confidence in your company from the healthcare professionals, patients, consumers and trade partners who continue to inspire us. We are honour bound to continue to uphold this trust that we hold so dear to our heart.

The journey of GSK in Bangladesh is linked to the support of all stakeholders including The Bangladesh Securities & Exchange Commission, The Dhaka Stock Exchange Limited, The Central Depository Bangladesh Limited, Financial Institutions, Insurance Companies, Utility Providers, various Government authorities and other individuals and agencies. The Board would like to express its heartfelt thanks to all of them.

On behalf of the Board



13th March 2017

Erum Shakir Rahim
Managing Director

REPORT OF KEY OPERATING AND FINANCIAL RECORDS

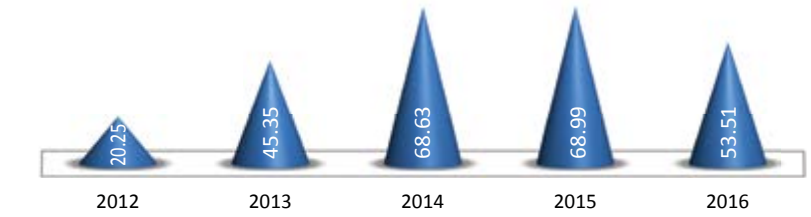
Annexure i

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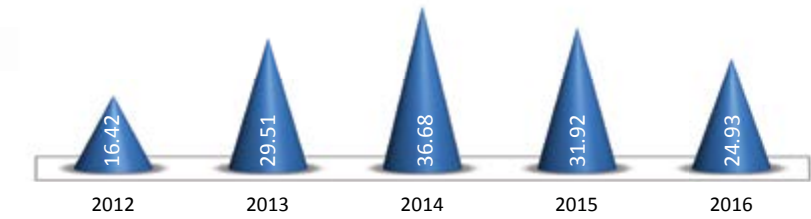
	2016	2015	2014	2013	2012
Assets Employed					
Property, Plant and Equipment	701,867	600,794	546,216	536,861	497,830
Intangible assets	23,911	3,437	4,374	5,467	-
Net Non-Current Asset	42,579	10,370	27,713	44,046	-
Net Current Asset	1,841,437	2,037,951	1,876,912	1,391,003	1,132,519
Total Assets Employed	2,609,794	2,652,552	2,455,215	1,977,377	1,630,349
Financed by					
Share capital	120,465	120,465	120,465	120,465	120,465
Reserves and Surplus	2,465,338	2,483,339	2,196,032	1,730,647	1,365,095
Shareholders' Equity	2,585,803	2,603,804	2,316,497	1,851,112	1,485,560
Retirement benefit Obligations	-	40,822	77,241	81,469	83,874
Obligation under finance lease	9,600	8,813	14,865	12,757	22,403
Deferred Tax Liabilities	-	(887)	46,612	32,039	38,512
	9,600	48,748	138,718	126,265	144,789
Total Capital Employed	2,595,403	2,652,552	2,455,215	1,977,377	1,630,349
Turnover and profit					
Sales-net of VAT and trade discount	6,284,015	6,698,828	7,187,255	6,774,872	5,553,812
Profit/(Loss) from operation	786,808	1,040,612	1,062,530	604,604	375,670
Profit before Int, Dep & Tax	908,568	921,341	942,649	505,488	287,230
Profit/(Loss) for the year	644,554	831,079	826,778	546,249	243,967
Ratios					
Gross profit ratio - %	38.99	39.33	37.72	32.67	28.61
Earnings per share (EPS)-Taka	53.51	68.99	68.63	45.35	20.25
Price/Earning (P/E) ratio-times	28.65	26.09	22.04	21.08	28.15
Price/Equity Ratio-Times	153.29	179.98	151.23	95.57	57.00
Dividend per share (DPS)-Taka	50.00	55.00	42.00	30.00	15.00
Dividend payout-percentage	93.45	79.72	61.20	66.16	74.07
Dividend Yield-percentage	3.26	3.06	2.78	3.14	2.63
Net assets value per share-Taka	214.66	216.16	192.30	153.67	123.32
Net operating cash flow per share	71.87	84.42	111.14	82.22	43.80
Return on shareholders equity-%	24.93	31.92	35.69	29.51	16.42
Return on Capital employed -%	30.32	39.22	43.28	30.58	23.04
Debt equity ratio-times	269.35	53.41	1.17	1.16	1.06
Current ratio-times	1.67	1.73	1.73	1.69	1.79
Market price per share at 31 December -Taka	1,532.90	1,799.80	1,512.30	955.70	570.00
Market Capitalization at 31 December(Taka Million)	18,466	21,681	18,218	11,513	6,866
Average number of employees	940	906	822	714	680

KEY PERFORMANCE INDICATORS

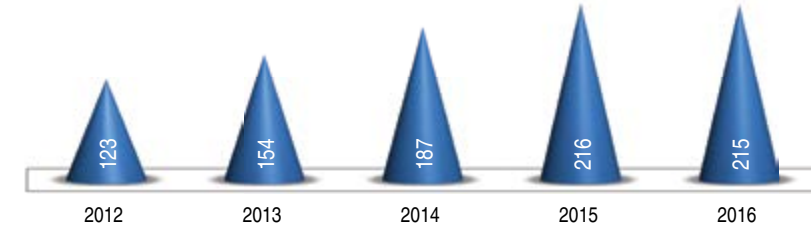
Earning Per Share (EPS) Taka



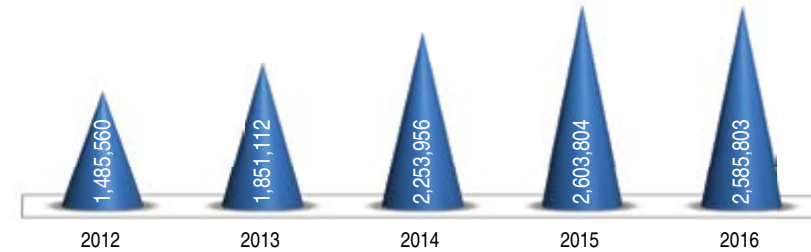
Return on Shareholders' Equity-%



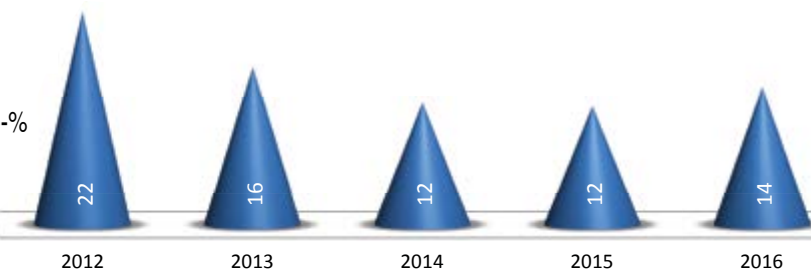
Net Assets Per Share-Taka



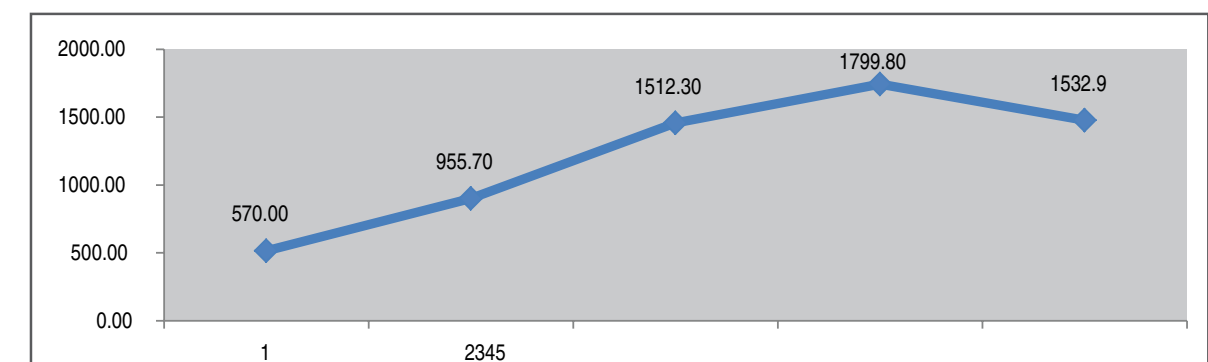
Shareholders' Funds- Taka '000



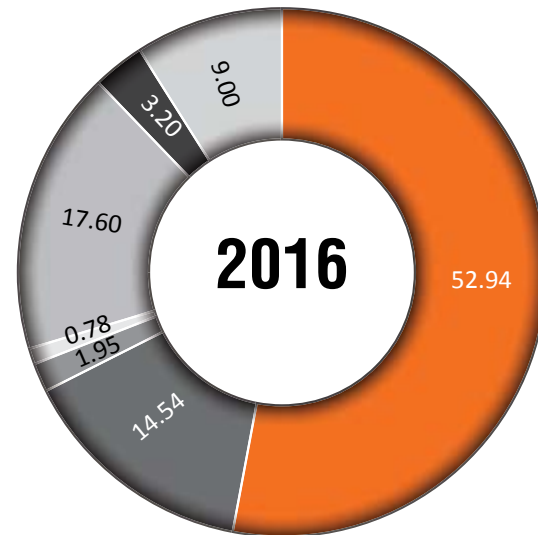
Net Asset Per Share/Market Price Per Share-%



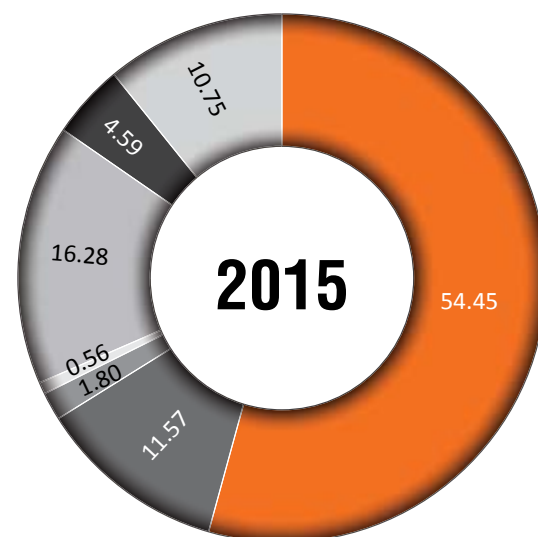
Market Price Per Share(Taka) at 31st December



ANALYSIS OF SALES REVENUE (NTO)



	2016	2015
	%	%
Cost of Goods	52.94	54.45
Salary, Wages and Benefits	14.54	11.57
Depreciation	1.95	1.80
Fuel & Power	0.78	0.56
Other Expenses	17.60	16.28
Income Tax	3.20	4.59
Profit after Tax	9.00	10.75
Total	100.00	100.00



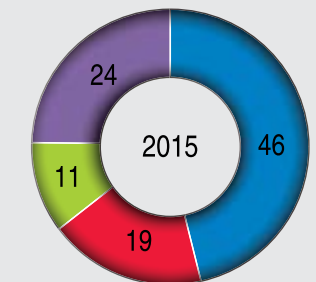
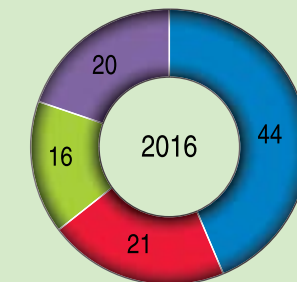
VALUE ADDED STATEMENT

The value added statement provides a detailed account of the total value addition and the distribution of the value created by the company. Taka in '000

	2016 Amount	%	2015 Amount	%
Value Added :				
Turnover	7,213,113		7,705,837	
Less Bought in Materials & Services	3,460,005		3,581,659	
Other income	20,231		12,425	
Financial Income	58,751		98,057	
	<u>3,832,090</u>	100	<u>4,234,660</u>	100
Applied to :				
Government Revenue & Taxes	1,682,655	44	1,960,636	46
Employees Remuneration & Benefits	786,616	21	785,193	19
Dividends	596,505	16	458,481	11
Depreciation & Retained Profit	3,065,776	80	3,204,310	76
	<u>766,314</u>	20	<u>1,030,350</u>	24
	<u>3,832,090</u>	100	<u>4,234,660</u>	100

Distribution of value

- Government Revenue & Taxes
- Employees Remuneration & Benefits
- Dividends
- Depreciation & Retained Profit



GSK Bangladesh contributes positively to socio-economic development by empowering employees through the payment of salaries and allowances; by paying attractive and consistent dividend to the shareholders; by assisting the regulatory authorities through paying taxes & duties.

Market share information of major categories of products - %

Categories	2016	2015
Health food drink	88.1	85.9
Glucose Powder	93.81	90.63*
Vaccines	45	47
Dermatology	14.3	17.1

* Amended data 2015.

Economic Value Added (EVA)

EVA provides a measurement of a company's economic success over a period of time. It shows how well a company has added value for its investors and it can be compared against company's peers for an analysis of how well the company is operating well in its industry.

Calculation of EVA

	2016	2015
Net Operating Profit After Tax (NPAT)	644,554	831,079
Total Capital Employed	2,595,403	2,652,552
Cost of capital in %	23%	25%
Cost of capital (COC)	604,166	665,838
EVA = NPAT-COC	40,388	165,241

The positive number of EVA reveals that the Company is more than covered its cost of capital.

SHAREHOLDING INFORMATION

Annexure ii

Categories of Shareholders

Parent Company:
Setfirst Limited, UK

Directors, CEO and their spouses and minor children:
Mr. M Azizul Huq, Managing Director

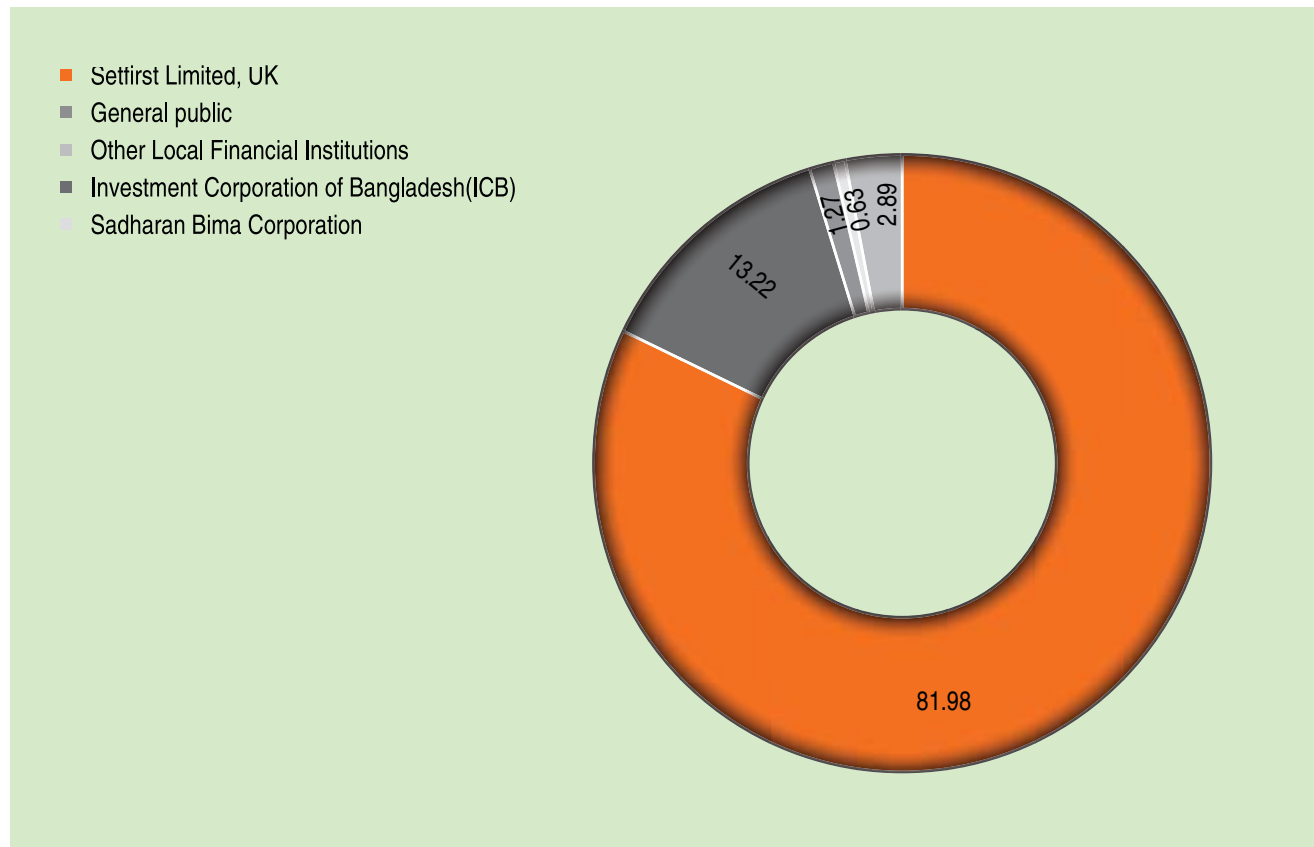
Executives:
Mr. Noor Mohammad, Director, Human Resources

Mr. Mahbubur Rahman, Director, Clinical R&D and Medical Affairs

Shareholders holding 10% or more interest:

Setfirst Limited, UK
Investment Corporation of Bangladesh & ICB Unit and Mutual Funds

	No of Shareholders	No of Shares Held
Parent Company: Setfirst Limited, UK	1	9,875,144
Directors, CEO and their spouses and minor children: Mr. M Azizul Huq, Managing Director	1	-
Executives: Mr. Noor Mohammad, Director, Human Resources	1	10
Mr. Mahbubur Rahman, Director, Clinical R&D and Medical Affairs	1	2
Shareholders holding 10% or more interest: Setfirst Limited, UK	1	9,875,144
Investment Corporation of Bangladesh & ICB Unit and Mutual Funds	1	1,592,762



Annexure iii

Certificate on Compliance of Conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission to the Shareholders of GlaxoSmithKline Bangladesh Limited

We have examined compliance to the BSEC guidelines on Corporate Governance Guidelines by **GlaxoSmithKline Bangladesh Limited** for the year ended 31 December 2016. These guidelines relate to the notification # SEC/CMRRCD/2006-158/134/ Admin/44 dated 7 August 2012 and subsequently amended through the notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance under section 2CC of the Securities and Exchange Ordinance, 1969.

Such compliance to the codes of Corporate Governance is the responsibility of the company's management. Our examination was limited to the procedures and implementation thereof as adopted by the company in ensuring the compliance to the conditions of Corporate Governance Guidelines. This is a scrutiny and verification only and not an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that, subject to the remarks and observations as reported under 2.1 of condition # 7 in the attached Compliance Statements, the company has complied with the conditions of Corporate Governance Guidelines as stipulated in the above-mentioned guidelines issued by the BSEC.

We also state that such compliance is neither an assurance as to the future viability of the company, nor a certification on the efficiency or effectiveness with which the management has conducted the affairs of the company. This is also no endorsement about quality of contents in the Annual Report of the company.

Dhaka, 13 March 2017


MABS & J Partners
Chartered Accountants

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An independent member firm of Nexia International, UK

GLAXOSMITHKLINE BANGLADESH LIMITED

STATEMENT OF COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES

Status of compliance with the conditions of Corporate Governance Guidelines as set by the Bangladesh Securities & Exchange Commission (BSEC) by the Notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and subsequently amended through their notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	BOARD OF DIRECTORS			
1.1	Board's Size	✓		
1.2(i)	Minimum number of Independent Directors	✓		
1.2(ii)(a)	Shareholding by Independent Directors	✓		
1.2(ii)(b)	Relationship with Company's Sponsor	✓		
1.2(ii)(c)	Relationship with the Company	✓		
1.2(ii)(d)	Member/Director/Officer of Stock Exchange	✓		
1.2(ii)(e)	Shareholder/Director/Officer of any member of Stock Exchange	✓		
1.2(ii)(f)	Partner of Statutory Audit Firm	✓		
1.2(ii)(g)	Directorship in other Listed Companies	✓		
1.2(ii)(h)	Defaulter in payment of bank/NBFI loan			
1.2(ii)(i)	Conviction for criminal offence	✓		
1.2(iii)	Appointment of Independent Director(s)	✓		
1.2(iv)	Vacancy of the post of Independent Directors			
1.2(v)	Code of Conduct & Annual Compliance	✓		
1.2(vi)	Tenure of Independent Directors	✓		
1.3	Qualification of Independent Director (ID)			
1.3(i)	Knowledge & integrity of Independent Directors			
1.3(ii)	Qualification and experience of Independent Directors	✓		
1.3(iii)	Relaxation of qualification of Independent Directors			NA
1.4	Chairman of the Board & Chief Executive Officer	✓		
1.5	Directors' Report to Shareholders			
1.5(i)	Industry Outlook & possible future development			
1.5(ii)	Segment or product wise performance			
1.5(iii)	Risk and concerns	✓		
1.5(iv)	Discussion on COGS, GP & Net Profit	✓		
1.5(v)	Extra ordinary gain or loss			No such incidence arose
1.5(vi)	Basis for related party transaction			
1.5(vii)	Utilization of proceeds from PI/RI	✓		NA
1.5(viii)	Explanation of deterioration of financial result			NA
1.5(ix)	Explanation of variance between quarterly & annual Financial Statement	✓		
1.5(x)	Remuneration of Directors	✓		
1.5(xi)	Fairness of financial statement			
1.5(xii)	Maintenance of proper books of accounts	✓		
1.5(xiii)	Adoption of appropriate accounting policies and estimates	✓		
1.5(xiv)	Compliance with IAS/BAS/IFRS/BFRS			
1.5(xv)	Soundness of Internal Control System			

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5(xvi)	Ability to Continue as a going Concern	✓		
1.5(xvii)	Significant Deviation in Operating Results compared to last year	✓		
1.5(xviii)	Key Operating and Financial Data of preceding five years	✓		
1.5(xix)	Reason for not declaring Dividend			NA
1.5(xx)	Board Meeting attendance	✓		
1.5(xxi)(a)	Shareholding by Parent/subsidiary/Associated companies	✓		
1.5(xxi)(b)	Shareholding by Directors, CEO, CFO, CS, HIA	✓		
1.5(xxi)(c)	Shareholding by Executives	✓		
1.5(xxi)(d)	Shareholders holding 10% or more			
1.5(xxii)(a)	Resume of Directors	✓		
1.5(xxii)(b)	Expertise of Directors	✓		
1.5(xxii)(c)	Directorship in other companies			
2.	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT (HIA) AND COMPANY SECRETARY (CS)			
2.1	Appointment	-	✓	The same person holds both the positions of CFO/HD and CS. However, the management has confirmed us that they have appointed an official as Company Secretary who will hold the position of CS upon his job confirmation.
2.2	Requirement to attend the board meetings	✓		
3.	AUDIT COMMITTEE			
3(i)	Audit Committee as a sub-committee	✓		
3(ii)	Function of Audit Committee	✓		
3(iii)	Reporting to the Board of Directors			
3.1	Constitution of the Audit Committee			
3.1(i)	Composition of Audit Committee			
3.1(ii)	Appointment of Members	✓		
3.1(iii)	Qualification of Members	✓		
3.1(iv)	Filling of Vacancy	✓		
3.1(v)	Secretary of the Committee	✓		
3.1(vi)	Quorum of meeting	✓		
3.2	Chairman of the Audit Committee			
3.2(i)	Selection	✓		
3.2(ii)	Requirement of presence in the AGM			
3.3	Role of Audit Committee			
3.3(i)	Oversee the financial reporting process	✓		
3.3(ii)	Monitor Accounting Policies and Principles	✓		
3.3(iii)	Monitor Internal Control Risk management process	✓		
3.3(iv)	Oversee hiring & performance of external auditors	✓		
3.3(v)	Review the Annual Financial Statements	✓		
3.3(vi)	Review the quarterly and half yearly financial statements	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3(vii)	Review the adequacy of Internal Audit Function	✓		
3.3(viii)	Review of significant related party transactions	✓		
3.3(ix)	Review of the Management Letters			
3.3(x)	Application of fund raised through IPO/PRO/RI			NA
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	Reporting on activities	✓		
3.4.1(ii)(a)	Report on conflicts of interest			No such incidence arose
3.4.1(ii)(b)	Material defect in Internal Control System			No such incidence arose
3.4.1(ii)(c)	Suspected infringement of laws			No such incidence arose
3.4.1(ii)(d)	Any other matter			No such incidence arose
3.4.2	Reporting to the Authorities			No such reportable incidence arose
3.5	Reporting to the Shareholders & General Investors	✓		
4	EXTERNAL/STATUTORY AUDITORS			
4(i)	Appraisal or Valuation Services			
4(ii)	Financial Information System	✓		
4(iii)	Book-Keeping or other services			
4(iv)	Broker dealer services	✓		
4(v)	Actuarial services	✓		
4(vi)	Internal Audit Services	✓		
4(vii)	Any other services	✓		
4(viii)	Possess of share by Partner or Employee of Audit Firm	✓		
4(ix)	Audit/certification service on compliance of Corporate Governance	✓		
5	SUBSIDIARY COMPANY			
5(i)	Composition of the Board of Directors			NA
5(ii)	Independent Director			NA
5(iii)	Submission of minutes to the holding company			NA
5(iv)	Review of affairs by the holding company			NA
5(v)	Review of financial statement by the Audit Committee of holding company			NA
6	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)			
6(i)(a)	Financial Statements don't contain any untrue or misleading statement	✓		
6(i)(b)	Financial Statements present a true & fair view of the company's affairs and are in compliance with Accounting Standards and applicable laws	✓		
6(ii)	Certification that there are no fraudulent, illegal or in violation of the Company's code of conduct	✓		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
7(i)	Certification on compliance of Corporate Governance	✓		
7(ii)	Directors' statement on compliance of the above conditions in the Directors' Report	✓		

FINANCIAL STATEMENTS

Auditor's Report to the Shareholders
Statement of Financial Position
Statement of Profit and Loss
Statement of Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements
Notice of AGM

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of **GlaxoSmithKline Bangladesh Limited** which comprise the statement of financial position as at 31 December 2016, Statement of Profit and Loss, Statement of Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities & Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair representation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable, but not absolute assurance whether the financial statements are free from material misstatement due to fraud and error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of GlaxoSmithKline Bangladesh Limited prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report 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 and made due verification thereof;
- In our opinion, proper books of account as required by law have been kept by GlaxoSmithKline Bangladesh Limited so far as it appeared from our examination of these books;
- The Company's statement of financial position (balance sheet) and Statement of Profit and Loss (profit and loss account) dealt with by the report are in agreement with the books of account and returns; and
- The expenditure incurred was for the purposes of the company's business.

Dhaka,
02 March 2017


ACNABIN
Chartered Accountants

GlaxoSmithKline Bangladesh Limited STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	Taka in '000	
		2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	4	701,867	600,794
Intangible assets	5	23,911	3,437
Other receivables	7.6	5,150	10,370
Deferred tax asset	11	6,235	887
Retirement benefit assets	15	13,518	-
		750,681	615,488
Current assets			
Inventories	6	785,826	852,278
Trade and other receivables	7	961,801	1,224,342
Cash and cash equivalents	8	2,844,505	2,871,198
		4,592,132	4,947,818
TOTAL ASSETS		5,342,813	5,563,306
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	16	120,465	120,465
Retained earnings	18	2,400,693	2,418,694
General reserve		5,000	5,000
Revaluation reserve	17.1	59,479	59,479
Capital reserve	17.2	166	166
Total equity		2,585,803	2,603,804
LIABILITIES			
Non-current liabilities			
Obligation under finance lease	14	6,315	8,813
Retirement benefit obligations	15	-	40,822
Total non-current liabilities		6,315	49,635
Current liabilities			
Trade and other payables	9	2,688,505	2,710,272
Current tax liabilities	10	58,905	193,543
Obligation under finance lease	14	3,285	6,052
Total current liabilities		2,750,695	2,909,867
Total liabilities		2,757,010	2,959,502
TOTAL EQUITY AND LIABILITIES		5,342,813	5,563,306
CONTINGENT LIABILITIES & COMMITMENTS	19 & 20		

The financial statements were authorized for issuance by the Board of Directors on 02 March 2017.


Director


Director


Director & Company Secretary

Report of the Auditors to the Shareholders:

This is the Statement of Financial Position referred to in our report of even date.

Dhaka
02 March 2017


ACNABIN
Chartered Accountants

GlaxoSmithKline Bangladesh Limited

STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2016

	Notes	Taka in '000	
		Year to 31 December	
		2016	2015
Revenue	21	6,284,015	6,698,828
Cost of sales	22	(3,834,031)	(4,064,297)
Gross profit		2,449,984	2,634,531
Operating expenses:			
Selling expenses	23	(1,305,342)	(1,211,492)
Distribution expenses	24	(23,943)	(19,589)
Administrative expenses	25	(354,122)	(375,730)
Other income	26	20,231	12,892
Total		(1,663,176)	(1,593,919)
Profit from operations		786,808	1,040,612
Finance income	27	58,751	98,057
Profit before taxation		845,559	1,138,669
Income tax expenses	32	(201,005)	(307,590)
Profit for the year		644,554	831,079
Earnings per share (Taka)			
Basic and diluted	34	53.51	68.99

The accompanying notes form an integral part of the financial statements.

The financial statements were authorised for issuance by the Board of Directors on 02 March 2017.


Director


Director


Director & Company Secretary

Report of the Auditors to the Shareholders:

This is the Statement of Financial Position referred to in our report of even date.

Dhaka
02 March 2017


ACNABIN
Chartered Accountants

GlaxoSmithKline Bangladesh Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	Taka in '000	
		Year to 31 December	
		2016	2015
Profit for the year		644,554	831,079
Other comprehensive income, net of income tax		-	-
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	15.2	-	24,719
Items that may be reclassified subsequently to profit or loss:			
		-	-
Total comprehensive income for the year		644,554	855,798

The accompanying notes form an integral part of the financial statements.

The financial statements were authorised for issuance by the Board of Directors on 02 March 2017.


Director


Director


Director & Company Secretary

Report of the Auditors to the Shareholders:

This is the Statement of Financial Position referred to in our report of even date.

Dhaka
02 March 2017


ACNABIN
Chartered Accountants

GlaxoSmithKline Bangladesh Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

							Taka in '000
							Year to 31 December
	Notes	Share capital	Retained earnings	General reserve	Revaluation reserve	Capital reserve	Total equity
Balance at 1 January 2015		120,465	2,068,846	5,000	59,479	166	2,253,956
Profit for the year		-	831,079	-		-	831,079
Other comprehensive income			24,719				24,719
Final dividend	12	-	(505,950)	-		-	(505,950)
Balance at 31 December 2015		120,465	2,418,694	5,000	59,479	166	2,603,804
Profit for the year		-	644,554	-		-	644,554
Other comprehensive income			-				-
Final dividend	12	-	(662,555)	-		-	(662,555)
Balance at 31 December 2016		120,465	2,400,693	5,000	59,479	166	2,585,803

The accompanying notes form an integral part of the financial statements.

The financial statements were authorised for issuance by the Board of Directors on 02 March 2017.


Director


Director


Director & Company Secretary

Report of the Auditors to the Shareholders:

This is the Statement of Financial Position referred to in our report of even date.

Dhaka
02 March 2017


ACNABIN
Chartered Accountants

GlaxoSmithKline Bangladesh Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

				Taka in '000
				Year to 31 December
	Notes	2016	2015	
Cash Flows From Operating Activities				
Cash receipts from customers		6,554,954	6,544,828	
Payment for cost and expenses		(5,414,364)	(5,258,220)	
Other income	26	411	6,895	
Cash generated from operations		1,141,000	1,293,503	
Interest received	27	67,563	101,365	
Interest paid	27	(1,866)	(3,308)	
Income tax paid	10	(340,990)	(374,619)	
Net cash from operating activities		865,707	1,016,941	
Cash Flows From Investing Activities				
Acquisition of property, plant & equipment		(244,816)	(177,583)	
Sales proceeds of property, plant & equipment	4.4	20,235	10,669	
Net cash used in investing activities		(224,581)	(166,914)	
Cash Flows From Financing Activities				
Dividend paid	12.1	(662,555)	(505,950)	
Finance lease paid		(5,265)	(9,910)	
Net cash used in financing activities		(667,820)	(515,860)	
Net increase/(decrease) in cash and cash equivalents		(26,693)	334,166	
Cash and cash equivalents at beginning of the year	8	2,871,198	2,537,032	
Cash and cash equivalents at end of the year	8	2,844,505	2,871,198	

The accompanying notes form an integral part of the financial statements.

The financial statements were authorised for issuance by the Board of Directors on 02 March 2017.


Director


Director


Director & Company Secretary

Report of the Auditors to the Shareholders:

This is the Statement of Financial Position referred to in our report of even date.

Dhaka
02 March 2017


ACNABIN
Chartered Accountants

GlaxoSmithKline Bangladesh Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 The Company and its nature of business

1.1 The Company

GlaxoSmithKline Bangladesh Limited (the Company) was incorporated on 25 February 1974 as a public limited company and is listed with Dhaka Stock Exchange Limited. The Company is a subsidiary of GlaxoSmithKline Plc, UK through its fully owned subsidiary Setfirst Limited, UK.

1.2 Nature of business

The principal activities of the Company throughout the year continued to be manufacturing and marketing of pharmaceuticals, vaccines and consumer healthcare products.

2 Basis of preparation of financial statements

2.1 Financial statements

2.1.1 Composition

The financial statements comprise of :
Statement of Financial Position
Statement of Profit and Loss
Statement of Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements

2.1.2 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the relevant requirements of the Schedule to the Securities & Exchange Rules, 1987, the Listing Regulations of Dhaka Stock Exchange Limited, 1996 and of the Companies Act 1994.

2.1.3 Financial period

This financial statements cover the financial year from 01 January to 31 December 2016, with comparative figures for the financial years from 01 January to 31 December 2015.

2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost' convention except for certain operating fixed assets which were revalued in 1978.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka which is the functional and presentation currency. Figures have been rounded off to the nearest thousand Taka, unless stated otherwise.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with BFRS requires management to make judgements, estimates and assumptions that influence the application of accounting and reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experiences and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and result may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the significant effect on the amounts recognised in the financial statements are mentioned below:

	Policy	Note
Property, plant & equipment-Valuation	3.1.1	4
Property, plant & equipment-Depreciation	3.3.1	4
Valuation of inventories	3.4	6
Deferred tax	3.6.2	11
Impairment of property, plant & equipment	3.2	N/A
Employee benefit liabilities	3.5	15
Amortisation	3.3.2	5

3 Summary of Significant Accounting Policies

3.1.1 Property, plant and equipment (PP&E)

Property, plant and equipment is stated at cost or valuation less accumulated depreciation and impairment. Capital work-in-progress is stated at cost.

Effective from January 2013, all personal computers (Desktop, Laptop, Note Book, Monitor) are charged off as revenue expenditure. PCs purchased up to 31 December 2012 were capitalised and will continue to be depreciated over the remaining useful life of the PCs.

Maintenance and normal repairs are expensed as incurred while major renewals and improvements are capitalised.

3.1.2 Intangible assets

Intangible Assets represent cost incurred for acquiring and developing computer software for Enterprise Resources Planning (ERP) of manufacturing operations of the company where the software supports a significant business system and the expenditure leads to the creation of a durable asset. ERP systems software generally involves significant customisation prior to implementation and is expected to have a useful economic life of seven years.

3.2 Impairment of PP&E

The carrying values of all PP&E are reviewed for impairment on annual basis to assess whether there is any indication that the assets might be impaired. Any provision for impairment is charged to the Statement of Comprehensive Income in the year concerned.

There is no impairment in 2016 and 2015.

3.3.1 Depreciation

Depreciation is provided on straight line method at the annual rates shown below and leasehold land is amortised annually in such a manner that at the end of the period of lease the land is fully amortised :

Category of PP&E	Rate (%)
Freehold buildings	2.5
Plant and machinery	5, 10 & 33.33
Furniture, fixtures and equipment	10, 12.5 & 15
Computers	25, 33.33 & 100
Vehicles	25

Depreciation on additions made during the year is charged from the month in which the newly acquired assets are put into commercial operations. Depreciation on disposal of property, plant and equipment is made up to the month prior to the disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

3.3.2 Amortization of intangible assets

Amortisation is calculated to write off the cost of the intangible fixed assets, using the straight-line basis, over their expected useful lives. The normal expected useful life of computer software is reviewed annually and is 7 years.

3.4 Basis of valuation of inventories

Category	Basis of valuation
Finished products and Work-in-process	At the lower of cost and net realisable value. The cost includes allocation of production overheads that relate to bringing the inventories to their present condition and location.
Raw and packaging materials	At the lower of cost and net realisable value.
Stores and spares	At the lower of weighted average cost and net realisable value.
Materials & stores in-transit	At cost including related charges.

3.5 Retirement benefit schemes

Gratuity fund:

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible permanent employees other than the management staff.

Pension fund:

The Company contributes (based on actuarial valuation of 2015) to a recognised pension fund which is operated for its eligible permanent management staff. The fund has now been closed to new entrants joining the Company on and after 1 September 2012.

Provident fund:

The Company maintains contributory recognised provident funds for its eligible permanent employees.

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.6.1 Current tax

Provision for current year's taxation is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provisions of the Finance Act/Ordinance.

3.6.2 Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax liabilities are recognised for all temporary taxable differences.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3.7 Foreign currencies translation/transaction

Foreign currency receipts and payments during the year are translated at the exchange rate ruling on the transaction date. However, assets and liabilities at the reporting date are converted at the rate existing on that date.

3.8 Revenue recognition

Revenue represents product invoiced during the year to customers net of value added tax, rebates, discounts and commission.

3.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

3.10 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3.11 Earnings per share

The Company calculates its earnings per share in accordance with Bangladesh Accounting Standard (BAS-33) which has been shown on the face of Statement of Comprehensive income.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there were no preference shares requiring returns or dividends, minority interest or extraordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

No diluted earnings per share is required to be calculated per year as there was no scope for dilution during the year.

3.12 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.13 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

4 Property, Plant and Equipment**4.1 The following is the statement of property, plant & equipment**

Taka in '000

2016									
	Gross book value at cost / valuation				Depreciation				Carrying value As at 31 Dec
	Opening	Additions	Disposals/ Transfers	Closing	Opening	Charged	Disposals	Closing	
At cost									
Freehold land	221	-	-	221	-	-	-	-	221
Leasehold lands	619	-	-	619	181	7	-	188	431
Freehold buildings	142,681	-	-	142,681	64,232	3,279	-	67,511	75,170
Plant and machinery	718,648	34,361	52,483	700,527	442,586	59,083	52,483	449,185	251,342
Furniture, fixtures & equipment	226,939	6,981	30,215	203,704	133,351	18,475	30,128	121,698	82,006
Vehicles	242,619	40,562	28,840	254,341	164,697	39,791	28,511	175,976	78,364
	1,331,727	81,904	111,538	1,302,092	805,047	120,634	111,123	814,558	487,534
Capital work-in-progress	65,160	168,758	27,412	206,505	-	-	-	-	206,505
	1,396,887	250,662	138,951	1,508,597	805,047	120,634	111,123	814,558	694,039
At valuation - in 1978									
Freehold land	4,831	-	-	4,831	-	-	-	-	4,831
Leasehold land	12	-	-	12	12	-	-	12	-
Freehold buildings	45,747	-	-	45,747	42,370	1,126	-	43,496	2,252
Plant and machinery	7,397	-	-	7,397	6,678	-	-	6,678	720
Furniture, fixtures & equipment	1,491	-	-	1,491	1,466	-	-	1,466	25
	59,479	-	-	59,479	50,525	1,126	-	51,651	7,828
2016	1,456,365	250,662	138,951	1,568,076	855,572	121,760	111,123	866,209	701,867
2015	1,317,850	218,559	80,043	1,456,366	771,634	119,271	35,333	855,572	600,794

4.2 The depreciation charge has been allocated to

	Notes	2016	2015
Cost of sales	22	85,442	69,996
Selling expenses	23	21,624	27,335
Distribution expenses	24	1,893	2,135
Administrative expenses	25	12,777	19,782
Intercompany		23	23
		121,760	119,271

4.4 The following property, plant & equipment were disposed off during the year

Taka in '000						
Items	Cost or valuation	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of purchasers
Plant and machinery	52,483	52,483	-	-	Co. policy	
Furniture, fixtures and equipment	30,215	30,128	87	-	Co. policy	Management Staff
Vehicles	28,840	28,511	328	20,235	Co. policy	Management Staff
2016	111,538	111,123	416	20,235		
2015	40,005	35,333	4,672	10,669		

5 Intangible Assets

5.1 The following is the statement of intangible assets

Taka in '000									
	2016				Amortization				Carrying value As at 31 Dec
	Opening	Additions	Disposals/Transfers	Closing	Opening	Charged	Disposals	Closing	
At cost									
Computer Software	7,654	-	-	7,654	4,373	1,093	-	5,466	2,188
Acquisition of business	156	-	-	156	-	-	-	-	156
Capital work-in-progress	7,810	-	-	7,810	4,373	1,093	-	5,466	2,344
2016	7,810	21,567	-	21,567	4,373	1,093	-	5,466	23,911
2015	7,810	156	-	7,966	3,436	1,093	-	4,529	3,437

5.2 As part of the global transaction between GSK Plc and Novartis AG, the Company has paid BDT. 156 (Taka'000) to purchase some significant portfolio of vaccine business of Novartis Bangladesh according to the agreement between the Company and Novartis Bangladesh.

5.3 CWIP includes cost of on going ERP implementation

		Taka in '000	
		At 31 December	
	Notes	2016	2015
6 Inventories			
Finished products	39	345,985	379,698
Raw and packing materials		247,239	277,558
Work-in-process		74,886	62,479
Stores & spares		19,626	19,657
In transit - materials and stores		98,089	112,886
		785,826	852,278
7 Trade and other receivables			
7.1 The make-up of			
Trade receivables - unsecured		764,954	1,035,893
Intercompany receivables		46,698	61,018
House building loan to employees		1,411	1,514
Others		11,506	17,622
		824,569	1,116,047
7.2 Prepayments			
Suppliers		6,795	8,036
Rental		19,680	19,724
Employees		9,640	7,103
VAT		91,322	58,594
Security deposits		4,706	3,527
Others		5,089	11,311
		137,232	108,295
		961,801	1,224,342
7.3 Others include interest accrued on investments- due - not due			
		-	-
		11,116	18,062
		11,116	18,062
7.4 These include aggregate amount due by the managers and officers of the Company			
		9,640	7,103
7.5 The maximum aggregate amount due by the managers and officers of the Company at the end of any month during the year			
		22,404	18,376
7.6 Other receivables realisable or adjustable after twelve months from the reporting date			
House building loan		4,575	5,512
Rental		575	4,857
		5,150	10,370

		Taka in '000	
		At31December	
	Note	2016	2015
8	Cash and cash equivalents		
	Term deposits with scheduled commercial banks	1,837,332	2,384,390
	Special Notice Deposit (SND) accounts with scheduled commercial banks	32,018	29,003
	Current account with scheduled commercial banks	974,514	457,512
	Cash in hand	641	293
		2,844,505	2,871,198
9	Trade and Other Payables		
9.1	The make-up of		
	Trade payables	1,334,976	1,457,243
	Expenses	284,857	206,790
	Provisions	1,031,424	920,596
	Otherfinance	27,547	115,421
	Unclaimed dividend	8,461	6,313
	Capitalexpenditures	1,240	3,910
		2,688,505	2,710,272
9.2	These include the following items:		
	Provisions for Contract Manufacturing	920,596	920,596
	Provisions for Distributor's Claims	110,828	-
		1,031,424	920,596
	Provision for contract manufacturing		
	As GSK engages in contract manufacturing, the company agrees to cover for probable claims, including control lapses, arising from such arrangement. GSK standing on the prudent side, makes suitable provisions to cover such claims.		
	Provision for Distributor's claims		
	The agreement between GSK and the distributor requires GSK to give protection to its distributors from certain losses, if arise. Out of a recent notice from the distributor indicating a probable claim this provision was made.		
9.3	These include the following items:		
	Tax deducted at source	31,439	18,652
	Other	(3,892)	96,769
		27,547	115,421
10	Current tax liabilities		
	Opening balance	193,543	225,681
	Provided during the year	206,352	342,481
		399,895	568,162
	Paid during the year	340,990	374,619
	Closing balance	58,905	193,543

		Taka in '000		
		At31December		
	Notes	Carrying amount on reporting date	Tax base	Taxable temporary difference/ (Deductible temporary difference)
11	Deferred tax liability			
	Year 2016			
	Deferred tax relating to items of profit or loss			
	Property, plant and equipment	492,565	394,020	98,545
	Provision for gratuity	73,058	-	(73,058)
	Net taxable temporary difference			25,487
	Applicable tax rate			25.00%
	Deferred tax liability relating to items of profit or loss at the end of the year (a)			6,372
	Deferred tax liability relating to items of profit or loss at the beginning of the year			11,719
	Deferred tax expense recognized in profit or loss	32		(5,347)
	Deferred tax asset relating to items directly recognised in other comprehensive income			
	Actuarial gain/ (loss) directly recognized in other comprehensive income			25%
	Applicable tax rate			-
	Deferred tax liability relating to items directly recognized in other comprehensive income at the end of the year			-
	Deferred tax asset relating to items directly recognized in other comprehensive income at the beginning of the year (b)			(12,607)
	Deferred tax income recognized in other comprehensive income			-
				(6,235)
	Net deferred tax (assets) / liability (a+b)			
	Year 2015			
	Deferred tax relating to items of profit or loss			
	Property, plant and equipment	533,862	415,019	118,843
	Provision for gratuity	71,493	-	(71,493)
	Net taxable temporary difference			47,351
	Applicable tax rate			25.00%
	Deferred tax liability relating to items of profit or loss at the end of the year (a)			11,719
	Deferred tax liability relating to items of profit or loss at the beginning of the year (restated)			46,612
	Deferred tax expense recognized in profit or loss	32		(34,892)
	Deferred tax asset relating to items directly recognised in other comprehensive income			
	Actuarial gain/ (loss) directly recognized in other comprehensive income	32,958		32,958
	Applicable tax rate			25.00%
	Deferred tax asset relating to items directly recognized in other comprehensive income at the end of the year			8,240
	Deferred tax asset relating to items directly recognized in other comprehensive income at the beginning of the year			(20,846)
	Deferred tax income recognized in other comprehensive income			(12,607)
	Net deferred tax (assets) / liability			(887)

12 Dividends	Taka in '000		
	At 31 December		
	Notes	2016	2015
Shareholding details	16.3	Finalfor 2016	Finalfor 2015
12.1 Paid			
a.Setfirst Limited, UK			
GBP 3,024,963.07 (2014: GBP 2,009,038.09)		543,133	414,756
b.Investment Corporation of Bangladesh		70,641	53,194
c.General public		7,551	30,140
d.Sadharan Bima Corporation		4,204	3,210
e.Other local financial /securities companies		37,026	4,650
		662,555	505,950
12.2 Unclaimed - on account of Bangladeshi shareholders			
Prior year		555	1,506
Yearsprior to that		7,024	5,067
		7,578	6,573

13 Dividend per share

The dividends for 2015 paid in 2016 were Taka. 662,556 (Taka'000) (Tk.55 per share). A dividend in respect of 2016 of Tk. 50 per share, amounting to a total dividend of Taka 602,332 (Taka'000) is to be proposed at the Annual General Meeting on 20 April 2017. These financial statements do not reflect this dividend payable.

14 Obligations under finance lease

Amount payable under finance lease:

Within one year		4,447	6,789
In the second to fifth years inclusive		7,281	10,925
		11,729	17,714
Less : Future finance charge		2,128	2,849
Present value of lease obligations		9,600	14,865
Less : Amount due for settlement within 12 months (shown under current liabilities)		3,285	6,052
Amount due for settlement after 12 months		6,315	8,813

It is the Company's policy to lease Motor Vehicles above certain amount under finance leases. The lease term is 5 years. For the year end 31 December 2016, the average effective borrowing rate was 15.28%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Taka.

The Company's obligations under finance lease are secured by the lessor's charges over the leased assets.

15 Retirement benefit obligations

15.1 Gratuity		73,059	71,493
15.2 Net pension fund		(86,577)	(30,671)
		(13,518)	40,822

15.1 Gratuity	Taka in '000	
	At 31 December	
	2016	2015
Opening balance	71,493	77,241
Provision made during the year	9,908	5,888
Paid during the year	(8,342)	(11,636)
	1,566	(5,748)
Closing balance	73,059	71,493
This represents total liability of the Company on account of gratuity that would be payable if all eligible employees retire at the end of the year.		
15.2 Pension fund		
Net pension fund		
Defined benefit obligation	368,895	364,995
Plan assets	455,472	395,666
Net funded status	(86,577)	(30,671)

The actuarial valuation of pension fund was carried out at December 31, 2015. The Projected Unit Credit Method, using the following significant financial assumptions has been used for the actuarial valuation :

	%
Discount rate	8
Expected rate of increase in salaries	7
Expected rate of return on plan assets	8

Movement in the present value of defined benefit obligation

Opening balance	364,995	379,575
Current service cost	16,320	12,443
Interest cost	29,200	30,366
Actuarial (gain)/ loss on obligations	-	(16,836)
Benefits paid	(41,620)	(40,553)
Present value of defined benefit obligation	368,895	364,995

Movement in the fair value of plan assets

Opening balance	395,666	296,188
Expected return on plan assets	31,653	23,695
Actuarial gain/(loss)	-	16,122
Contribution by employer	69,773	100,214
Benefits paid	(41,620)	(40,553)
Fair value of plan assets	455,472	395,666

Net actuarial gain/ (loss)

Actuarial gain/ (loss) on obligations	-	16,836
Actuarial gain/ (loss) on fair value of plan assets	-	16,122
	-	32,958
Deferred tax on actuarial gain/ (loss)	-	(8,240)
	-	24,719

As per the last audited balance sheet of GlaxoSmithKline Bangladesh Limited Pension Fund as of 31 December, 2016, the total fund stands at Tk. 455,472 (Tk. '000) (2015: Tk. 395,666) (Tk.'000) represented by assets invested mainly in Treasury Bills.

		Taka in '000	
		At 31 December	
		2016	2015
16	Share capital (Ordinary shares)		
16.1	Authorised		
	20,000,000 Shares of Tk 10 each	200,000	200,000
16.2	Issued, subscribed and fully paid - up		
	Issued for cash		
	350 Shares of Tk 10 each in 1974	4	4
	4,943,949 Shares of Tk 10 each as rights issue	49,440	49,440
	4,944,299	49,444	49,444
	Issued for consideration other than cash		
	3,787,650 Shares of Tk 10 each in 1974	37,876	37,876
	3,314,500 Shares of Tk 10 each as bonus issue	33,145	33,145
	7,102,150	71,021	71,021
	12,046,449	120,465	120,465

16.3 Position of shares holding

The composition of share holders at 31 December were:

	2016		2015		2016	2015
	% of Holdings	No. of Shares	% of Holdings	No. of Shares		
a. Setfirst Limited, UK	81.98	9,875,144	81.98	9,875,144	98,752.00	98,752
b. Investment Corporation of Bangladesh (ICB) & ICB Unit and Mutual Funds	13.22	1,592,762	12.37	1,490,696	15,927.62	14,907
c. General public	1.27	153,435	4.07	489,806	1,534.35	4,898
d. Sadharan Bima Corporation	0.63	76,437	0.63	76,437	764.37	764
e. Other local institutions	2.89	348,671	0.95	114,366	3,486.71	1,144
	100.00	12,046,449	100	12,046,449	120,465	120,465

16.4 Classification of shareholders by holding:

Holdings	Number of holders		Total holdings%	
	2016	2015	2016	2015
Less than 500 shares	1,117	647	0.62	0.43
500 to 5,000 shares	80	77	1.01	1.02
5,001 to 10,000 shares	20	20	1.19	1.28
10,001 to 20,000 shares	1	3	0.12	0.35
20,001 to 30,000 shares	3	2	0.62	0.4
30,001 to 40,000 shares	2	1	0.59	0.27
40,001 to 50,000 shares	1	2	0.38	0.78
50,001 to 1,00,000 shares	2	3	1.43	2.18
100,001 to 1,000,000 shares	2	3	3.38	11.31
Over 1,000,000 shares	2	1	90.67	81.98
	1,230	759	100.00	100.00

16.5 No. of shares held by the members of the Company Executive Committee :

		No. of shares	
		2016	2015
Mr. A.K.M. Firoz Alam	Director, Human Resources	-	50
Mr. Noor Mohammad	Director, Human Resources	10	-
Mr. Mahbubur Rahman	Director, Clinical R&D and Medical Affairs	2	-

17 Reserves

	Notes	Taka in '000	
		2016	2015
17.1 Revaluation reserve			
Opening balance		59,479	59,479
Adjustment made on account of disposal of revalued assets		-	-
Closing balance	4.1	59,479	59,479

The balance represents surplus arising from the revaluation of fixed assets carried out in 1978.

17.2 Capital reserve			
Opening balance		166	166
Adjustment for the year		-	-
Closing balance		166	166

This is the balance of surplus of assets over liabilities as at 28 February 1974 after issue of shares there against.

18 Retained earnings

Retained earnings include capital gain, net of tax of Tk. 191,491 thousand arising out of disposal of Bogra, Chittagong and Dhaka properties. This is not remittable until the Bangladesh Bank's restriction thereon is waived.

19 Contingent liabilities		
a. Guarantees issued by the Company's scheduled bank to third parties on counter - indemnities given by the Company against the bank's limit of Tk. 15 million.	8,052	1,383
Less than 1 year	7,556	
1 to 5 years	496	
b. Excise duty on sale of certain quantity of Mycil powder effected after 10 September 1981 which would be payable if the case presently pending with the hon'ble High Court Division of the Supreme Court of Bangladesh is decided against the Company.	873	873
c. An ex-executive of the Company filed a case in the Lower Court against the Company for compensation of Tk. 10.8 million as claimed by the plaintiff due to termination of his services from the Company. The Company filed an appeal in the Supreme Court against the verdict passed by the High Court.	10,800	10,800
d. An ex employee filed a case in the lower court at Chittagong claiming reinstatement, however the ex employee has already reached retirement age and reinstatement is not possible. Appellate Division has ordered to pay salaries and benefits till retirement age. The Company filed a review in the Supreme Court which is still pending.	-	-
e. There were no other claims against the Company not acknowledged as debts.	-	-
	19,725	13,056

20 Commitments		
a. Capital expenditure		
Contracted but not provided for in these accounts	277,661	181,448
Authorised but not contracted	62,539	16,802
b. L/C Outstanding	357,575	445,183
	697,775	643,433

21 Revenue					
Items	Unit	2016		2015	
		Quantity	Taka in'000	Quantity	Taka in'000
a. Pharmaceuticals					
Local Market					
Tablets and Capsules	Million	675	589,885	736	627,542
Topicals	Tonne	256	613,288	218	594,153
Vials and Drops	Thousand	1,040	427,098	1,292	488,603
Oral Liquids	Kilolitre	163	113,515	263	121,033
Granules	Tonne	5	13,866	1	1,815
Inhalers	Thousand	680	278,034	693	318,047
			2,035,686		2,151,193
Contract manufacturing					
Export					
Tablet	Million		47,971	113	47,970.60
Granules	Tonne		10,421	6	10,421.00
Powder	Tonne		-	0	-
			58,392		58,392
			2,094,078		2,209,585
b. Consumer Healthcare					
Powder	Tonne		4,040,700	8,021	4,397,003
Oral	Thousand		183,463	982	92,241
			4,224,163		4,489,244
			6,284,015		6,698,828

22 Cost of sales	Notes	Taka in '000	
		2016	2015
Cost of products manufactured:			
Raw and packing materials consumed	41		
Opening inventories		390,444	399,196
Purchased during the year		2,538,639	2,788,810
		2,929,083	3,188,006
Closing inventories		(345,328)	(390,444)
		2,583,755	2,797,562
Manufacturing expenses:			
Salaries, wages and welfare		249,151	206,290
Contributions to retirement benefit scheme		13,245	13,279
Depreciation	4.2	85,442	69,996
Amortisation on intangible assets	5	1,093	1,093
Fuel and power		45,239	34,139
Travelling and training		12,126	9,880
Communication		1,089	987
Computer expenses		2,529	6,616
Building maintenance		11,803	6,314
Machinery and other maintenance		38,838	19,392
Stores and spares consumed	41(iii)	9,010	16,417
Contract manufacturing transportation charges		353	376
Insurance		3,563	2,996
Rent, rates and taxes		306	314
Office expenses		13,601	11,592
Motor running expenses		12,908	12,235
Other expenses		7,011	4,931
		507,307	416,847
		3,091,062	3,214,409
Opening inventory of work-in-process		62,479	147,727
		3,153,541	3,362,136
Closing inventory of work-in- process		(74,886)	(62,479)
		3,078,655	3,299,657
Opening inventory of finished products		379,698	300,789
Cost of finished products purchased	40	736,552	865,961
Finished products available		4,194,905	4,466,406
Closing inventory of finished products	39	(345,985)	(379,698)
Replacement, medical attention, and other issues		(14,889)	(22,411)
		(360,874)	(402,109)
		3,834,031	4,064,297

	Notes	Taka in '000	
		2016	2015
23 Selling expenses			
Salaries, wages and welfare		428,126	361,319
Contributions to retirement benefit scheme		25,759	18,939
Advertisement and sales promotion		788,981	791,461
Health Care Organisation (HCO) support expense		-	1,116
Health Care Professionals (HCP) expense		-	156
Travelling & training		98,590	88,462
Physician samples		5,873	7,436
Professional books		1,045	1,922
Communications		3,473	3,245
Conference and seminar		11,917	10,234
Motor running expenses		16,369	16,135
Depreciation	4.2	21,624	27,335
Office expenses		10,276	10,220
Insurance		1,827	1,557
Computer expenses		1,385	14,186
Other expenses		1,488	790
Promotional allowance		(111,391)	(143,021)
		1,305,342	1,211,492
24 Distribution expenses			
Salaries, wages and welfare		6,125	6,536
Contributions to retirement benefit scheme		491	582
Handling, freight and transport		4	20
Repairs and maintenance		625	70
Motor running expenses		622	245
Depreciation	4.2	1,893	2,135
Stock keeping charges		11,130	6,959
Communications		80	81
Insurance		350	545
Office expenses		1,822	1,761
Other expenses		801	655
		23,943	19,589
25 Administrative expenses			
Salaries, wages and welfare		185,559	159,687
Contributions to retirement benefit scheme		5,028	8,676
Motor running expenses		13,194	15,204
Depreciation	4.2	12,777	19,782
Communications		3,066	3,691
Computer expenses		1,774	2,028
Travelling and training		13,805	15,748
Insurance		4,276	3,844
Repairs and maintenance		6,946	8,069
Legal and professional fees		2,669	18,170
Subscriptions		264	212
Entertainment expenses		408	2,378
Office expenses		10,666	7,860
Bank charges		360	190
Rent, rates and taxes		41,050	40,915
Fuel and power		3,483	3,406
Donations		-	500
Directors' fees		200	250
Workers profit participation fund		44,503	59,930
Community partnership		1,350	1,914
Other expenses		2,744	3,276
		354,122	375,730
		Taka in '000	

	Notes	Taka in '000	
		2016	2015
26 Other income			
Profit on disposal of property, plant and equipment		19,820	5,997
Scrap sales and other income		411	6,428
Profit on sale of oncology assets		-	467
		20,231	12,892
26.1 Scrap sales and other income include Forex gain/(loss)			
26.2 The profit on sale of oncology assets corresponds to the consideration received by the company as per the agreement with Novartis Bangladesh, as a part of the global transaction between GSK Plc and Novartis AG, on sell of its marketed oncology assets to Novartis Bangladesh.			
27 Finance income and cost			
Interest income on:			
Term deposit		60,218	100,833
Special Notice Deposit (SND)		17	42
Housing loan to employees		382	490
		60,617	101,365
Interest expense on:			
Bank overdraft		(81)	(185)
Leasing		(1,785)	(3,123)
		(1,866)	(3,308)
Net finance income		58,751	98,057

28 Business segments information

	Notes	Pharmaceuticals		Consumer healthcare		Total	
		2016	2015	2016	2015	2016	2015
Gross revenue - net of trade discount & commission		2,202,255	2,465,245	5,010,858	5,240,592	7,213,113	7,705,837
VAT		(259,232)	(255,661)	(669,867)	(751,348)	(929,098)	(1,007,009)
Revenue	21	1,943,023	2,209,584	4,340,991	4,489,244	6,284,015	6,698,828
Cost of sales	22	(1,678,212)	(1,716,298)	(2,155,817)	(2,348,003)	(3,834,031)	(4,064,297)
Gross profit		264,811	493,286	2,185,174	2,141,241	2,449,984	2,634,531
Assets and liabilities							
Segment assets (excludes cash and cash equivalents)		1,760,671	1,838,083	716,071	854,075	2,476,742	2,691,221
Segment liabilities (excludes tax liabilities)		530,221	783,435	2,167,884	1,981,636	2,698,105	2,765,071

	Notes	Taka in '000	
		2016	2015
29 Auditors' remuneration			
Audit fee		600	600
Audit of provident, pension and workers' profit participation & welfare funds and special certifications		70	70
		670	670

30 Remuneration of Directors, Managers and Officers

	2016			2015		
	Directors	Managers & Officers	Total	Directors	Managers & Officers	Total
Remuneration	34,768	553,351	588,119	42,813	414,436	457,249
Housing:						
Rent	3,000	91,515	94,515	6,599	83,582	90,181
Utilities	1,102	10,463	11,565	2,734	29,409	32,143
	4,102	101,978	106,080	9,333	112,991	122,324
Contribution to retirement benefit scheme	481	33,104	33,585	3,557	24,762	28,319
Leave passage	626	11,403	12,029	3,041	10,012	13,053
Medical	53	24,085	24,138	344	17,668	18,012
Other	147	3,121	3,268	227	3,650	3,877
	40,177	727,042	767,219	59,315	583,519	642,834
Number	4	721	725	4	688	692

30.2 The Company based on respective employment terms having specified limits provides the following benefits :
i. Directors : The Managing Director and the expatriate Executive Director were provided with free furnished accommodation and a chauffeur driven full time vehicle. The other two Executive Directors were provided with a full time vehicle with a driver's costs and certain house furniture and equipment.

ii. All the managers, in defined grades, are provided with full time car and certain house furniture and equipment.

31 Number of employees engaged

The Company employed 940 (2015:906) permanent employees and a varying number of casual and temporary workers as required. All permanent employees receive total remuneration in excess of Tk 36,000 per annum.

	Notes	2016	2015
32 Income tax expense			
Current tax	10	206,352	342,481
Deferred tax	11	(5,347)	(34,891)
		201,005	307,590

	2016		2015	
32.1 Reconciliation of effective tax rate				
Profit before Tax	%	845,559	%	1,040,612
Income tax using applicable tax rate	25.00%	211,390	25.00%	260,153
Factors affecting the tax charge for current year				
Non-deductible expenses		20,858		97,302
Prior year adjustment		(25,896)		(14,974)
Deferred tax (income)/Expense		(5,347)		(34,891)
Total Income Tax Expense	23.77%	201,005	29.56%	307,590

33 Related Party Disclosures

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of BAS-24: Related party disclosure.

Name of the party	Nature of transaction	Nature of relationship	Transaction value Taka in '000	Transaction value Receivable/ (Payable) Taka in '000
GlaxoSmithKline Services Unlimited, UK	Inter Company Services/Fees, Meeting, Training and Seminar	GSK Group Company	5,276	(3,281)
GlaxoSmithKline Biologicals S.A, Belgium	Import of finished products, promotional allowance & Service fee	GSK Group Company	292,350	(40,088)
GlaxoSmithKline Consumer Healthcare, India	Import of raw & finished products	GSK Group Company	804,975	(133,888)
GlaxoSmithKline Inc, Canada	Inter Company Services/Fees and Others	GSK Group Company	329	(325)
GlaxoSmithKline Pte Ltd., Singapore	Inter Company Meeting, Training and Seminar	GSK Group Company	-	(69)
GlaxoSmithKline Export Ltd., UK	Import of raw & finished products and promotional allowance	GSK Group Company	165,673	(6,169)
GlaxoSmithKline Trading Services Ltd, UK	Inter Company export sales	GSK Group Company	24,164	-
SmithKline Beecham Bangladesh (Pvt) Limited	Inter Company Services	GSK Group Company	58	(30,310)
GlaxoSmithKline CH Pte Ltd.	Inter Company Services	GSK Group Company	3,464	-
Burroughs Wellcome & Co. (Bangladesh) Ltd.	Purchased of finished goods & Inter Company Services	GSK Group Company	139,978	(15,520)

33.1 Transactions with related parties were carried out on commercial terms and conditions and at prices agreed based on intercompany prices.

34 Earnings per share

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Taka in '000	
	2016	2015
Profit for the year	644,554	831,079
	No. of shares	
Weighted average number of ordinary shares	12,046,449	12,046,449
Basic and diluted earnings per share (Taka)	53.51	68.99

	Notes	Taka in '000	
		2016	2015
35 Value of imports - at C&F basis			
Raw & packing materials		1,311,338	1,844,754
Capital goods		88,741	102,878
Stores & spares		7,378	6,611
		1,407,457	1,954,243
36 Consumption	41		
Raw & packing materials, and stores & spares	%		%
a. Imports - Raw & packing materials	77	1,988,191	2,254,574
b. Indigenous			
Raw & packing materials	23	595,564	542,988
Stores & spares	0.3	9,010	16,417
	23	604,574	559,405
	100	2,592,765	2,813,979
37 Expenditure incurred in foreign currency			
Foreign travel for the Company's business		16,503	19,112
			Foreign currency in '000s

38 Value of export business	USD	165	583
	GBP	105	112

Items	Unit	Taka in '000			
		2016		2015	
		Quantity	Taka	Quantity	Taka
a. Pharmaceuticals					
Tablets and capsules	Million	13	25,444	19	39,683
Topicals	Tonne	5.31	22,150	17	45,589
Vials and drops	Thousand	283	206,178	178	157,749
Oral liquids	Kilolitre	8.37	1,076	28	4,277
Granules	Tonne	0.33	877	0.22	168
Inhalers	Thousand	96.13	45,328	275	105,568
			301,052		353,036
b. Consumer Healthcare					
Powder	Tonne	156.00	21,267	76	16,771
Oral	Thousand	510.00	23,666	134	9,892
			44,933		26,663
			345,985		379,699

Items	Unit	Taka in '000			
		2016		2015	
		Quantity	Taka	Quantity	Taka
a. Tablets & capsules	Thousand	12,625	24,625	17,373	85,261
b. Topicals	Tonne	20	40,531	31	67,427
c. Injections	Thousand	627	415,845	467	414,243
d. Inhalers	Thousand	281	132,984	509	268,270
e. Oral	Thousand	2,524	122,567	903	30,760
			736,552		865,961

	Notes	2016		2015	
		Quantity	Taka in'000	Quantity	Taka in'000
41 Materials consumed					
i) Pharmaceuticals					
a. Paracetamol powder		80,630 Kg	33,865	91,269 Kg	38,333
b. Betamethasone valerate		242 Kg	40,752	183 Kg	30,820
c. Griseofulvin powder		4,597 Kg	23,824	7,501 Kg	38,870
d. Other items individually below 10% of total consumption		Various	547,081	Various	579,840
Total pharmaceuticals			645,522		687,863
ii) Consumer healthcare					
a. Powder		5,272 Tonne	1,383,637	5837 Tonne	1,537,391
b. Other items individually below 10% of total consumption		Various	554,596	Various	572,309
Total healthcare			1,938,233		2,109,699
(2,583,755)			2,583,755		2,797,562
iii) Stores & spares					
Items individually below 10% of total consumption		Various	9,010	Various	16,417
Total			2,592,765	Total	2,813,979

Classes of goods	Unit	Annual installed capacity	Actual production	
			2016	2015
a. Pharmaceuticals				
Tablets and capsules	Million	1,142	702	879
Oral liquids	Kilolitre	600	149	288
Vials and drops	Thousand	440	310	615
Topicals	Tonne	228	232	194
Granules	Tonne	10.98	7	7
b. Consumer healthcare				
Powder	Tonne	1,500	1,447	1,127

Licensed capacity is no longer enforced and the regulatory authority does not exercise any control over the production.

43 Financial risk management objectives and policies

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company has also formed 'Risk Management & Compliance Board (RMCB)'.

The objective of the RMCB is to review and assess the quality and effectiveness of the risk management system and ensure that the risk policies are effectively managed and incorporated in the management structure of the Company. It also oversees the risk management strategies to achieve current and accurate compliance with operational and legal requirements and identification of foreseeable trends that could significantly impact the Company's overall business objectives.

43.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. It mainly comprises of trade receivables, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is as follows:

	Taka in '000	
	2016	2015
Loans to employees	1,411	1,514
Advances to employees	9,640	7,103
Advances to suppliers	6,795	8,036
Security deposits	4,706	3,527
Trade receivables	764,954	1,035,893
Other receivables	16,595	28,933
Bank balances	2,844,505	2,870,905
	3,648,606	3,955,911
The aging of trade receivables at the reporting date is as follows:		
Trade receivables		
Not past due	764,954	1,035,893
Past due 1-180 days	-	-
Past due more than 180 days	-	-
	764,954	1,035,893

To mitigate the credit risk against trade receivables, the company has a system of specific credit line period to the distributor. This outstanding period and amount are regularly monitored. The Company endeavors to cover the credit risks on all other receivables, where possible, by restricting credit facility and stringent monitoring.

43.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The table below summarises the maturity profile of the Company's financial liabilities as at the reporting date.

	Taka in '000			Carrying amount
	Less than 12 months	1 to 2 years	2 to 5 years	
Financial liabilities				
2016				
Finance lease	3,285	3,289	3,026	9,600
Trade and other payables	2,688,505			2,688,505
Financial liabilities				
2015				
Finance lease	6,052	3,285	5,528	14,865
Trade and other payables	2,710,272			2,710,272

Maintaining sufficient cash, the availability of funding through an adequate amount of committed bank facilities, the company manages the liquidity risk.

43.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

43.3.1 Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to company's operating activities with the foreign suppliers.

The Company's exposure to foreign currency risk in major currencies at their gross values is as follows:

	Amount in '000		
	Foreign currency	2016	2015
Trade and other receivables	USD	379	44
	GBP	89	68
Cash and bank balances	USD	249	237
	GBP	13	14
Trade and other payables	USD	2,632	2,245
	GBP	140	(419)

The Company did not experience with any unusual profit or loss causing from foreign exchange fluctuation till date. The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at reporting date represented in foreign currencies, with all other variables held constant, of the Company's profit/loss before tax.

	2016	2015
Change in exchange rate	1%	1%
Effect on profit/loss before tax (Taka'000)	1,615	961

43.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short-term deposits and running finances.

At the reporting date, the average interest rate of the Company's interest bearing financial instruments was as follows:

	Effective rates %		Taka in '000	
	2016	2015	2016	2015
Financial assets				
Term deposit	2.15%-3.20%	3.00%-5.5%	1,837,332	2,384,390
Financial liabilities				
Finance lease	15.28%	15.28%	9,600	14,865

The Company's policy is to keep its short-term running finances at the lowest level by effectively keeping the positive bank balances. Further, the Company also minimizes the interest rate risk by investing in fixed rate investments like term deposit receipts.

43.3.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares. The Company also is not exposed to commodity price risk.

44 Comparatives

Previous year's figures and account titles in the financial statements have been rearranged and reclassified, wherever necessary for the purpose of comparison, without, however, creating any impact on the profit and value of assets and liabilities as reported in the financial statements for the current year.

45 Events after the reporting period

Since the reporting period there has been no material changes affecting the financial position of the Company.


Director


Director


Director & Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of GlaxoSmithKline Bangladesh Limited will be held at Hotel Agrabad, Agrabad Commercial Area, Chittagong on Thursday, 20th April 2017 at 11:00 A.M. for the following purposes:

1. To receive and adopt the Director's Report and the Audit Accounts of the Company for the year ended 31st December 2016 and the Auditor's Report thereon.
2. To declare dividend for the year ended 31st December 2016.
3. To elect Directors of the Company in the vacancies caused under Article 85 and 89 of the Articles of Association.
4. To appoint Auditors for the year 2017 and to fix their remuneration.
5. To re-appoint Independent Director as per Bangladesh Securities Exchange Commission notification.

By order of the Board



Zinnia Tanzina Huq
Director & Company Secretary

Dhaka, 2nd March 2017

Notes:

1. Members entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend in his/ her stead. The Proxy Form must be affixed with requisite revenue stamp and deposited at the Company's Registered Office not less than 48 hours before the time appointed for holding the meeting.
2. Members whose name appeared in the Members/ Depository Register as on "Record Date" i.e. 23rd March 2017 are eligible to attend and vote in the AGM and to receive the dividend as approved in the AGM.
3. In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated 24th October, 2013 no gift /food box shall be distributed at the time of the AGM to be held on 20th April 2017

CONTACT DETAILS

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Gulshan:1, Dhaka1212
Phone- PABX: 880-2-9858870-75
Fax: 880-2-8826628, Website: www.gsk.com.bd
e-mail: gsk.bangladesh-info@gsk.com

Factory

Fouzderhat Industrial Area
North Kattali
PO. Box: 53, Chittagong 4217
Phone: 880-31 -752071-78
Fax:880-31-751051

Distribution Centres

Operated by Zuellig Pharma Bangladesh Ltd.

Chittagong

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Machua Jharna,
Nawab Siraj-Ud-Dowla Road, Chittagong
Phone: (031) 615883, 621596

Majdee

Red Crescent Bhaban
Majdee Court, Noakhali
P.O. Box-Majdee-3800
Phone: (0321)62988

Comilla

204, Shaheed Shamsul Hague Sarak
P.O. Box:99, Comilla-3500
Phone: (081)69132

Sylhet

3, Paira (2nd floor)
Darga Moholla
Sylhet-3100
Phone: (0821)720899

Jessore

80, Ghope Central Road
New town Housing Estate
P.O. Box-10
Jessore-7400
Phone: (0421)68509

Bogra

Dr. Ishaq Lane
528, Sutrapur, Bogra
Phone: (051)60060, 64746

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Mymensingh

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Phone: (091)67577

Barisal

N. Hossain Complex
Police Line Road
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Phone: (0431) 2173351

Rangpur

Shajeda Mahal
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Rajshahi

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Phone:(0721)770948

Khulna

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