



do more  
feel better  
live longer



all for the  
PEOPLE

GlaxoSmithkline Bangladesh Limited  
Annual Report 2014



all for the  
**PEOPLE**

It's the people who are at the center of all we do— always, all through. The change we have incessantly been striving to catalyze at a sustainable level would not only be meaningless but also impossible, had it not directly touched and involved those individuals' lives. This year's cover page reflects our vision of "All for the PEOPLE" through the illustration of GSK's hands extending out to the innumerable people around us.

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**NOTE**

Brand names appearing throughout this report are trademarks either owned by and/or licensed to GlaxoSmithKline Bangladesh Limited or GlaxoSmithKline Group of Companies

# THE SPIRIT



Deliver excellence by being the best you can be

# QUALITY



Quality is at the heart of all activities that support the discovery, supply and marketing of products to our patients and customers. Quality is critical to building trust with society and therefore, to our future business success.

**ANDREW WITTY**  
Chief Executive Officer  
GSK plc

# [ E.H.S.S ]

## Environment, Health, Safety and Sustainability...

### A matter of policy

Safeguard people and enhance their wellbeing

Protect our communities and the environment

Lead in what we do

Make continuous improvement

Integrate sustainability into our business

Be transparent with everyone

### Andrew Witty

Chief Executive Officer  
GSK plc





## Living Our Values

### The GSK Anti Bribery and Corruption (ABAC) Programme

“There is no greater priority for GSK than the ethical conduct of our people. We exist to improve patient’s 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. I know that we operate in challenging commercial environments and in cultures where corruption can be widespread. 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.”

- Andrew Witty, Chief Executive Officer

## ABAC

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, subsidiaries and affiliates, and third parties acting for or on behalf of GSK. In many of its elements, GSK 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. GSK provides training to its employees and selected third parties on its ABAC Programme. We have a dedicated group to manage the corruption risk of the company, including the

monitoring and auditing of our activities to ensure compliance with GSK’s Anti-Corruption Policy and the adequacy of our internal controls. GSK regularly reviews our ABAC Programme as part of our internal processes of improvement, and benchmarks it against the standards of the industry with the aid of external experts.

All GSK Bangladesh dealings with third parties are carried out with the highest standards of integrity required for all GSK business and in compliance with all relevant laws and regulations. This policy declares that corrupt practices are not acceptable in GSK business dealings both in the private and government sectors. GSK’s dealings with governments and government officials are subject to specific anticorruption laws which carry very significant penalties, including but not limited to the UK Bribery Act, the US Foreign Corrupt Practices Act and the US Sarbanes-Oxley Act.



## General Information

### Board of Directors

Rodrigo Becker (appointed on 20/2/2014)  
M Azizul Huq  
Md. Fayekuzzaman  
Sarwar A Khan (Resigned on 30/10/2014)  
Zinnia Tanzina Huq (Appointed on 01/11/2014)  
Pawan Sud (Resigned on 24/04/2014)  
G. Venkatramani (Appointed on 24/04/2014)  
Masud Khan  
Rajib Barua

### 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  
M Azizul Huq  
Md. Fayekuzzaman

### Bankers

Standard Chartered Bank  
HSBC  
Citibank NA  
Agrani Bank  
Sonali Bank

### Statutory Auditors

**Chartered Accountants**  
Hoda Vasi Chowdhury & Co.

**Compliance Governance Auditor**  
MABS & J Partners

### Legal Advisors

Barrister Abdullah Al Mamun  
Advocate S C Lala

A view of manufacturing site of GSK Bangladesh in Chittagong

# Glimpses from the 41<sup>st</sup> Annual General Meeting



The Board of Directors of GSK Bangladesh Limited at the 41<sup>st</sup> AGM



The Board of Directors speaking at the 41<sup>st</sup> AGM session



A Shareholder speaking at the AGM



Shareholders at the AGM

## Notice of Annual General Meeting

Notice is hereby given that the 42<sup>nd</sup> Annual General Meeting of GlaxoSmithKline Bangladesh Limited will be held at the Hotel Agrabad, Agrabad Commercial Area, Chittagong on Thursday, the 23<sup>rd</sup> April 2015 at 11:00 A.M. for the following purposes:

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> December 2014 and the Auditors' Report thereon.
2. To declare a dividend for the year ended 31<sup>st</sup> December 2014.
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 2015 and to fix their remuneration.

By order of the Board



**Zinnia Tanzina huq**  
Director & Company Secretary

Dhaka, 24<sup>th</sup> February 2015

### 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. The Record date is fixed on 12<sup>th</sup> March 2015 for closing of share transfer book. Members whose name will appear in the Members Register on that date will be eligible to attend and vote in the AGM and to receive the dividend as approved in the AGM.



Rodrigo Becker, Chairman

## Statement of Chairman

I am delighted to welcome you all to the 42<sup>nd</sup> Annual General Meeting of GlaxoSmithKline (GSK) Bangladesh Ltd. and present to you the Annual Report of the Company for the year 2014. This year has continued to focus on our strategic priorities of:

- **Grow a diversified business**
- **Deliver more products of value**
- **Simplify the operating model**
- **Create a culture of individual empowerment**
- **Build trust**

The Company has further consolidated its business in Pharmaceuticals, Vaccines and Consumer Healthcare and has strengthened its diverse portfolio in Bangladesh. New products have been added to our product portfolio so that consumers and patients can derive more value. We have continued to introduce new ways of working across core and support functions to simplify our operating model. This year saw our increased focus in embedding GSK Values to create a culture of empowerment. We have once again revisited all our operating models to ensure that our behaviour and action meet or exceed the expectations of society.

After the political turmoil that ran through the previous year (2013), the total economy started to recover in early 2014. The initial slow growth has had an impact on the different business segments of your Company. However the consumer healthcare business has managed to retain its leadership position through several portfolio and consumer engagement initiatives. The pharmaceuticals business was subject to internal restraints that limited maximising full opportunity in the market. Despite this, locally manufactured pharmaceutical products posted an impressive growth.

For the year 2014, I am pleased to inform you that the Turnover of the Company was Tk 7,187mn, 6% higher than last year. With improvements in cost and restricted spending in

marketing, the operating profit (after tax) was at Tk 826mn (51% increase over last year). As a result EPS (Earnings per Share) has increased to Tk 68.63 from Tk 45.35 in 2013. In consideration of that, the Board of Directors is pleased to recommend Tk 42 final cash dividend for you.

This year the company went through a number of rigorous exercises of internal assurance of all key operating processes in both pharmaceutical commercial and the GMS. I am happy to inform you that no significant deviations from expected standards were observed.

At our Global Manufacturing & Supply (GMS) Site in Chittagong, the end-to-end supply chain programs, which began in early 2014 continue to reform and simplify GMS Chittagong's supply chain to ensure more efficient delivery of GSK's products to patients and consumers. In 2014 Chittagong site successfully achieved a commendable 3 STAR rating in the recent A&A audit by EHS (Environment, Health and Safety) and PQ (Product Quality) auditors.

The 'One Medical' model, introduced in the previous year, has enabled further alignment of medical governance to focus better on science and evidence to support our products. Keeping consumer and patient safety in the heart of all activities, excellence in pharmacovigilance and safety reporting processes have been driven rigorously.

GSK remains to be a preferred employer for aspiring professionals in the country. As part of our strategic priorities, we ensure the individual empowerment of our employees. Processes are inbuilt to enable individuals to be aligned to the company objectives. In order to achieve this Human Resource function in your organization is seen as a successful business partner in attracting, developing and retaining talent. Like any other year, employee and industrial relations were healthy in 2014.

It gives me immense pleasure to share that this year your Company's Annual Report 2013 won several distinguished awards. The Institute of Chartered Accountants of Bangladesh (ICAB) recognized GSK Bangladesh as one of the Best Presented Annual Reports 2013 under the manufacturing sector. This is the 14<sup>th</sup> time GSK Bangladesh has been awarded by the ICAB. Once again The Institute of Cost and Management Accountants of Bangladesh (ICMAB) awarded your Company in the "ICMAB Best Corporate Award-2013" under the Pharmaceutical sector category. South Asian Federation of Accountants- an apex body of SAARC also awarded your Company for the same report. For the first time the Institute of Chartered Secretaries of Bangladesh held the ICSB Corporate Governance Excellence Awards 2013, and GSK was recognized under the Pharmaceutical sector.

As you know the Board of Directors of the Company consists of 7 Directors, including 2 non executive directors. This year there has been changes in the composition of the Board. Mr. Sarwar Azam Khan, Finance Director for 17 years, has decided to take an early retirement in order to migrate overseas. The Board deeply appreciates the dedicated services of Mr. Sarwar Azam Khan and wishes him prosperity for the next phase of his life. In his place, Ms. Zinnia Tanzina Huq has been appointed as the Finance Director. Her resume is provided under the Director's profile. Furthermore, Mr. Pawan Sud, Managing Director, Consumer Healthcare, after a successful stint in Bangladesh, has moved onto another role within GSK. He has been succeeded by Mr. Gopalakrishnan Venkatramani. His resume is provided under the Director's profile.

Throughout the year the Board has overseen the performance of the company and is assured of the strong governance within the operations. The Board has played a very supportive role to ensure consistent returns to the shareholders.

We are committed 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 **Integrity, Respect for People, Patient/Consumer Focus** and **Transparency** into their everyday work life. We are confident that GSK Bangladesh will continue to deliver increased value to the Bangladesh market and offer sustainable returns to the shareholders.

I conclude by expressing my thanks to all employees 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.

  
**Rodrigo Becker**  
 Chairman





## Report of Directors to the Shareholders

M Azizul Huq, Managing Director

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 2014.

In the year 2014, the Company started to recover from prior year's external environment challenges. The Company continued to focus on its key strategies in both the consumer healthcare and the pharmaceutical business segments to ensure consistency in the growth of its shareholder value. This report highlights the key business activities that drove the performance of the Company and presents the necessary disclosure in relation to good corporate governance.

### 1. Industry Outlook and Possible Future Developments

#### Pharmaceuticals

According to the "Bangladesh Pharmaceutical Index" published by the IMS Ag, Switzerland, which audits and reports sales in the retail channel, the Bangladesh Pharmaceutical Market has crossed TK. 113,000mn with an average growth rate of 11%. This represents an increase over the previous year (8%), which was marked with political activities leading to disruption in business operations.

Gastro-Intestinal and Metabolism remains the key biggest therapy areas in the country, followed by Anti-Infectives and Analgesics. Meanwhile Cardiovascular and Hormones are emerging as the largest growth markets. However, the therapy classes where GSK Bangladesh is present viz. Antibiotics, Dermatological & Respiratory are experiencing stable growth.

#### Consumer Healthcare

Coming out of a severe political strife in 2013, 2014 continued to see sluggish consumer sentiment. The Fast Moving Consumer Goods (FMCG) market, estimated by the research agency, Nielson to be valued at TK. 315,200mn, grew by 10%. This was driven by price led growth in the Non-food Categories (12.9%), while Foods category grew by only 4.8%. The Health Food Drinks (HFD) segment which showed a remarkable growth of 18.3% in 2013 closed the year at a decline of -7.6%.

### 2. Business Performance

#### Pharmaceuticals

The local pharmaceuticals part of the business grew by 12% which is higher than the 11% market growth reported by IMS. This was on the back of a very successful 2013. Pharmaceuticals business exceeded its annual value and volume budgets enabling access of close to 30 million packs of our products to patients across the nation. Growth was driven almost equally by all zones indicating robustness of processes and good field engagement. Vaccines part of the business faced unprecedented challenges on the supply front impacting overall business growth. Portfolio sales of global assets in the area of Oncology crossed a milestone of TK 50 mn helping improve the quality of life of more cancer patients. Overall consistency in performance over last 24 months period reflects team's abilities around robust planning and execution of strategies and a winning attitude. There has been a continued effort in building the capabilities of our sales and marketing teams

Dermatology business has been your Company's strength and contributes 26% to the total business. 2014 saw continued strengthening of our position for major brands with portfolio growing at 14%. Flagship brands Betnovate™ and Dermovate™ grew over 12%, and Bactroban™ showed greater acceptance posting a 20% growth.

With the recent introduction of Specialty Dermatology portfolio from Stiefel we now offer a comprehensive range which not only treat skin conditions but also protect & maintain good skin health of the aspiring patient class. DUAC, which offers a unique combination to manage ACNE, and PHYSIOGEL, a moisturizer with lipids which resemble DERMA MEMBRANE STRUCTURE technology, are best in class products and hold great promise for the future.

Respiratory business which happens to be our second strong pillar continued to perform well clocking a 15% growth. It is seen across the globe that Asthma patients tend to lead a compromised life with sub-optimal control of their disease condition. GSK strives to promote guidelines set by global experts that aim to improve patient adherence to treatment

and providing total control. Flagship brands SERETIDE™ and VENTOLIN™ continued to help improve the life of asthma patients. AVAMYS™ yet another global asset and a best in class treatment for Allergic Rhinitis continued to see greater acceptance and achieved impressive sales numbers.

Brands belonging to the Classic Brands portfolio which is in a mature phase of life cycle continued to grow double digit and supported overall performance

### Consumer Healthcare

The Consumer Healthcare business of the Company grew by 7%, maintaining a dominant Market Share of 88% in the Health Food Drink category. Several initiatives on the Horlicks™ portfolio helped in driving the growth. Women's Leadership Summit was one of the commendable initiatives on Women's Horlicks™ brand which generated high engagement in the Social Network Platform.

In November, 2014 Horlicks™ was awarded the Best Brand in Bangladesh across all categories. 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. It demonstrates the brand's delivery of strong, differentiated science. This was a prestigious achievement for GSK Bangladesh. Horlicks™ moved up from rank 5th in 2013, to 1st in 2014 in the Best Brand category.

Sensodyne™ franchise was strengthened with increased focus on Expert Marketing.

After the integration of field force in 2013 – A new 'Go to Market' (GTM) Model has been rolled out during the year 2014. This two tier model splits the country into Direct Market (General Trade) and Sub Distributor Markets (Rural markets). The objective of this new GTM model was to extend reach of our products in rural Bangladesh. A separate field force vertical has been created for the GTM model. We have been able to reach 4,000 villages this year, covering close to 54,000 outlets.

We have upgraded the technology used by the distributors' salesmen in the field to ensure better data capturing and drive efficiency in our business.

Your Company is humbly proud to be driving

the initiative of providing access to good nutrition to the people of the country.

### 3. Manufacturing

In 2014, Global Manufacturing & Supply (GMS) Chittagong site added one more year of success to the legacy of more than four decades of glorious achievement. The end-to-end supply chain program, which began in early 2014 continue to reform and simplify GMS Chittagong's supply chain to ensure more efficient delivery of GSK's products to patients and consumers.

This year, the Chittagong site successfully achieved 3 STAR rating in the recent A&A audit by EHS (Environment, Health and Safety) and PQ (Product Quality) auditors. Operational compliance in terms of meeting Global Engineering Standards (GES) and FM Global assessment and TP 13 engineering audits outcome gives us the confidence of controlled operations of the site. To keep up the site to further meet the Global standards in terms of EHS, PQ and Engineering standards, a detail Site Master Plan (SMP) has already been approved in 2014 which covers detail investment plan to meet the future GSK Bangladesh business.

In 2014, GMS Chittagong introduced GSK Production System (GPS). The GPS is a standard ways of working to identify and eliminate the root cause of Accidents, Defects and Waste. This standard ways of working will further improve GMS Chittagong's processes and performance in a well structured sustained manner.

People are at the heart of our core values. A number of employee engagement programs were initiated in 2014 to ensure that everyone at GMS is fully engaged and aligned with GSK's mission, values and strategies. The engagement session gives everyone at GMS a clear sense of how they can help drive business forward. All the employees were trained on the GSK Values of Code of Conduct in 2014 and additionally under My Supply Chain Academy Training - Leading EHS training has been successfully rolled out at site involving all Site Leadership Team (SLT) and First Line Leadership Teams (FLLT). For the first time, an employee from GMS Chittagong participated in GSK PULSE Volunteer Partnership Program and successfully completed six months assignment with Save the Children in Kenya. A number of GSK senior managers from the Regional and Global Headquarters visited the GMS in 2014 and engaged with our employees, process and site operations which gave the opportunity to know more about GSK's business, values and strategies.

### 4. GSK People

Human Resources (HR) are consistently supporting your Company on the organisation's purpose to help people do more, feel better and live longer.



On this journey, HR is carrying out strategic business partnering in placing the right people on board, developing capability of workforce and creating an environment where your people can perform to the best of their capabilities and accelerating company wheels running in the right direction.

With this in view, HR in your organization has rolled out a new performance system to sharpen employee focus on enterprise thinking, effective leadership, and strategy deployment and encourage a more proactive approach to managing performance. The new compensation model will enable the Pharmaceutical & Vaccine Sales force to leap forward in 2015 where they will have enhanced focus on the 'How' factors than 'What' factors in selling.

To show respect to employees with long service contribution and encourage new joiners your company arranged long service award for executives, managers who had 10 or 20 years of continued service with the company. To bring togetherness, we arranged family picnic, iftar party across GSK with a view to establishing "We are one Company".

In 2014 a win-win agreement between Management and the CBA of Employees Union ensured a healthy Employee and Industrial Relations in 2014.

## 5. Financial Results

The Directors take pleasure in reporting the financial results of the Company for the year ended 31 December 2014.

Particulars	2014	2013
Revenue	7,187,225	6,774,872
Cost of Sales	(4,476,255)	(4,516,705)
Gross Profit	2,710,970	2,258,167
Profit before taxation	1,182,303	724,163
Less: Provision for taxation	(355,525)	(177,914)
Net Profit after tax	826,778	546,249
Add: Unappropriated profit brought forward from previous year	1,304,607	1,119,753
Add: Adjustment made on account of disposal of revalued assets		
Amount available for distribution	2,131,385	1,666,002
Appropriations:		
Dividend for the year ended 31 December 2014 @ 420% (2013: 300%)	(505,951)	(361,395)
<b>Transfer to retained earnings</b>	<b>1,625,434</b>	<b>1,304,607</b>

Net Sales of the Company was Tk 7,187mn, against Tk 6,774mn of last year. This represents a 6% growth over last year. Despite a negative growth in the key category (HFD) of the Company and severe internal challenges of supply chain, the Company was able to post a positive growth in both its segments of Pharmaceuticals and Consumer Healthcare. Throughout the year, expenses were strictly rationalized, and along with a stronger, stable currency the gross profit showed a significant improvement of 20% over previous year. There was further optimization of operating expenses through restricted spending on

Healthcare Professionals, a directive from GSK worldwide. This helped to improve profit after tax by 51% which stood at Tk 826mn. As a result EPS (Earnings per Share) has increased to Tk 68.63 from Tk 45.35 in 2013.

## 6. Dividend

In consideration of the above, the Board of Directors recommended a final dividend of 420% i.e Tk 42 per share of Tk 10.00 each for the year 2014.

The recommended dividend if approved by the shareholders at the Annual General Meeting will involve a cash outflow of Tk 505.95mn.

## 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 Tk 80,000 as Board meeting attendance fees. The remuneration of Directors has been

mentioned in the notes to the Financial Statements;

- i) There is no extra-ordinary gain or loss during the year;
- j) Utilization of proceeds from public issues is not applicable;
- k) Explanation of financial results after IPO is not applicable;
- l) The summarized key operating and financial data for the five years (2010-2014) is set out in Annexure-II.

**The Directors also report that:**

- a) 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;
- b) 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 2014 GlaxoSmithKline Bangladesh Limited contributed to the government exchequer a sum of Tk. Tk.2,356 million, which is a 21% increase over previous year (2013 : Tk.1,950 million).

**12. Board of Directors and Shareholding Information  
Composition and Size of the Board**

On 31<sup>st</sup> December 2014 there were 7 members on the Board. The board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. Five Directors, including the Managing Director, are Executive Directors. There are two Non-Executive Directors, out of which one is Independent Director.

**Board Meetings and Attendance**

During the year 2014, 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. Rodrigo Becker	4	1	Appointed from 20 <sup>th</sup> February 2014
Mr. M Azizul Huq	5	5	
Mr. Masud Khan	5	5	Resigned from 1 <sup>st</sup> November 2014
Mr. Sarwar Azam Khan	5	5	Appointed from 1 <sup>st</sup> November 2014
Ms. Zinnia Tanzina Huq	1	1	
Mr. Md Fayekuzzaman	5	5	
Mr. Rajib Barua	5	4	Resigned from 24 <sup>th</sup> April 2014
Mr. Pawan Sud	2	1	Appointed from 24 <sup>th</sup> April 2014
Mr. Gopalakrishnan Venkatramani	3	3	

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

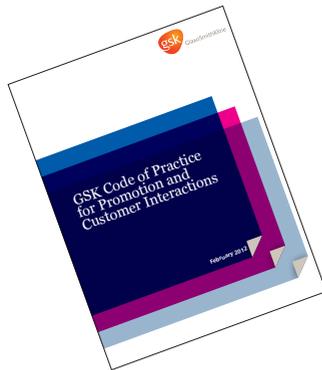
**Details of Directors being Appointed / Re-appointed:**

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 and Mr. Rajib Barua, who being eligible, offer themselves for re-election.

Mr. Gopalakrishnan Venkatramani and Ms. Zinnia Tanzina Huq having been appointed to the board since the last Annual General Meeting

under the provision of Article 89 also retire and being eligible, offer themselves for re-election.



GSK Code of Practice for Promotion and Customer Interactions



Living our Values-Our Code of Conduct

The brief resume of Mr. Gopalakrishnan Venkatramani and Ms. Zinnia Tanzina Huq are given below:

#### **Mr. Gopalakrishnan Venkatramani**

Mr. Gopalakrishnan Venkatramani joined GSK CH India in 2008 as General Manager for South India. He Became the General Manager-Consumer Healthcare of Bangladesh, Myanmar and Nepal in April 2014. Mr. G. Venkatramani was inducted to the Board in 24th April 2014. Prior to joining GSK he worked in Nestle, Gillette and P&G. He has over 30 years of Sales and Brand Management experience based in India and Singapore. He is a Post Graduate in Economics from Loyola College, India.

#### **Ms. Zinnia Tanzina Huq**

Ms. 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 14 years of experience as a finance professional in progressive leadership roles. Prior to joining GSK she worked with British American Tobacco Bangladesh. She further worked in British American Tobacco Singapore Supply Hub as the Finance Lead for above market projects. She is a qualified accountant from Chartered Institute of Management Accounts, 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 the Institute of Business Administration (IBA), University of Dhaka.

The brief resume of the other Directors including retiring/reappointing Directors are given on pages 51-52

#### **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, 1 Non-Executive Director and the Managing Director. The Audit Committee met 4 times in the year. All members of the Committee were present. 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 Tk.10,000.00 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 2014 and other related information are set out in Annexure-III.

#### **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. Performance of Corporate Responsibilities**

As a Company our responsibility and commitment to the community where we work is gaining more and more importance. Being a healthcare company we have made it our mandate to improve and work in the public health sector in order to facilitate access to quality health care for all. We in Bangladesh over the years have taken up a good number of initiatives to fulfil our corporate responsibilities for a better and healthier community.

#### **The key initiatives include:**

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

With a vision to reach out to the hard-to-reach communities of Bangladesh with quality health care providers, the 20 % re-investment of profits initiative began in 2011. This initiative continued to grow efficiently since then and till date runs projects with CARE, Friendship & ICDDR, B as partners.

#### **Key projects include**

- GSK-CARE Community Health Worker Initiative
  - GSK-FRIENDSHIP m-Health project
  - GSK-ICDDR,B Health System Strengthening Program
- Details of these initiatives are provided on pages 38-39

**Free Primary school at Mirpur, Dhaka.**

GSK's continuous support of this primary school for slum children in Roopnagar, Mirpur, Dhaka, has enabled it to provide more than 500 students free education from pre-school to Class 5. Till date two batches have graduated the Primary School Certificate exams with 100% pass rate from this school.

**The Duke of Edinburgh's Awards (DEA)**

As one of the Founding Trustees of this international program GSK, aims at providing the new generation with life skills and opportunity to do different extracurricular activities. To make this international award accessible to a wider group of youth, the award program was expanded to a number of institutions outside Dhaka and Chittagong. The result of which, saw a remarkable enrolment of around 4000 awardees last year.

**Teach For Bangladesh**

GSK's commitment to build a health community comes with its responsibility to ensure children with quality education. Following that, GSK supported Teach for Bangladesh (TFB), an organisation based on the model for Teach for All, pioneered in the United States by a group of idealistic college graduates in 1989.

Teach for Bangladesh (TFB) enlists the most promising young Bangladeshi graduates to initiate a national movement for educational equity with excellence, beginning by teaching for two years in an under-resourced school. Through a highly selective, challenging and rewarding leadership development fellowship program, TFB are preparing participants to become lifelong advocates for equity from both inside and outside the education system.

In 2014, 36 graduates from the best universities of the country and abroad were selected to become TFB fellows for two years and were trained to teach English, Science, and Mathematics. The TFB fellows are teaching full time at 6 under-privileged schools.

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



**14. Environment, Health and Safety**

GSK Bangladesh is committed to provide a healthy and risk-free environment for its employees, service providers, visitors at site for ensuring 'No Harm' to people entering in our operations. To increase risk-awareness among our people and day to day operations, as part of My Supply Chain Academy, we have launched "Leading EHS" safety program in 2014 and thirty employees from Site Leadership Teams and First Line Leadership teams at site have completed "Leading EHS" training on ten modules & three workshops followed by examination. Chittagong Site is continuing "Stop for Safety" shop-floor briefing to reduce at-risk behaviour of the working people. In 2014, Site employees have proactively reported and closed 1,400 numbers of near-misses arise from unsafe conditions and unsafe behaviour as part of Zero Accident Promotion (ZAP) program. The Site Leadership Team (SLT) carried out Zero Access & LOTO (Lock-out/Tag-Out) audit at the site and closed the gaps in machinery safety compliance; thus ensured improvement in TP13 engineering assessment score to 'Good' level. These initiatives have ensured "high control" in EHS Risk Model for the Chittagong Site for entire 2014.

L3 Audit is a review process of compliance status for the sites through GSK Audit & Assurance (A&A) Group. Chittagong Site scored '3 STAR' audit rating in the integrated L3 audit of EHSS & PQ, held in March 2014. Occupational Hygiene diagnostic study has been carried out by Regional Occupational Hygienist in August 2014, to ensure risks arising out of handling of APIs and excipients are managed adequately. Factory Mutual (FM) Global, a globally renowned risk assessors engaged by GSK Corporate Insurance and Risk Management (CIRM) carried out audit on emergency handling, fire safety & explosion risks in October 2014. Site completed all the actions on this audit finding and scored targeted 'GSK Mark Score' of 74.4 for site. Chittagong Site also reduced the process safety potential risks for fire & explosion. As part of GSK Blue Chip Project, site closed the critical process safety milestone of E6 & E7 well within the agreed timeline. Process like HAZID and Hazard and Operability (HAZOP) study for the identified processes has been carried out under the guidance of Regional Process Safety experts.

As part of enhancing EHS capability and also to test Business Continuity Process (BCP) in the events of any Crisis and Emergencies – simulated Emergency Crisis management training was conducted by Corporate Security & Investigation (CSI) team for site Crisis Management Team (CMT) members. Emergency evacuation drill including handling Medical Emergencies had been conducted satisfactorily in 2014 – giving us confidence on our EHS systems and processes.

**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.

The Sales and Marketing employees are further subject to an Emerging Markets &

Asia Pacific Promotion and Marketing Code 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 put in place a Whistle Blower Policy named 'Speak Up' pursuant to which employees 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.

In 2014, key managers of the Company went through a rigorous workshop of embedding the GSK values named "Living our Values", whereby the GSK Values of **Integrity, Respect for People, Patient/Consumer Focus** and **Transparency** were assessed by top management and then revisited by all managers through examples and activities.

#### 16. Auditors

The present auditors, Messrs. Hoda Vasi Chowdhury & Co., Chartered Accountants, retire and are not eligible for further re-appointment as per Bangladesh Securities and Exchange Commission order no. SEC/CMRRCD/2009-193/Admin, dated 27 July 2011. The Board recommends Messrs ACNABIN Chartered Accountants as the auditor of the Company for the year 2015 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 Chapter, 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. The Corporate Governance Compliance Report for 2014 is attached in Annexure-I, 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 good performance of 2014, 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

19<sup>th</sup> March 2015



**M Azizul Huq**  
Managing Director

## Certificate on compliance of conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission to the shareholders of GlaxoSmithKline Bangladesh Limited

We have examined the Statement of Compliance of Corporate Governance of GlaxoSmithKline Bangladesh Limited for the year ended 31 December 2014, as set by Bangladesh Securities and Exchange Commission (BSEC) by the notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and subsequently amended through their notification It SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

The compliance of conditions of Corporate Governance Guidelines is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor 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 given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Notification.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.



**MABS & J Partners**  
Chartered Accountants

Dhaka, 24 February 2015

# Report Of Corporate Governance Compliance

For the year ended 31 December 2014

## Annexure-i

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and subsequently amended on July 21, 2014 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	✓		01 (one) Independent Director out of 07 (seven) Board Members
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	✓		

## Annexure-i

(Report under Condition No. 7.00)

Condition No	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(xiv)	Compliance with IAS/BAS/IFRS/BFRS	✓		
1.5(xv)	Soundness of Internal Control System	✓		
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 hold both the post of CFO and CS.
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	✓		
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

## Annexure-i

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and subsequently amended on July 21, 2014 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	
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	✓		

# Report of Key Operating and Financial Records

Annexure-ii

Taka in '000

	2014	2013	2012	2011	2010
<b>Assets Employed</b>					
Property, Plant and Equipment	546,216	536,861	497,830	480,662	368,102
Intangible Assets	4,374	5,467	-	-	-
Net Non-current Asset	27,713	44,046	-	-	-
Net Current Asset	1,876,912	1,391,003	1,132,519	1,086,606	1,120,782
<b>Total Assets Employed</b>	<b>2,455,215</b>	<b>1,977,377</b>	<b>1,630,349</b>	<b>1,567,268</b>	<b>1,488,884</b>
<b>Financed by</b>					
Share capital	120,465	120,465	120,465	120,465	120,465
Reserves and Surplus	2,196,032	1,730,647	1,365,095	1,301,825	1,260,686
<b>Shareholders' Equity</b>	<b>2,316,497</b>	<b>1,851,112</b>	<b>1,485,560</b>	<b>1,422,290</b>	<b>1,381,151</b>
Retirement benefit Obligations	77,241	81,469	83,874	82,139	80,020
Obligation under finance lease	14,865	12,757	22,403	26,938	3,639
Deferred Tax Liabilities	46,612	32,039	38,512	35,901	24,074
	138,718	126,265	144,789	144,978	107,733
<b>Total Capital Employed</b>	<b>2,455,215</b>	<b>1,977,377</b>	<b>1,630,349</b>	<b>1,567,268</b>	<b>1,488,884</b>
<b>Turnover and profit</b>					
Sales-net of VAT and trade discount	7,187,255	6,774,872	5,553,812	4,735,121	3,632,095
Profit /(Loss) from operation	1,062,530	604,604	375,670	416,926	535,597
Profit before Int, Dep & Tax	942,649	505,488	287,230	349,125	481,906
Profit /(Loss) for the year	826,778	546,249	243,967	282,068	410,177
<b>Ratios &amp; Key Information</b>					
Gross profit ratio - %	37.72	32.67	28.61	28.48	34.20
Earning per share (EPS)-Taka	68.63	45.35	20.25	23.42	34.05
Price/Earning (P/E) ratio-times	22.04	21.08	28.15	28.37	33.17
Price/Equity Ratio-Times	151.23	95.57	57.00	66.45	112.96
Dividend per share (DPS)-Taka	42.00	30.00	15.00	15.00	20.00
Dividend payout-percentage	61.20	66.16	74.07	64.06	58.74
Yield/Effective dividend rate- ratio	1.43	2.00	2.27	1.93	2.29
Net assets value per share-Taka	192.30	153.67	123.32	118.07	114.66
Net operating cash flow per share	111.14	82.22	43.80	43.07	51.07
Return on shareholders equity-%	35.69	29.51	16.42	19.83	29.70
Return on Capital employed -%	43.28	30.58	23.04	26.60	26.60
Debt equity ratio-times	1.17	1.16	1.06	0.83	0.60
Current ratio-times	1.73	1.69	1.79	2.05	2.59
Market price per share at 31 December -Taka	1,512.30	955.70	570.00	664.50	1,129.60
Market Capitalisation at 31 December(Taka Million)	18,218	11,513	6,866	8,005	13,608
Average number of employees	822	714	680	652	651



## Shareholding information Annexure-iii

### Categories of Shareholders

**Parent Company:**

Setfirst Limited, UK

**Directors, CEO and their spouses and minor children:**

Mr. M Azizul Huq, Managing Director

**Executives:**

Mr. A K M Firoz Alam, Director, HR

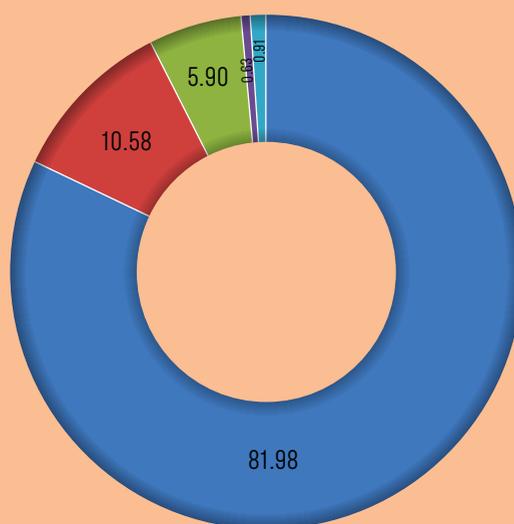
**Shareholders holding 10% or more interest:**

Setfirst Limited, UK

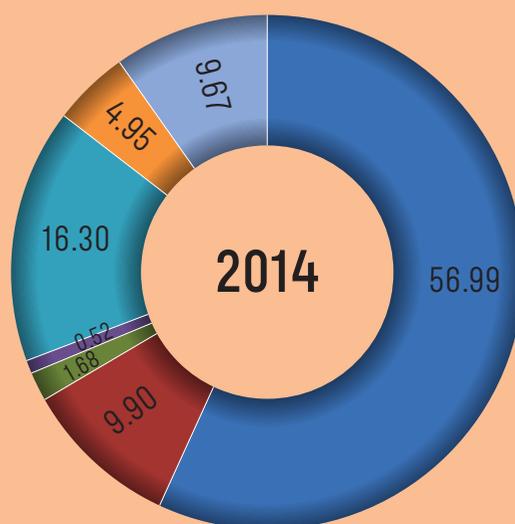
Investment Corporation of Bangladesh & ICB Unit and Mutual Funds

No of Shareholders	No of Shares Held
1	9,875,144
1	200
1	50
1	9,875,144
1	1,273,775

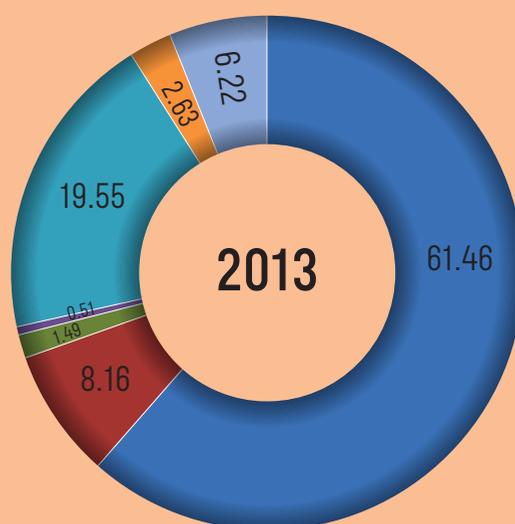
- Setfirst Limited, UK
- Investment Corporation of Bangladesh (ICB)
- General public
- Sadharan Bima Corporation
- Other Local Financial Institutions



## Analysis of Sales Revenue (NTO)



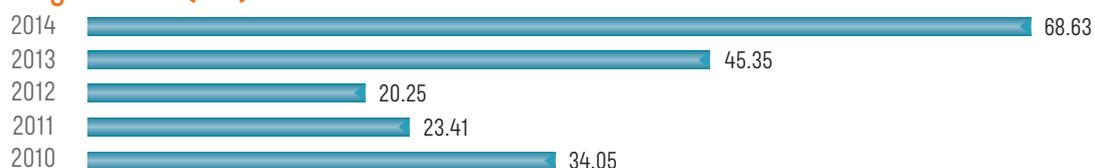
	2014	2013
	%	%
Cost of Goods	56.99	61.46
Salary, Wages and Benefits	9.90	8.16
Depreciation	1.68	1.49
Fuel & Power	0.52	0.51
Other Expenses	16.30	19.55
Income Tax	4.95	2.63
Profit after Tax	9.67	6.22
<b>Total</b>	<b>100.00</b>	<b>100.00</b>





## Key Performance Indicators

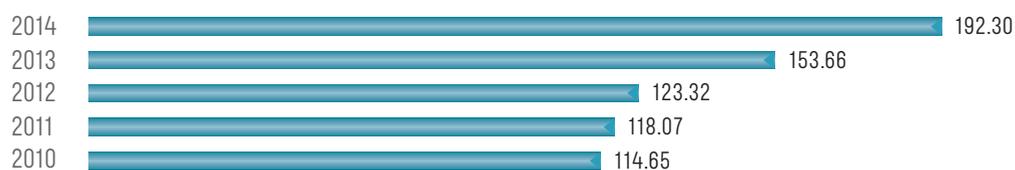
### Earning Per Share (EPS) Taka



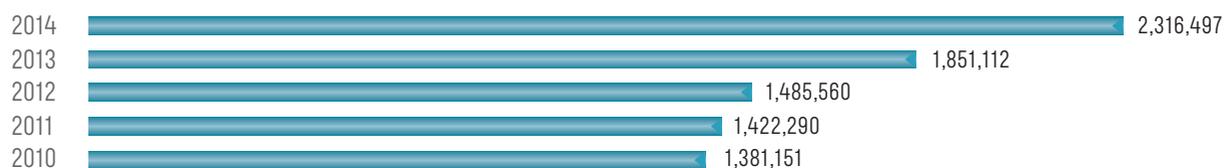
### Return on Shareholders' Equity-%



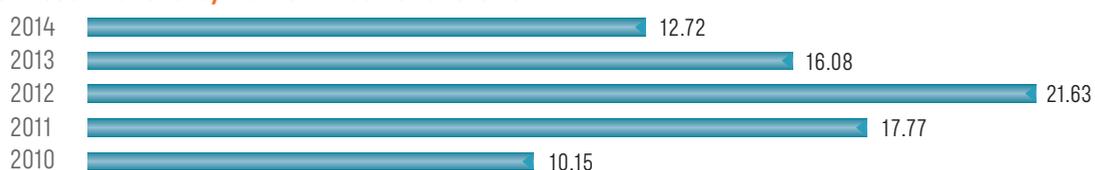
### Net Assets Per Share- taka



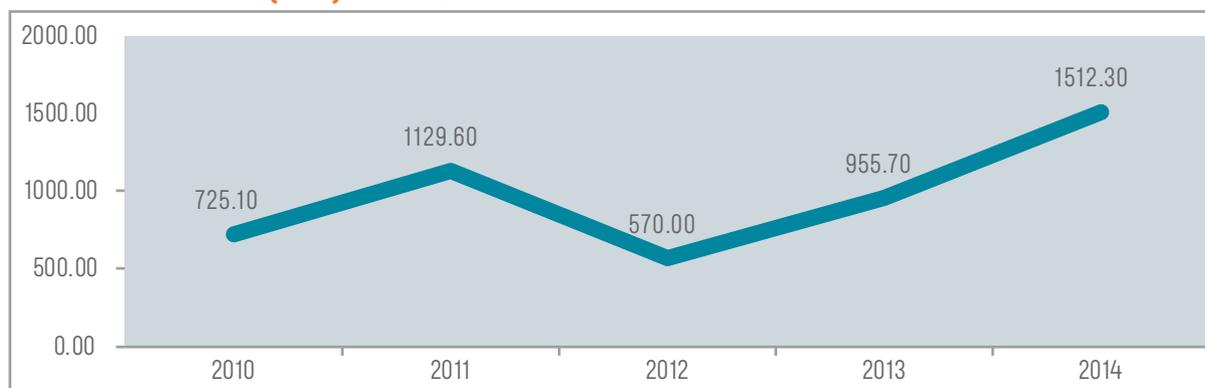
### Shareholders' Funds- taka in '000



### Net Asset Per Share/Market Price Per Share-%



### Market Price Per Share(Taka) at 31st December

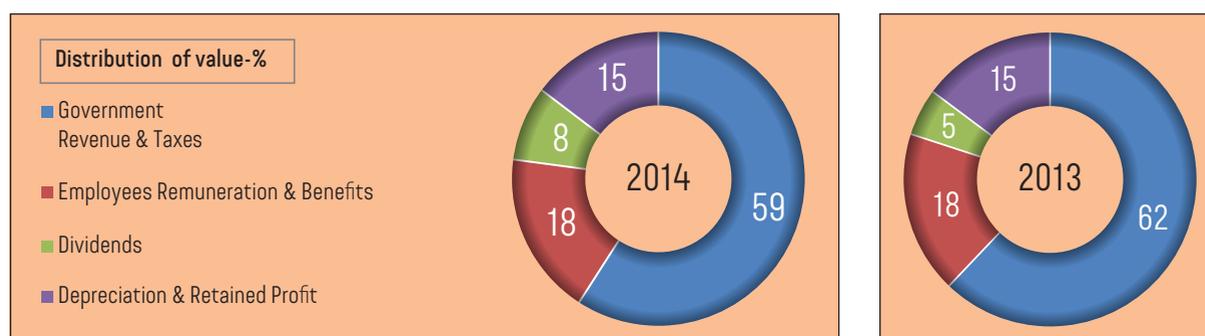


## Value Added Statement

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

Taka in '000

Value Added :	2014		2013	
	Amount	%	Amount	%
Turnover	8,250,862		7,737,032	
Less Bought in Materials & Services	4,397,454		4,716,774	
	3,853,408		3,020,258	
Other income	11,979		5,620	
Financial Income	119,773		119,559	
Applied to :	<u>3,985,160</u>	100	<u>3,145,437</u>	100
Government Revenue & Taxes	2,355,611	59	1,950,023	62
Employees Remuneration & Benefits	717,040	18	567,683	18
Dividends	327,243	8	163,063	5
	3,399,894	85	2,680,769	85
Depreciation & Retained Profit	585,266	15	464,668	15
	<u>3,985,160</u>	<u>100</u>	<u>3,145,437</u>	<u>100</u>



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	2014	2013
Health food drink	86	88
Glucose Powder	82	82
Vaccines	45	50
Dermatologicals	19	24

### 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

Taka in '000

	2014	2013
Net Operating Profit After Tax (NPAT)	1,062,530	604,604
Total Capital Employed	2,455,215	1,977,377
Cost of capital in %	22%	13%
Cost of capital (COC)	527,889	247,285
<b>EVA = NPAT-COC</b>	<b>534,641</b>	<b>357,319</b>

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



## Profile of The Company

**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 Headquarters in UK, GSK has a wide geographical reach which include 115 countries, manufacturing network in 87 sites and more than 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.

As a part of the centuries old company, GSK Bangladesh a subsidiary of GSK plc started its operation in Bangladesh, the then East Pakistan in 1949. 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 showing respect for people, being patient/customer focused and commitment to transparency and demonstration of highest integrity in our conduct. Embedded with these values and backed by leading edge technology, more than 700 personnel are working all over the country with the global mission to improve the quality of human life by ensuring quality healthcare products.

In the more than six decades since its inception the company has evolved from being an importer to manufacturer by establishing its own manufacturing unit in Chittagong in 1967. In line with the global mergers and acquisitions the company has gone through identity changes from Glaxo to GlaxoWellcome Bangladesh in 1995, following the acquisition of Burroughs Wellcome and finally in 2002 to GlaxoSmithKline Bangladesh Limited, following the mega merger with SmithKlineBeecham in 2000.

With 10 vaccine brands GSK Bangladesh leads the market of the country not only in terms of volume but also in terms of providing a whole range of disease prevention for both infants and adults. The introduction of the revolutionary cervical cancer vaccine Cervarix™ for women in 2009 in the country, brought a new hope of light for prevention of one of the deadliest diseases of women. Our Rotaviral diarrheal

Vaccine Rotarix™ and the recent inclusion of pneumococcal pneumonia vaccine Synflorix™ in the EPI are effectively working towards preventing the two diseases which claims the most lives of infants in the country. Amongst others, the six in one- Infanrix™ Hexa vaccine for the infants have further enriched our vaccine portfolio.

Revolade™ is the first of its category of drug in the pharmaceutical market of Bangladesh for treating chronic ITP (unknown cause of bleeding). Our oral breast cancer medicine Tykerb™ opened up yet another new arena in our Oncology segment augmented by recently launched VOTRIENT™ for renal cell carcinoma. Brands like Ventolin™, Seretide™, Zinnat™ & Cexime™ till today continue to rank among the leaders in the respiratory and anti-infectives therapeutic areas.

Our leadership position in dermatology was further strengthened in the past years with the acquisition of Stiefel Laboratories, the world's largest independent dermatology company. With the addition of the Stiefel portfolio of products, we are a stronger and more competitive driving force in dermatology and provide an even stronger portfolio of prescription, consumer, and aesthetic skin health products to patients.

The consumer healthcare division now caters to the consumers with healthfood drinks, biscuits and oral healthcare products. To further cater to the needs of different consumer groups extensions like Women's Horlicks, Horlicks Lite etc have been added to the old heritage brand of Horlicks™. Horlicks biscuits with different variants have recently been added to the portfolio along with Maltova™, Boost™ & Glaxose™ in Bangladesh. With the launch of Sensodyne™, and Paradontax™ we have stepped into the Oral healthcare category in the country.

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 GBP one million per year since 2010 in a number of projects in partnerships with CARE, icddr, b and Friendship.

# Product Index

Therapeutic area	Trade name	Composition	Therapeutic Class	Indication
Anti-bacterial	Ceporex	Cephalexin	Oral cephalosporin	Common routine infection
	Cexime	Cefixime	Oral cephalosporin	Common routine infection
	Kefdrin	Cephadrine	Oral cephalosporin	Common routine infection
	Zinnat	Cefuroxime axetil	Oral cephalosporin	Routine infection in Hospital and community
	Glaxipro	Ciprofloxacin	Oral tablet	Gastroenteritis, biliary tract infection, bone and joint infection, uncomplicated and complicated UTI, Gonorrhoea, Upper and Lower respiratory Tract infections
Respiratory	Seretide	Salmeterol + Fluticasone	Bronchodilator / anti-inflammatory	Bronchial asthma
	Ventolin	Salbutamol	Bronchodilator	Bronchial asthma
	Beconase ANS	Beclomethasone dipropionate	Intra-nasal anti-inflammatory	Rhinitis
	Flixonase ANS	Fluticasone propionate	Intra-nasal anti-inflammatory	Rhinitis
	Piriton	Chlorpheniramine maleate	Anti-histamine	Hay fever, vasomotor rhinitis, food allergy
	Ventolin Nebules	Salbutamol	Solution for Nebulization	Bronchial asthma
	Ventolin Respirator Solution Ventolin Evohaler	Salbutamol Salbutamol (as sulphate) 100 mcg	Nebuliser solution Bronchodilator	Bronchial asthma Bronchial asthma
Cough & Cold preps	Acticol	Ambroxol hydrochloride	Cough expectorant	Acute respiratory tract diseases with impaired formation of secretions, particularly in acute exacerbations of chronic bronchitis, asthmatic bronchitis, bronchial asthma and bronchiectasis.
Dermatology	Betnovate	Betamethasone valerate	Topical corticosteroids	Eczema, psoriasis, atopic dermatitis
	Betnovate N	Betamethasone valerate + Neomycin sulphate	Topical corticosteroids & combinations	Eczema, psoriasis, atopic dermatitis where secondary bacterial infection is present
	Betnovate CL	Betamethasone valerate + clotrimazole	Topical corticosteroids & combinations	Eczema, psoriasis, atopic dermatitis where secondary fungal infection is present
	Dermovate	Clobetasol propionate	Potent topical corticosteroids	Recalcitrant eczema, psoriasis, other skin conditions which do not respond satisfactorily to less active steroids
	Eumovate	Clobetasone butyrate	Topical corticosteroids	Atopic eczema, dermatitis
	Cutivate	Fluticasone propionate	Topical corticosteroids	Eczema, psoriasis, atopic dermatitis
	Bactroban	Mupirocin	Topical antibiotic	Impetigo, folliculitis, furunculosis, ecthyma and secondary infected wound, burns, eczema
	Neobacrin	Neomycin + Zinc bacitracin	Topical antibiotic	Impetigo, sycosis barbae, secondary infected wound, burns
	Fluvin-OD	Fluconazole	Systemic antifungal	Broad spectrum antifungal (candidiasis & tinea)
	Grisovin FP	Griseofulvin	Oral anti-fungal	Ringworm infections
	Tinatrim	Clotrimazole	Topical anti-fungal	Ringworm infections, pityriasis versicolor, erythrasma & intertrigo
	Dermovate Scalp Application Lotrix	Clobetasol Propionate 0.05% Permethrin 5% w/w	Topical corticosteroids Ecto - parasites	Steroid responsive dermatoses of scalp such as Psoriasis, recalcitrant eczema Anti-scabies
Gastro-intestinal	Norain	Omeprazole	Anti-ulcerant	Peptic & Duodenal ulcer, gastritis
	Zantac	Ranitidine	Anti-ulcerant	Peptic & Duodenal ulcer, gastritis
Vitamins	Complavit	Vitamin B complex	Vitamin	Vitamin B deficiency
	Berin	Thiamine HCl	Vitamin	Vitamin B1 deficiency
	Berin Plus	Thiamine Mononitrate, Pyridoxine Hydrochloride, Cyanocobalamin Crystals	Vitamin	Vitamin B1, B6 & B12 deficiency
	Caldivit	Calcium Carbonate 500mg and Vitamin D 200 I.U.	Vitamin and Mineral Supplements	Osteoporosis, osteomalacia, rickets, tetany and parathyroid disease
Analgesics	Parapyrol	Paracetamol	Analgesic and anti-pyretic	Headach, toothach, colds, influenzae
	Panadol Extra	Paracetamol BP 500mg	Non-narcotic Analgesics	Headache/ Toothache/ Migraine/ Dysmenorrhea/ Pain of
		Caffeine BP 65 mg		osteoarthritis/ Fever, Fever & pain after vaccination
Oral steroid	Betnelan	Betamethasone	Glucocorticosteroids	Asthma, severe allergic disturbance, rheumatoid arthritis
	Prednelan	Prednisolone	Glucocorticosteroids	Asthma, severe allergic disturbance, rheumatoid arthritis
Eye/Ear preps	Otosporin	Polymyxin+Neomycin+Hydrocortisone	Anti-infective	Bacterial infections of Ear



Therapeutic area	Trade name	Composition	Therapeutic Class	Indication
Anti-depressive	Amitriptyline	Amitriptyline HCl	Anti-depressant	For depressive illness where sedation is required
Laxative	Laxenna	Senna pod	Vegetable Laxative	Constipation
Special use prep	Kemadrin	Procyclidine HCl	Anti-parkinsonism	Parkinson's disease
	Tracrium	Atracurium besylate	Anaesthetic	Neuromuscular blocking agent
	Eltroxin	Levothyroxine sodium BP 50 mcg	Hormone	Thyroxine deficiency
	Prolia	Denosumab	Bone regulators	Post menopausal osteoporosis & bone loss in patients undergoing hormone ablation for prostate or breast cancer
Oncology	Imuran	Azathioprine	Anti-cancer	Anti-cancer
	Purinethol	6-mercaptopurine	Anti-cancer	Anti-cancer
	Tykerb	Lapatinib Ditosylate	Anti-cancer	Metastatic breast cancer
	Revolade	Eltrombopag Olamine	TPO-receptor agonist	Chronic idiopathic thrombocytopenic purpura & Hepatitis C associated thrombocytopenia
	Votrient	Pazopanib Hydrochloride	Anti-cancer	Metastatic renal cell carcinoma & advanced soft tissue sarcoma
Vaccines	Enerix B	Hepatitis B Surface antigen (HBsAg)	Hepatitis B vaccine	Active immunization against hepatitis B virus infection
	Havrix	Inactivated hepatitis A virus (HM175 hepatitis A virus strain)	Hepatitis A vaccine	Active immunization against hepatitis A virus infection from one year of age
	Fluarix	inactivated influenza vaccine (split virion) consists of WHO recommended strains (Northern Hemisphere) for the season 2013/2014.	Inactivated Influenza Vaccine	Prophylaxis against Influenza
	Varilrix	Oka strain of varicella zoster virus	Chicken pox vaccine	Active immunization against varicella of healthy subjects from 9 months of age
	Priorix	Attenuated Schwarz measles, RIT 4385 mumps (Jeryl Lynn strain) and Wistar RA 27/3 rubella strain of viruses	Measles, Mumps Rubella (MMR) vaccine	Active immunization against measles, mumps and rubella from 9 months of age
	Mencevax-ACWY	Lyophilised preparation of purified polysaccharides from Neisseria Meningitidis of serogroups A, C, W135 and Y	Meningococcal Meningitis vaccine	Active immunisation against meningococcal meningitis caused by meningococci of serogroups A, C, W135 and Y of adult and children two years of age.
	Rotarix	Live attenuated human rotavirus RIX4414 strain	Live-attenuated human rotavirus vaccine	Active immunization against rotavirus gastroenteritis
	Synflorix	Pneumococcal polysaccharide and Non-Typeable Haemophilus influenzae (NTHi) protein D conjugate vaccine, adsorbed	Pneumococcal conjugate vaccine	Active immunization of infants & children against diseases caused by s.pneumoniae (including sepsis, meningitis, pneumonia, bacterimia & acute otitis media) and against acute otitis media caused by NTHi.
	Infanrix-Hexa	Diphtheria, Tetanus, Acellular Pertussis, Hepatitis B recombinant, Inactivated Poliomyelitis, Conjugated Haemophilus Influenzae Type B	Hexavalent vaccine for infants	Active immunization against diphtheria, tetanus, pertussis, hepatitis B, Polio infection & diseases caused by haemophilus influenzae Type B.
	Cervarix	Human Papillomavirus Vaccine Type 16 and 18	Cervical cancer vaccine	Active immunization against cervical cancer
Stiefel Pharma	Brevoxyl	Benzoyl Peroxide	Topical anti-acne	Mild to moderate acne vulgaris
	Isotrex	Isotretinoin	Topical-antiacne	Treatment of acne vulgaris
	Duofilm	Salicylic Acid & Lactic Acid	Keratolytic & cleansers	Topical treatment of warts, verrucas, corns and calluses.
	Duac Once daily gel	Clindamycin & Benzoyl Peroxide	Topical anti-acne	Topical treatment of acne vulgaris
Stiefel Non-Pharma	Acne-Aid	Sulphonated Surfactant Blend	Topical anti-acne	As an adjuvant therapy in Acne vulgaris Oily skin and seborrhic conditions
	LactiCare	Lactic Acid & Sodium Pyrolidone Carboxylate	Antipruritic & soothing	All type of dry skin disorders like scaling of skin, cracking of skin, Ichthyosis, Xerosis, Senile pruritus (old age itching), Atopic dermatitis and chapping. In pregnancy stretched skin to restore elasticity
	Oilatum Bar	Light Liquid Paraffin & Salt of High Molecular Weight Fatty Acids	Antipruritic & soothing	Contact dermatitis, Atopic eczema, Senile pruritus, Ichthyosis related dry skin conditions
	Oilatum Cream	Light Liquid Paraffin & White Soft Paraffin	Antipruritic & soothing	Dry skin disorders, eczema, xerosis, ichthyosis
	Oilatum Emollient	Light Liquid Paraffin	Antipruritic & soothing	Treatment of contact dermatitis, atopic dermatitis, senile pruritus, ichthyosis and related dry skin conditions.
	SpectraBAN 19	Microfine Zinc Oxide Coated	Sunscreen preparation	As a protective sun block in all patients who require a maximum protection sunscreen, including those with photodermatoses and reduced skin pigmentation. Melasma Freckles In other sun sensitive skins resulting from derm abrasion and chemical peeling
	SpectraBAN 60	Microfine Zinc Oxide, Octyl Methoxycinnamate, 4-Methylbenzylidene Camphor, Avobenzone	Sunscreen preparation	As a protective sun block in all patients who require a maximum protection sunscreen, including those with photodermatoses and reduced skin pigmentation. Melasma Freckles In other sun sensitive skins resulting from derm abrasion and chemical peeling
	Physiogel	Caprylic /Capric Triglyceride	Antipruritic & Soothing	Dry skin disorders, eczema, xerosis, ichthyosis
	Sastid Bar	Precipitated Sulphur, Salicylic Acid	Psoriasis, Seborrhoea, Ichthyosis	medicated bar for Tinea versicolor Ringworm Athletes foot Mycosis Acne

## Product Details: Consumer Healthcare

# HORLICKS: The Family Nourisher

### 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.

### 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 preschooler.

### 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.

### 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.

### 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.

### Horlicks Biscuits

Extending the promise of Horlicks as the great family nourisher to snacks. Available in regular biscuit variant. Every 75g pack contains Calcium equivalent to 2 glasses of milk





## Glaxose D

Glucose in Glaxose D (Glucose Powder, Dextrose Monohydrate 100%) provides consumer with Instant energy and helps them to recharge instantly. As source of Instant energy, Glaxose can be consumed during/after sports, while recovering, during excessive heat, in iftar or even in Monsoon and winter seasons – whenever there is need for instant energy. Also available in Orange Flavor.

- \* Women's Horlicks in addition to daily diet can help bridge micronutrient gaps.
- \* As per Nutritive value of Bangladeshi Foods, 1glass= 200ml



## Boost

Boost – one of the major Health Food Drink from GSK, is also the only Health Food Drink, in Bangladesh, to be scientifically proven to increase stamina by 3 times more\*. It is enriched with ENVITA NUTRIENTS – a unique scientific combination of essential vitamins and minerals that significantly improve the levels of key nutrients, important for energy metabolism. That's why, over the years, Boost has been the choice of kids who want to perform better in sports and other competition.



## Sensodyne

Sensodyne is the World's Number 1 Sensitivity toothpaste that gives clinically proven relief and daily protection for sensitivity.



## Product Information

As a more than a century old R&D pharmaceutical and healthcare company GSK's product portfolio spreads across key therapy areas benefiting millions of lives across the globe. In Bangladesh, GSK has strong presence in some key therapeutic areas. With strong trust & support from doctors and consumers, these important product groups are also increasing in sales. A brief is given here.



### Respiratory Portfolio

Asthma and Chronic Obstructive Pulmonary Disease (COPD) are the main two diseases where GSK has strong footing. Numbers of asthma patients are gradually increasing in our country but there is a huge unmet need of treatment available in our country. GSK being the pioneer in asthma and COPD therapy holds a strong commitment to do more, feel better and live longer. Seretide™ delivers asthma control and shows remarkable benefit in patient compliance. The revolutionary TORCH study on Seretide™ brings hope to the millions of COPD sufferers of the country. The launch of Ventolin™ Evohaler is another breakthrough to introduce non CFC treatment in our country. In allergy treatment, GSK has long heritage. Beconase™ and Flixonase™ nasal spray are the gold standard therapy for rhinitis. Avamys, the breakthrough innovation is thought of revolution in allergic rhinitis treatment and really makes a difference. Piriton is still considered the preferred choice in antihistaminic market.



### Antibiotics

For many years, Antibiotics from GSK has held a very strong market share. We possess some research brands like Ceporex™, Zinnat™. Its heritage and continual clinical changes have helped in overcoming the challenges thrown by the emergence of new diseases and the ingenuity of the micro organisms in evolving new mechanism. Addition of Cexime™ has been a milestone in GSK's antibiotic area and is now serving a great number of patients. From the age old Ceporex™, to the relatively new Zinnat™, etc, brands of GSK, antibiotics are prescribed by the doctors to save lives every day.



## Vaccines



GSK is a firm believer of preventive medicines and as a result we offer vaccines for the life span of a human being-from birth to adult. GSK Bangladesh is a pioneer in raising awareness and supplying vaccines for vaccine preventable diseases in the country. We offer the most comprehensive vaccination solutions beginning from Hepatitis A & B, Typhoid, Chicken Pox, Measles, Mumps, Rubella, Meningitis, Pneumonia and others. Rotarix™ the Rota virus vaccine is a breakthrough to serve millions babies. The newer vaccine Cervarix™ is the 1st of its kind for 100% protection against pre-cancerous cervical lesions caused by HPV 16/18 for women aged 10 years and onwards and Infanrix™ Hexa a six in one vaccine for the infants. Synflorix™ the new addition in portfolio is a revolution for prevention of pneumonia which is the number one killer in children.



## Dermatologicals



With the introduction of Stiefel, a GSK Company, our dermatological products now range from prescription, aesthetic and consumer healthcare dermatology products. Now, with the addition of Stiefel's robust product portfolio, skin health expertise, we are a stronger, more competitive, and an undeniable driving force in dermatology. It is expected that with global brands like Isotrex™, Brevoxyl™ and Acne Aid Bar™ for acne treatment and Lacticare™, Oilatam™ for dry skin treatments. Stiefel's recent introduction of four new products in three core areas of Skin care has further enhanced the portfolio. The new products are Acne Aid Liquid Cleanser for acne and pimple prone skin, Physiogel Cream & Lotion for dry and sensitive skin and SpectraBAN 60 Sun Block Cream for all types of skin.

Besides these therapeutic areas we continue to provide modern management of all types of eczema, psoriasis, bacterial and fungal infections as well as scabies with our international and local brands. Dermavate™, Betnovate™, Cultivate, Dermavate™, Betnovate™, Eumovate™, Fluvin™, Grisovin™ are treated as the reliable solutions in derma care.



## Oncology



GSK Oncology is dedicated to producing innovations in cancer that will make profound differences in the lives of patients. Through GSK's revolutionary "bench to bedside" approach, we are transforming the way treatments are discovered and developed, resulting in one of the most robust pipelines in the oncology sector. Recently introduced anti cancer medicine Tykerb™ is a small molecule that is administered orally and significantly slows the progression of advanced breast cancer in patients whose disease had progressed following treatment with other cancer therapies. Recently launched Revolade™ and Votrient™ is a great achievement for GSK Bangladesh. Both drugs will fulfill the unmet need of suffering patients. Revolade™ is the world's first only approved oral platelet generator. Votrient™ effectively slows down the progression of advanced renal cell carcinoma.



# Details of Business Activities

## Milestones of the Pharmaceuticals Team

### GSK Sponsored Satellite Symposia “Post menopausal Osteoporosis & Role of Denosumb”

To discuss the role of Denosumb for Post menopausal Osteoporosis, GSK Pharma team organized a satellite symposia at the Bangladesh Orthopedics Society Conference (BOSCON) on March 1. In the symposia local speaker Prof. Dr M Majad Hossain, Chief Consultant Lab Aid Specialized Hospital spoke on the Post Menopausal Osteoporosis & Management while Dr. Lorrain Fitzpatrick, Medicine Development Leader , Denosumab, Oncology and Osteoporosis, GSK, USA spoke on the role of Prolia, Denosumab as a new therapeutic solution for the treatment of osteoporosis. The symposia was attended by eminent orthopedics of the country and the scientific information shared by GSK was highly appreciated.



**Annual Conference 2014**

To commemorate the month of Victory along with the successful year, 2014 the Annual Conference was themed “Oporajeyo Amra” meaning Unbeatable Us. The conference reflected the success stories of 2014 with the pledge to adopt the new way of working with the Patient Focused Selling (PFS) model. At the conference the importance of Living the GSK Values was reiterated and the team reaffirmed their commitment to another brilliant year of performance with integrity and patient focus at their hearts.

### Bench to Bedside: Clinical Research in Acne Vulgaris

The Derma team of GSK Bangladesh arranged a unique scientific session with leading Dermatologists of the country to discuss the clinical research on Acne Vulgaris titled “Bench to Bedside: Clinical Research in Acne Vulgaris” in January 2014. Naresh Katara, Commercial Director, GSK Bangladesh opened the session with his Welcome Speech.



The session was conducted by Dr. Alessandra B. Alio Saenz, MD, Dermatologist & Syphilography Pediatric & Adolescent Dermatology, Research & Development; from Stiefel, A GSK Company, USA. The Q&A session which followed the scientific presentation provided interesting insight on Acne to the Medical fraternity and the GSK team.

### Journey with Vaccine Team – ‘Activities on Vaccine Preventable Disease’

### A Unique 3 days speaker tour to update on Management of Dry & Sensitive skin

To facilitate and update scientific information titled “ Updates on Management of Dry & Sensitive skin: Focus on DMS Technology” a speaker tour was arranged in December, 2014. The speaker tour was held in Dhaka and Chittagong for Dermatologists. The speaker Marie Eileen Catipay Sy, Area Medical Affairs Manager (Skin Health) , Asia, GSK Singapore toured around 3 Scientific sessions one in Chittagong and two in Dhaka and updated the Dermatologists on Management of Dry & Sensitive skin by using DMS technology.

### Engaging Obstetric & Gynaecological Society of Bangladesh (OGSB)

On 20<sup>th</sup> February 2014, GSK participated in the 4<sup>th</sup> Divisional Conference of OGSB, Khulna Branch by arranging a scientific seminar on “Role of vaccination for cervical cancer prevention”.



Dr. Valérie Michèle Stéphanie Berlaimont, Medical Manager, Global Medical Affairs, HPV Vaccine, Belgium and Dr. Nansa Maryline Bulet, Senior Manager, Global Medical Affairs, GSK, Vaccine, Belgium were the keynote speakers and presented scientific data on young adolescent's preventive care against cervical cancer.



GSK also participated in society's key conferences, 41<sup>st</sup> & 23<sup>rd</sup> International Scientific Conference of OGSB Dhaka and in AGM and Scientific seminar of OGSB Chittagong. The key note speakers in the two scientific sessions were Dr. Sanjay Gandhi, MBBS, MD, Area Medical Leader, South Asia, GlaxoSmithKline Vaccines and Professor Shah Abdur Rahman Chowdhury. The key message was on how the gynecological society played a role in dissemination of information around prevention of cervical cancer

### Scientific Seminars with Pediatric Society

GSK participated at the Bangladesh Pediatric Association's Symposium 1st SAPA & 18th BPA Conference in April 2014. The speaker for the scientific session was Dr. Ashok Dutta, Professor and Head, Pediatrics, Institute of Medical Sciences and Research, Sharda University who shared information on the importance of vaccination for infants to prevent Rotaviral diarrhea.



### Celebrating Immunization Week

Immunization week was celebrated in April 2014 by focusing on success stories of vaccination.

### Cervical Cancer Awareness Month

A week long disease awareness campaign was organized in Square Hospital to increase the awareness on cervical cancer

among the hospital's staff.

### Disease Awareness at Corporate organizations, Educational Institutes, NGOs

Disease awareness sessions were organized in educational institutes like North South University, AIUB, Jessore Medical College, Khulna Medical College, Rangpur Schools, Winston Ideal School, Keraniganj & Corporate organizations like Samsung, Banglalink, Avery Dennison, Sensitive, Chevron, Mutual Trust Bank, ABC Radio, Somokal, The Daily Star, Prothom Alo Chittagong, Independent TV, Bank Asia, City Bank & Rangpur Police line amongst others

### Consumer Health Care- Opening New Horizons

#### Horlicks selected as the Best Brand in Bangladesh

The award and ranking of Horlicks being the best brand was given by Bangladesh Brand Forum (BBF) in collaboration with Millward Brown who conducted the Study to determine the rankings. The ranking is based on an extensive nationwide survey of around 4000 consumers in metro, urban and rural areas. The results are measured on parameters of Meaningful, Brand Salience, and Different. This is a prestigious achievement for GSK Bangladesh. Horlicks moved up from rank 5<sup>th</sup> in 2013, to No.1 in 2014 superseding Fair & Lovely, Radhuni, Nokia, Lux and many other strong FMCG brands.

## Horlicks the best brand

*Fair & Lovely, Radhuni come next at Best Brand Award Bangladesh*

**Star Business Report**

Vita is Best Brand Award Bangladesh 2014. Seventy-eight awards were given in 25 categories at the event at (Sourangon Hotel) in Dhaka.

Bangladesh Brand Forum (BBF) in collaboration with world's leading brand research company, Millward Brown, hosted the event. The awards were initiated in 2008.

Horlicks are an intrinsic part of an organization, and in many cases the single most valuable asset, said Shafiqul Islam, the founder of BBF.

**READ MORE ON PG. 107 OF WINNERS (IN 3)**

**SPICE PAIR IS:**

"The aim of the initiative is to honour the best branding efforts of the companies, including the local ones," he said, adding that an increased number of local companies are focusing on building their own brands.

For the first time, a local brand made its way to the third position on the list of top 10 brands in the overall category, he said. "It's a big achievement."

Millward Brown Bangladesh worked extensively to identify the most loved brands through a nationwide survey of around 4,000 consumers in metro, urban and rural areas, said Vinita Lal Bhatia, account manager of the company.

The non-food categories range from fast-moving consumer goods to electronics and services. In the category of personal care products, accessories include popular brands such as Lux, Lifebuoy and Dove.

The food and beverage category includes local brand Lalghari, and Parachute from India. The spice category is totally dominated by local brands such as Pran and Radhuni.

The milk category is composed of many local brands such as Milk Vita and Aarong, along with international brands.

International brands dominate the beverage category, while the fast hair segment is a complete list of local brands.

Millward Brown's MDS (meaningful, different and salient) framework was used for the study. The essence of the framework is – the more meaningful, different and salient the brand associations, the greater their ability to drive consumer brand preferences, she added.

Since 1973, Millward Brown has conducted more than 18,000 brand tracking studies worldwide and has developed extensive databases and records. For the first time, Millward Brown also unveiled nationwide category-specific reports, which is now available for subscription, she said.

The Daily Star is a partner of the event.

BEST BRAND AWARD	
TOP 30 WINNERS	
RANK	BRAND
1	Horlicks
2	Fair & Lovely
3	Radhuni
4	Parachute
5	Milk
6	Lux
7	Nokia
8	Lifebuoy
9	Savitri
10	The Golden Silk
11	7UP
12	Wing Leader
13	Son
14	Compass
15	Chroma
16	Wing Leader
17	Milk Vita
18	Sul
19	Symphony
20	Chai/Cha/Tea
21	Milano
22	Sing
23	Singer
24	Free Spillings
25	Popcorn
26	Amul
27	Banglalink
28	Son
29	Libby
30	Lot

### Women's Leadership Summit 2014

To engage female population of Bangladesh by celebrating women empowerment, Women's Horlicks activated "Women's Leadership Summit 2014"- a campaign that created a positive WOM for the brand through both Digital Media and On ground Activation. Women's Horlicks initiated the idea of engaging social influencers onboard with whom the female population could connect and this ensured their participation to the summit in the digital space. The activation increased the user base in Social Media by 54%.



**Junior Horlicks Brain Development Campaign “শরীরে ও বুদ্ধিতে তর তর করে বেড়ে উঠছে”**

The new strong science of Junior Horlicks with DHA took a new step towards science based communication of physical and mental development. A new campaign with the core message of “Junior Horlicks as part of daily diet helps in optimal physical and mental growth” was launched

**The New Launches**

**Glaxose D Orange**

In order to bring in the cue of taste and refreshment to the winning brand of Glaxose D; an orange variant has been launched.

**New Mother’s Horlicks- More Science, Better Taste, More Attractive**

One of the iconic brands of GSK , Mother’s Horlicks has been re-launched in August 2014 with a tastier formulation, hi-science benefit and a new attractive pack.

**Parodontax**

Parodontax, the fastest growing oral care brand globally, was launched in Bangladesh in February 2014. This specialist oral care brand was supported with a strong focus on expert marketing, introducing the specialist brand to the dental community.

**Sensodyne Toothbrush**

Sensodyne toothbrush was launched in Bangladesh in November 2014. With Sensodyne toothpaste making a strong foothold in the market in 18 months, GSK Bangladesh launched the toothbrush to build regime usage of the brand

and by entering the complex toothbrush category.

**Horlicks Zarfran Badam & Horlicks Gold**

In our endeavor to continually delight the consumers, we launched Horlicks Zarfran Badam, with the extraordinary flavor of Saffron and Almonds and Horlicks Gold with the rich, original flavor of Horlicks from selected, best quality wheat, barley & milk.

**Maltova**

The tasty Choco Caramel drink Maltova was relaunched.



**Manufacturing & Supply**

**The Accolades for EHS & Quality Management System**

GMS Chittagong strongly committed to meeting the highest EHS (Environment, Health and Safety) and Quality Management Systems (QMS) through stringent processes and compliance to current Global standards. Chittagong site successfully achieved 3 STAR rating in the recent A&A audit by EHS and PQ auditors in 2014. Operational compliance in terms of meeting Global Engineering Standards (GES) and FM Global assessment and TP 13 engineering audits outcome gives us the confidence of controlled operations of the site. To keep up the site to further meet the Global standards in terms of EHS, PQ and Engineering standards, a detail Site Master Plan (SMP) has already been approved in 2014 which covers detail investment plan to meet the future GSK Bangladesh business.

**Introduction of GPS**

GMS Chittagong introduced GSK Production System (GPS) in 2014. The GPS is a standard ways of working to identify and eliminate the root cause of Accidents, Defects and Waste. This standard ways of working will further improve GMS Chittagong’s processes and performance in a well structured sustained manner.

**Employee Engagement sessions at GMS**

A number of employee engagement programmes initiated in 2014 to ensure that everyone at GMS is very much engaged



and aligned with GSK's mission, values and strategies.. All the employees were trained on the GSK Values of Code of Conduct. Additionally under Supply Chain Academy training - EHS training has been successfully rolled out involving all Site Leadership Team (SLT) and FLLEs.



### First GMS Chittagong PULSE Volunteer

For the first time, an employee from GMS Chittagong participated in GSK PULSE Volunteer Partnership Program and successfully completed six months assignment with Save the Children in Kenya. The volunteer left a very strong foot print during his assignment period.

## Medical-The Driving Partner for Growth

### Driving the Medical Governance & Ethics

The year 2014 was challenging for the Medical team as they put tenacious efforts with global team to keep all transparency upfront for successful audit implementation by global team in terms of Medical Governance, Ethics along with patient safety. It was an audit year in GSK Bangladesh and Medical department was one of the focused stakeholders to ensure adequate evidence in maintaining patient safety and ethical business.

### Medical Support for Scientific Seminars & Pharmacovigilance

Medical team was dedicated to establish medical affairs activities in conjunction with commercial functions in GSK Bangladesh Limited throughout the year. In 2014 the major events along with regular scientific seminars Medical supported the, Prolia (Denosumab preparation) launch by organizing satellite symposium held in BOSCON where huge number of orthopaedic physicians attended across the

country. Medical took the key steps of speaker selection from GSK Research & Development unit, United States, communications and reviewing necessary materials for successful launch program. Medical also supported the three seminars on 'dry skin management'. Medical ensured successful pharmacovigilance and safety reporting trainings among all relevant staffs in GSK Bangladesh and was highly acclaimed and awarded from compliance management to deliver successful Risk Management Process across the whole year in GSK Bangladesh Limited. Immense medical governance support had been ensured for successful initiation of vaccine development projects and continuous oversights were provided so that the project could achieve the targets within the specified time period.

## GlaxoSmithKline People

### Launch of New Performance & Compensation System

The Human Resources division in alignment with the new global way of working rolled out a new performance system to sharpen all employees' focus on enterprise thinking, effective leadership, strategy deployment and encourage a more proactive approach to managing performance. To support incorporating the new Patient Focused Selling (PFS) strategy the new compensation model was launched. To partner with the Commercial team HR team helped in designing and rolling out new compensation model through training & development initiatives. This has enabled Pharma & Vaccine Sales force and their managers to leap forward in 2015 where they will have new ways of working like Patient Focused Selling and the enhanced focus of the sales team would be on How factors than what factors.

### Putting Patients @ Hearts

HR supported embedding GSK Values which are our driving force . in 2014 programs were undertaken to foster value culture through highlighting GSK values in training , meetings etc and reinforcement through wearing a badge embossed Patients @ our Heart to remind them of the value at work.

### Acknowledging Employees

To acknowledge and respect employees for their service and loyalty HR like every year arranged for long service awards for employees with 10 or 20 years of continued service with the company. The awards were given at the Annual Conference, 2014.

To celebrate and establish the "We are one Company and one Family" like every year family picnic and iftar party were arranged.



## Finance

### FIT Conference

The yearly Finance & IT (FIT) Conference was held in Sylhet with the theme “**be a world class Finance Team**” The Conference was attended by all Finance team members from Corporate and GMS.



## Compliance

### 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.

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

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



All the GSK Bangladesh employees follow Speak up Culture to ask 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. To formalize the values culture “Living Our Values” was rolled out with a formal meeting.

## Corporate Social Responsibility

### Creating a Sustainable Healthcare Infrastructure

Our continuous strive at GSK remains to be creating access to quality healthcare at the communities we work in. We feel as an organization it is our responsibility to reach out with quality healthcare with a service delivery model to the underserved community of the country. While in Bangladesh we have had some exemplary successes in the healthcare sector in recent years the overall quality of healthcare is low and the ability of the general population to access services is inadequate. One of the identified reasons for the overall inadequate and poor health scenario situation in Bangladesh is the shortage of skilled health workers at the community level. To address this issue and facilitate access to 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. This initiative is taken up since 2010 at all the Developing Countries where GSK is operating. The 20% profit re-investment initiative in Bangladesh runs the following programs as part of building up a sustainable healthcare infrastructure in the country:

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

The partnership with CARE commenced in 2011 with a two phased project to train Community Health Workers (CHW). The first phase known as the Early investment Project (EIP) was completed in December 2012 with some remarkable milestones at the project areas of Mirpur slums and 6 unions of Dawrabazar, Sunamganj. The project trained and introduced 123 CHWs to new several skills including antenatal, postnatal care, essential newborn care and family planning counseling.

The second phase of the project began in January 2013 with a 3 year long program at the 10 upazillas of the Sunamganj area. The rationale behind selecting this area was that the skilled health worker ratio at this particular district was .6 per 1000 against the WHO requirement of 2 per 1000. Besides, due to the geographical challenges of the Haor area the health indicators were much behind as per Human Resources for Health Country Profile of the Country. The goal of the multiyear project is to improve access to essential Maternal Neonatal and Child Health (MNCH) services in Sunamganj Haor areas through expanding the availability of skilled health service providers at the community level. The objective of the project is also to work along with the Government of Bangladesh and help to meet the target in increasing deliveries with Skilled Birth Attendants from 26.5% to 50% by the year 2015.



This is a unique public private partnership, where we are jointly working with Ministry of Health and Family Welfare (MOHFW), UNICEF, UNFPA, Local Government, local NGOs, communities and others with complementary programmes.

The initiative targets to ensure consistent, high quality and sustainable MNCH services to a population of 1.4 million people in a very remote area through a public-private partnership by mobilizing 2,000 community health volunteers, 700 local government members, 470 public & private health providers and the development of 168 P-CSBAs. The project focuses on competency based training of Private Community Based Skilled Birth Attendants (P-CSBA) in three phases with full logistical support from Government of Bangladesh (GoB).

Till December 2014, 168 community based PCSBAs were trained, who with support of around 2,112 community health workers in the 50 unions of Sunamganj Haor area has significantly contributed to improving access to maternal and child health services. The increase of services taken from the PCSBA in the last 12 months have increased with a remarkable 0% to 32%

**Milestones Achieved till 2014**



**GSK-Friendship M-Health Project**

The 5 year long GSK Friendship M-Health Project partners with a local NGO called Friendship. This project aims at equipping and upgrading to build a sustainable healthcare system in the inaccessible chars (almost 600 with 6 million people) in the char areas of Gaibandha District, where the access to any basic healthcare is almost non-existent. The project is training a total of 500 Community Medics (FCM) to

deliver health service door-to-door to dispense basic medicine and collect health information using the customised mobile phones

GSK-Friendship m Health would enable medical information exchange through a mobile phone at a distance with the ultimate goal of improving community health care. It would provide diagnostics and cure or the course of action to be taken for the cure. The project will enable FCMs to provide basic minimum package of quality health care, which is manageable at that level and also affordable for the communities when the NGOs and donors are not there for subsidizing the health care costs. Each char has up to 3 FCMs depending on the number of household of the char, with each FCM covering 250-300 households.

**GSK icddr,b health system strengthening program**

Infection control remains to be one of the major reasons of morbidity and to some extent mortality in the healthcare facilities in our country. The underlying cause most of the time is the lack of knowledge and/or implementation of clinical governance in the hospitals. To address this issue under the 20% profit re-investment initiative GSK is partnering with icddr,b in capacity building on clinical governance at 3 selected hospitals.

In the 1st year of this 2 year project the training and implementation initiative was completed at the Community Based Medical College Hospital (CBMCH'B) in Mymensingh. The project have trained 300 healthcare professionals and support service staff (120 physicians, 96 nurses and 84 support service staff) at the CBMCH'B to improve clinical effectiveness and implement standardized practices.

An inauguration ceremony and Dissemination session on the outcomes of the first phase of the program, was held at the icddr,b auditorium in October, 2014. The Honourable Health Minister chaired the inauguration ceremony.



## Responsible Business and Sustainability Development

By working in partnership with others, by challenging the way things are and by being prepared to change the way we do business, we aim to find innovative solutions that create value for society as well as our shareholders and allow us to be a successful, sustainable business. To grow our business in a sustainable and responsible way, we focus on the following areas:

### Health for all

We are working to make our products available and affordable to as many of the people who need them as possible, irrespective of where they live or their ability to pay. We aim to do this while generating a return, as we need to be able to sustain our business and invest in research for new products.

In continuation of our global agenda, GSK is making a significant contribution to the Bangladesh healthcare in terms of access through a number of areas, which includes -

- Tiered pricing policy for vaccines and medicines in Bangladesh, capped at maximum 25% price for the same product in central European countries
- Re-investing 20% of our profits in operating countries, within the LDC group, into building healthcare structure & capacity building for local caregivers

### Diversity at GSK

We focus on creating an inclusive, engaging environment that empowers employees to continually contribute to the organization and enables us to achieve our strategic business objectives. An inclusive environment brings different knowledge, perspectives, experiences and working styles that enhance creativity and innovation. We aim to attract a diverse workforce that reflects the communities in which we operate.

### A healthy, high performing workforce with zero harm

Our employee health and safety initiatives focus on the factors that enable employees to perform at the highest level by sustaining energy and engagement and drive towards zero harm in the workplace.

The initiatives range from options such as immunizations, smoking control, weight management and process safety to cutting-edge programmes for team and personal resilience,

ergoeconomics, driver safety and Energy for Performance.

### Our work with communities

Through our investment in communities, we aim to improve health education and to increase access to medicines and healthcare services, targeting our support where it is needed most.

Our approach includes funding innovative programmes that improve health through community engagement and behavioral change, donating medicines and expertise.

The programmes we support are designed to have long-term, sustainable impact. We also encourage employees to get involved through volunteering initiatives for community service such as the Orange Day programme and the longer-term PULSE scheme.

### Ethical conduct

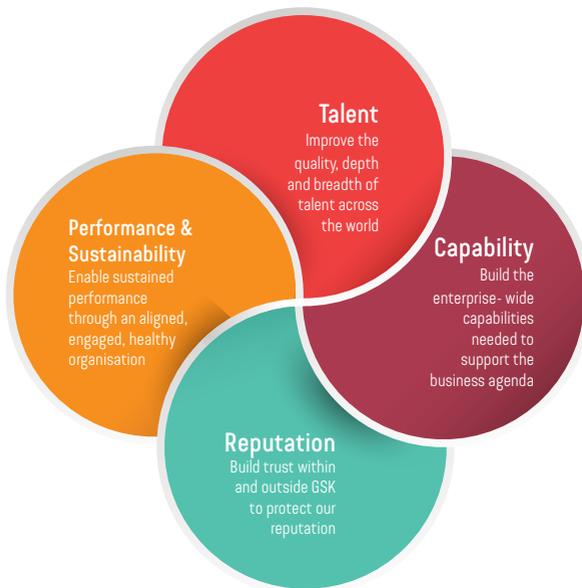
We have a zero tolerance approach to bribery and corruption, set out in our Preventing Corrupt Practices policy. Our Code of Conduct sets out fundamental standards for all employees. We established an Anti-Bribery and Corruption (ABAC) Expert Forum and recruited a dedicated resources for Risk and Compliance Management to monitor the whole process and ensuring the ABAC is in place.

### Our planet

As a part of global strategy, we are following the environmental sustainability strategy focusing on carbon, water, waste and environmental stewardship, not just for our own operations but also across our full value chain, from raw materials to product disposal. By 2050, we aim to be carbon neutral across our entire supply chain.

# Report on Human Resources

GlaxoSmithKline Bangladesh (GSK) in Bangladesh employs more than 800 people directly. GSK has been present in this country for more than 60 years and we are one of the key employers in both Pharmaceuticals and FMCG sector. We are driven by the passion to help people to do more, feel better and live longer.



## Recruiting, developing and engaging employees

We want GSK to be an employer of choice and we are investing significantly in our talent development at every level. Recruiting, developing and engaging employees are critical to meeting and sustaining our business objectives and overall performance. Our assessment processes are aligned to a core set of competencies, of which ethics and integrity are central.

Our employment policies are against any type of discrimination including race, color, gender and ethnicity and we are committed to an environment that never tolerates any kind of harassment.

We take a global view of talent and strategic capabilities, looking at the quality, depth and breadth of our talent across the world. We strive to have good succession plans in place for critical positions across the organization. We have productive initiatives in place to recruit specialist and

leadership talent, and we maintain a robust leadership strategy to identify and develop our highly skilled leadership group. We offer all employees a range of learning opportunities and tailored development programs.

Our performance and development planning process means employees have business-aligned objectives and behavioral goals. Reward systems are focused on promoting high performance and helping to attract and retain the best people. Performance-based pay, bonuses and share-based equity plans align employee interests with business targets.

As our business evolves, there will be changes that affect employees. We remain committed to consulting these changes via a number of internal consultation forums.

## People productivity

GSK continues to maintain a very satisfactory position in terms of people productivity. This is confirmed by the following indicators:

	2014	2013
Total Employees	822	714
Net income per employee (Tk.'000)	1,006	765
Cost per employee (Tk.'000)	872	795
Operating revenue per employee (Tk.'000)	8,744	9,489

## Staff Strength

	2014	2013
Executive Director	5	4
Senior Level Management	20	15
Mid Level Management	126	101
Junior Level Management	474	390
Non- Management Staff and others	197	204
Total	822	714

HR also plays a key role in human sustainability, working closely with the Environment, Health and Safety group to support employees in a range of ways, from coaching individuals, occupational health and other well-being services to cutting edge programs.

## Going Green GMS Chittagong, Bangladesh

GSK's green initiative are driven throughout our organizations, ensuring long-term approach, where these issues become a natural part of our works. The Company ensures ongoing compliance with both corporate requirements and relevant local regulatory requirements.

GSK Chittagong Site commissioned an Effluent Treatment Plant (ETP) in March 2014. It is a biological plant that continuously operates on 24x7x360 basis. The ETP ensures that all liquid wastes disposed-off from the Site from different operations are treated and only the treated water of acceptable quality is being released to the local estuary ensuring environmental compliance.



### Effluent Treatment Plant (ETP) at GSK Chittagong Site

GSK Chittagong Site installed a fixed hearth incinerator with high temperature combustion facilities to ensure total combustion of the pharmaceuticals solid wastes. It has dual chambers with eductor system to control air. The gases including hydrocarbons passes from the primary chamber to the secondary chamber and they mix with adequate air. These gases are then completely burnt at 10000 C in the secondary combustion chamber to ensure total combustion. The total combustion ensures no release of toxic gases to the atmosphere.

Energy saving programs are driven by GlaxoSmithKline Sites as part of the Climate Change project. GSK set targets annually to reduce carbon emission as part of Business Unit Value Driver. To implement the program, Chittagong Site carried out the Energy Kaizen in 2011 with the help of the Group Experts and so far the improvement is very impressive. Site is also working on the GSK CEO's task for Water Conservation. The target is saving of 15% of water by 2015.

Chittagong is a green Site containing around 1,000 various types of plants / trees. Various birds, reptiles and other animals are living safely in the greenery of the factory premises.

The ultimate goal of GlaxoSmithKline is step-by-step improvement in environmental indices. The environmental sustainability progress through strategic decisions & goals, Kaizen baseline study with defined action plans, implementation of action plans with the time-being and regular tracking / review of the performance.

These processes ensure Chittagong as green Site of GlaxoSmithKline Bangladesh Ltd.



Effluent Treatment Plant (ETP) at GSK Chittagong Site

# Corporate Governance Framework

Board  
(Chairman, 4 Executive Directors, 1 Independent Non-Executive Director)

Audit Committee  
(2 Non-Executive Directors and 1 Executive Director)

Company Executive Committee

Customer Board  
(Management Remuneration)

Sales and Marketing Committee

Site Management Committee

Environment Health and Safety Committee

Risk Management and Compliance Board

Pharmaceutical Quality Council

# 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 and two non-executive 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 31<sup>st</sup> December, 2014 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.

### Internal Control Framework

The management recognizes its responsibility to present a balanced and understandable assessment of the company's position and prospect. The management has accountability for reviewing and approving the effectiveness of internal controls operated by the Company, including financial, operational and compliance controls and risk management.

While the management has responsibilities for implementing various local and corporate policies and procedures, it perceives duties to ensure due compliance with those policies and procedures.

Finally, the entire control system is subject to review by the Global Internal Audit of GSK on need basis, the report of which is reviewed by the Audit Committee of GSK plc.

### Risk Management

The Company perceives business risks both at local and global perspective. In recognizing risk both at local and global perspectives. In recognizing risk factors, as a world leading Company, is always guided by the sophisticated risk management tools. The Company focuses its potential risk from many corners, like Legal and Compliance matters, Environmental issues and more emphatically, the Quality issues.

In performing the risk management activities the company has a complete and documented policy. In the policy three watchdogs have been identified to oversee the compliance matters. These are

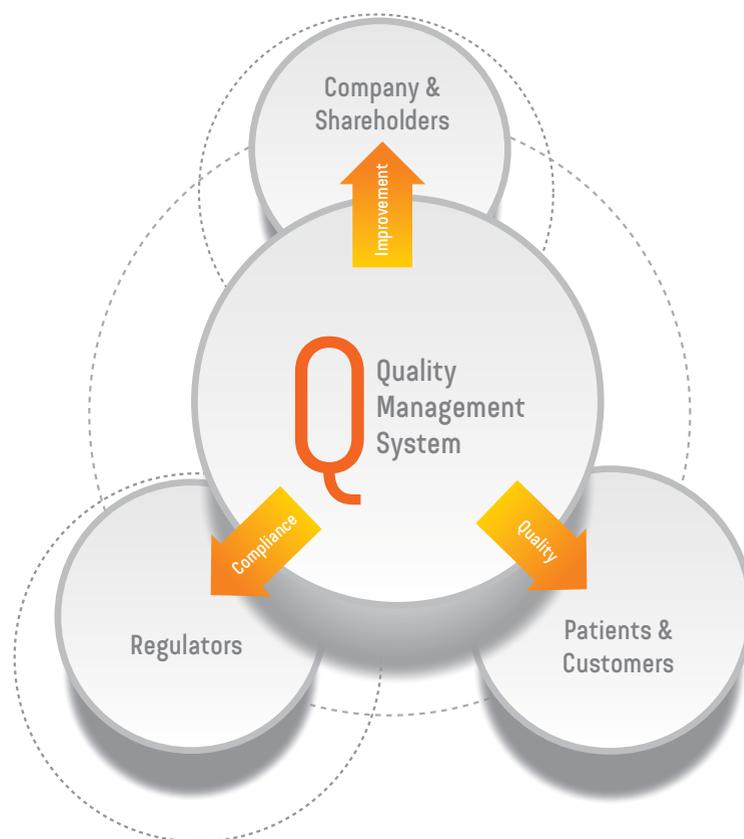
- i) Internal Audit
- ii) EHS
- iii) Quality Assurance

Every year a thorough review is conducted focusing on to the risks indicators and Risk Map is prepared. This Risk Map is a subject of review by the above country legal leaders of the Company, and therefore it is sent to them for their review as well.

### Commercial Quality Council

In line with our commitment to quality in both products and services, we have set up a Quality Council that works for a very prompt response to the complaints as regards quality of GSK products. Although we have a robust quality council at manufacturing site, this is an added effort to make the best use of the Company commitment towards the patients in particular and the nation at large.

A set of quality guidelines and policies that made this Company one of the global leaders, also guides us in ensuring quality at every sphere of our business.



### Corporate Responsibility Principles

The mission of our business into improve the quality of human life by enabling people to do more, feel better and live longer-focuses on the needs of patients. We will achieve this mission through our products and activities, while enhancing the contribution we make to society, sustaining economic performance and operating in an environmentally responsible manner.

### 1. Employment practices

We will treat our employees with respect and dignity, encourage diversity and ensure fair treatment through all phases of employment. We, as, part of GSK pic, will provide a safe and healthy working environment, support employees to perform to their full potential and to take responsibility for the performance and reputation of the business.

### 2. Human rights

We are committed to upholding the UN Universal Declaration of Human rights, the OECD guidelines for MNEs and the core labor standards set out by the international Labor Organization of our suppliers, contractors and business. We expect the same standards from partners working on GSK's behalf.

### 3. Access to medicines

We will continue to research and develop medicines to treat diseases of the developing world. We will find sustainable ways to improve access to medicines for disadvantaged people, and will seek partnerships to support this activity.

### 4. Leadership and advocacy

We will establish our own challenging standards in corporate responsibility, appropriate to the complexities and specific needs of our business, building on external guidelines and experience. We will share best practice and seek to influence others, while remaining competitive in order to sustain our business.

### 5. Community investment

We will make positive contribution to the communities in which we operate, and will invest in health and education programmes and partnerships that aim to bring sustainable improvements to under-served people in the developed and developing world.

### 6. Engagement with Stakeholders

We want to understand the concerns of those with an interest in corporate responsibility issues we will engage with a range of stakeholders and will communicate openly about how we are addressing CR issues, in ways that aim to meet the needs of different groups while allowing us to pursue legitimate business goals.

### 7. Standards of ethical conduct

We expect employees to meet high ethical standards in all aspects of our business, by conducting our activities with honesty and integrity, adhering to our CR principles, and complying with applicable laws and regulations.

### 8. Research and innovation

In undertaking our research and innovation:

- We may explore and apply new technologies.
- We will constructively engage stakeholders on any concerns that may arise.

- We will ensure that our products are subject to rigorous scientific evaluation and testing for safety, effectiveness and quality.
- We will comply with or exceed all regulations and legal standards applicable to the research and development of our products.

### 9. Products and customers

We will promote our products in line with high ethical, medical and scientific standards and will comply with all applicable laws and regulations.

### 10. Caring for the environment

We will operate in an environmentally responsible manner through systematic management of our environmental impacts, measurement of our performance and setting challenging performance targets. To minimize waste generation and use of material and energy, we will improve our efficiency of activities. We aim to find opportunities to use renewable materials and to recycle our waste.

### Internal Audit

GSK's internal audit department has responsibility for independently assessing the adequacy and effectiveness of the management over significant risk areas. The head of Internal Audit Reports to FD and has direct access to the Audit Committee.

#### Salient features of Audit Committee charter Overall purpose/objectives

The Company should have an Audit Committee as a sub-committee of the Board of Directors. The aims of the establishment of an Audit Committee should be to create efficiency in the operations and to add value to the organization.

The Audit Committee is appointed by the Board of Directors to assist the Board in discharging its oversight responsibilities by reviewing:

- The financial reporting process to ensure the balance, transparency and integrity of published financial information.
- The effectiveness of the company's internal financial control and risk management system, the effectiveness of the internal audit function,
- The independent audit process including recommending the appointment and assessing the performance of the external auditor.



### **Membership**

- The Board of Directors will nominate the audit committee members and the chairman of the audit committee who must be a non-executive independent director.
- The Audit Committee will comprise at least three members and the majority of members shall be non-executive Directors of the company.
- A quorum of any meeting will be two members.
- The Company Secretary will act as the secretary of the Audit Committee.

### **Meetings**

Only committee members are entitled to attend meetings. The Audit Committee may invite such other persons, the CEO, CFO, Head of Internal Audit (on invitation) and external audit engagement partner (on invitation) to its meetings, as it deems necessary. 1 meeting shall be held at least two times a year and should correspond with the company's financial reporting cycle.

### **Roles and responsibilities: Internal control**

Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the internal and external auditors have been implemented by the Management.

### **Financial reporting**

- Review significant accounting and reporting issues and, including recent professional and regulatory pronouncements, and understand their impact on financial reports
- Oversee the periodic financial reporting process implemented by Management and review the interim financial statements, annual financial statements and preliminary announcements prior to their release

### **Compliance with laws and regulations**

Review the effectiveness of the system for monitoring

compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or noncompliance.

### **Working with auditors**

#### **External audit**

Ensure that significant findings and recommendations made by the external auditors and Management's proposed response are discussed with the external auditor the appropriateness of the accounting policies applied in the Company's financial reports and whether they are considered as aggressive, balanced or conservative.

Consider the independence of the external auditor and any potential conflicts of interest. Review on an annual basis the performance of the external auditors and make appointment, re-appointment or termination of the appointment of the external auditors.

#### **Internal audit**

Review the activities, resources and organizational structure of the internal audit function and ensure no unjustified restrictions or limitations are made.

Participate in the appointment, promotion or dismissal of the internal audit head and discuss with the external auditor the standard of work of internal audit staff.

Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the company.

### **Review of the committee charter**

Review the audit committee charter annually and discuss any required changes with the Board.

Ensure that the charter is approved or re-approved by the Board.

# Statement on Internal Control

GSK Bangladesh maintains a sound system of internal controls which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed by the Audit Committee and by the Company Executive Committee (CEC) on a quarterly basis.

The management of the Company has accountability for reviewing and approving the effectiveness of internal controls operated by the Company, including financial, operational and compliance controls as well as risk management.

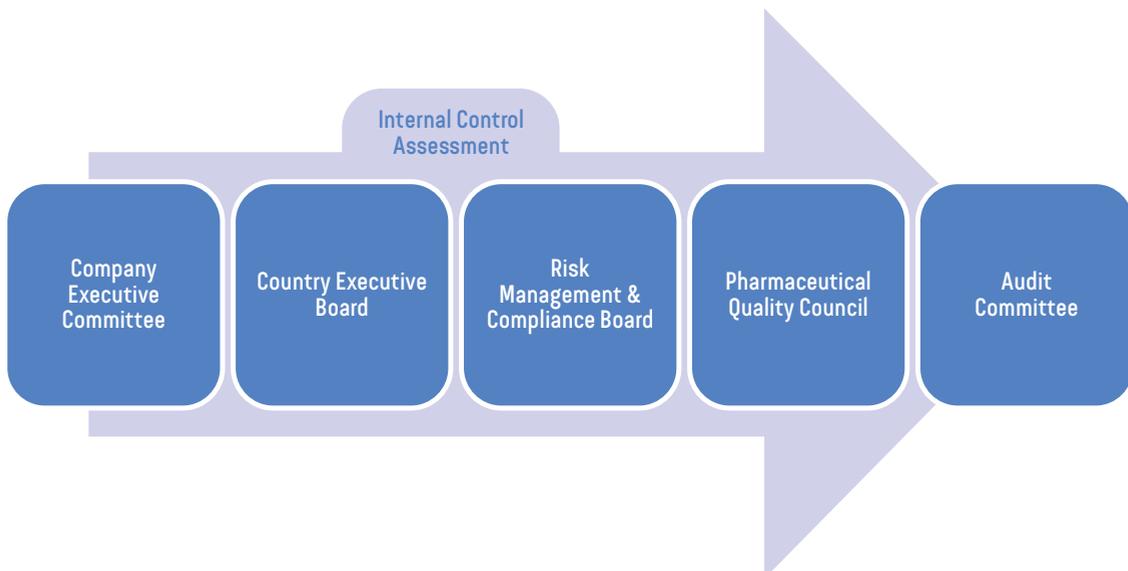
Apart from Audit Committee and CEC, the following management team forums also provide oversight on risk management and internal controls related issues:

- **Country Executive Board (CEB)**  
Principal purpose of the CEB is to manage operational, legal and compliance risks of the Company as a whole. This is achieved by ensuring strategic coordination between the different businesses within the Company (Pharma, Consumer Healthcare and GMS) for managing global as well as country specific risks, monitoring of the external environment to identify opportunities and threats, discussing and taking actions on issues of common interest across businesses and maintaining adequate oversight to facilitate the achievement of agreed solutions.
- **Risk Management and Compliance Board (RMCB)**  
The RMCB, at quarterly intervals, reviews and assesses the quality and effectiveness of the risk management system and ensures that the risk policies are effectively managed. It also oversees the risk management strategies to achieve current and accurate compliance with operational and legal requirements and assists in identification of foreseeable trends that could significantly impact the Company's overall business objectives.
- **Pharmaceutical Quality Council (PQC)**  
The objective of Quality Council formation is to ensure

systematic, standardized and effective approach to quality risk management through Quality Management System (QMS) implementation and facilitate business improvement. The council meets at quarterly intervals to discuss topics such as operational and product quality risks and issues, continuous improvement opportunities, alignment of local processes with global quality guidelines, complaints management systems, cost reduction through quality improvement etc.

The Company's internal control system is aligned with the GSK group Internal Control Framework. An Internal Control Framework defines the essential elements expected of our compliance and risk management programmes at GSK. GSK Bangladesh gains competitive advantage when the controls required to mitigate risks are clearly defined and simple to implement.

A robust Internal Control Framework, in conjunction with embedding the GSK Values of **Integrity, Respect for People, Patient/Consumer Focus** and **Transparency** along with our Speak-up Campaign, ensures that the GSK Principal Risks are actively and effectively controlled.





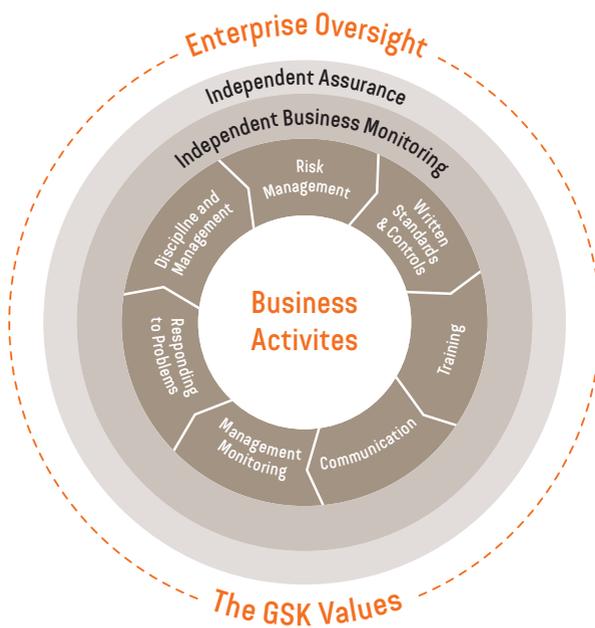
**GSK's Principal Risks are:**

- Anti-bribery and Corruption
- Commercial Practices and Scientific Engagement
- Environment, Health, Safety and Sustainability
- Patient/Consumer Safety
- Product Quality
- Third-Party Oversight
- Crisis & Continuity Management
- Financial Reporting & Disclosure
- Information Protection
- Intellectual Property
- Research Practices
- Supply Chain Continuity
- Tax & Treasury

The Internal Control Framework is designed to provide a comprehensive guidance for managing these risks across GSK Bangladesh.

A Control Framework structures the basis of internal control. It is the process that ensures we comply with laws and regulations, that our financial reporting is reliable and that our operations are run efficiently and effectively. Furthermore, a Control Framework provides the basis on which we assess our control systems and identify how to enhance them.

The GSK Internal Control Framework is shown in the diagram below. It is designed to ensure the risks associated with conducting our Business Activities are effectively controlled.



**Key**

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

The **GSK Values** provide the management tone for the whole organisation. 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 making the Control Framework effective.

**Enterprise Oversight:** As we are a large and complex business we need to approach management oversight in an organised 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. Most commonly, this is achieved by a Risk Management and Compliance Board (RMCB).

**Line Management Accountability supported by Compliance function**

**Risk Management:** A risk assessment is a pre-requisite to establish 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.

**Written Standards** are formal company policies, standard operation procedures, and guidelines (collectively called 'control documents') that communicate the ideas, rules, controls and expectations of the organisation. The objective is to establish in-process controls to ensure a process is actually happening as intended.

**Training** is provided to ensure staff operate competently in whatever activity they undertake.

**Communication:** 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.

**Management Monitoring:** Local managers are accountable for the controls in their area. Management monitoring is an ongoing process of assessing that the controls are in place, in use and effective. Monitoring can be conducted in many ways including but not limited to workplace observation of tasks, checklist activity inspection, and desktop review of data or documentation..

**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.

**Discipline and enforcement** generally refers to undertaking appropriate and consistent disciplinary action across the company for violations of policy or code of conduct.

**Business Management Accountability supported by Compliance function**

**Independent Business Monitoring** is a process review in the form of monitoring activities, trending of data, and reviews of exceptions and deviations. This provides business leaders objective evidence that the overall set of controls for key activities is effective, and that the state of control is based on contemporary rather than historical information. This activity is to be performed by a person or group independent of the activity being monitored.

**Audit and Assurance Accountability**

**Independent Assurance** is provided further by the GSK group

Internal Audit function (Audit and Assurance). It provides an assessment of management effectiveness at risk identification and mitigation. It also assesses the overall effectiveness of the local control framework.

The GSK Internal Control Framework enables us to develop our systems of internal control in a structured and effective way. It ensures 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. 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.

## The Board of Directors

Rodrigo Becker was appointed as the Chairman of GSK Bangladesh Board on 20<sup>th</sup> February, 2014. He joined GSK Spain in 1993 as Marketing and Sales Director. He is currently, the Senior Vice President and the GSK Area Head, Africa and Developing Countries. As an Economics Graduate, Rodrigue started his career with Hoechst AG, Germany and in 1985 joined Schering AG, Spain till 1993; in a series of increasingly senior positions in Marketing and Sales including the Head of Pharmaceutical position. Prior to his current position, Rodrigo held the positions of General Manager, GSK Italy, Area Director Southern Europe and GM, Spain.



**Rodrigo Becker**  
Chairman



**M Azizul Huq**  
Managing Director

Azizul Huq was inducted in the GSK Bangladesh Board in May, 2001. He is Member of the Audit Committee of the Company. In 2003, he was appointed as Managing Director to the Company. Aziz joined the Company in 1998 as Marketing Manager and before joining GSK, he worked for Rhone Poulenc (currently known as Sanofi), in progressively responsible capacities in Marketing. He did both his graduation and post graduation from Pharmacy Department, University of Dhaka. He also holds an MBA degree from Institute of Business Administration (IBA) from the University of Dhaka. Aziz is also the Chairman of Burroughs Wellcome Company (Bangladesh) Limited and Non-Executive Independent Director of Berger Paints Bangladesh Limited.

Md. Fayekuzzaman was inducted in the GSK Bangladesh Board in August, 2010. He assumed the position of Managing Director of Investment Corporation of Bangladesh in July, 2010. His successful career spans over 30 years with important positions at different banks and financial organizations. Prior to his current position, he was Deputy Managing Director of Agrani Bank Ltd. He holds a Masters degree in Management and a post graduate degree in Investment Planning, Appraisal and Management of Development Finance from Bradford University, United Kingdom. Fayekuzzaman also sits as Director of various companies including British American Tobacco Bangladesh Co. Ltd., Linde Bangladesh Ltd., ACI Limited, Renata Ltd., Standard Bank Ltd., The Institute of Bankers, Bangladesh, ICB Capital Bangladesh Ltd., Credit Rating Information and Services Ltd., (CRISL), Credit Rating Agency of Bangladesh Ltd., (CRAB), Bangladesh Development Bank Ltd., Bangladesh Development Bank Ltd., Bangladesh Institute of Capital Market, National Tea Company Ltd., Apex Tannery Ltd., Dhaka Stock Exchange, Central Depository Bangladesh Limited and Industrial and Infrastructure Development Finance Company Ltd. (IIDFC)



**Md. Fayekuzzaman**  
Non-Executive Director



**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 1<sup>st</sup> November, 2014. She has 14 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 above market projects. She is a qualified accountant from Chartered Institute of Management Accounts, 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.

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 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.



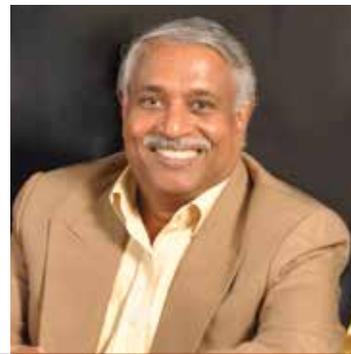
**Rajib Barua**  
Site Director



**Masud Khan**  
Non Executive Director

Masud Khan joined the GSK Board on 23<sup>rd</sup> 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.

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 Proctor & Gamble. His over 30 years of work in the Sales and Brand Management sector in different parts of India and Singapore has earned him diverse experience. He is a Post Graduate in Economics from Loyola College.



**G. Venkatramani**  
General Manager  
Consumer Healthcare



## Company Executive Committee (CEC)

The Pharma management of the Company is executed through the Company's Executive Committee comprising the Managing Director and Directors



**M Azizul Huq**  
Managing Director

As Managing Director, Aziz is responsible for overall management of the Company. He oversees all operational aspects including policies, objectives and initiatives. He also directs the long term strategy for the company. Before taking over these responsibilities, Aziz was Marketing Director of the Company till 31<sup>st</sup> December, 2012.

As Head of Finance functions and Company Secretary, Zinnia is responsible for activities such as 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 1<sup>st</sup> November, 2014.



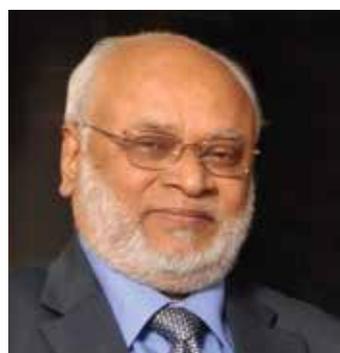
**Zinnia Tanzina Huq**  
Finance Director &  
Company Secretary



**Rajib Barua**  
Site Director

Rajib Barua joined GSK on 1<sup>st</sup> January, 2009 and assumed the position of Site Director from 1<sup>st</sup> March, 2009. As the Site Director, Rajib is responsible for all manufacturing related matters of the Company.

Firoz joined GSK Bangladesh in 1985. He was appointed as General Manager, Human Resources in 2000. Later in December 2004, he was appointed as Director, Human Resources. He is BA (Hons) and MSS in Public Administration from the University of Dhaka. He did his Post Graduate Diploma in Personnel Management. Before joining GSK, he worked with British American Tobacco Company and May & Becker. As Head of HR, Firoz is responsible for recruitment, training and overall development of human resources of the Company.



**AKM Firoz Alam**  
Director, HR



**Naresh Katara**  
Commercial Director

Naresh joined the Bangladesh team in August, 2013. He started his career with GSK, India in 1983 as a Medical Representative and moved on to take leadership roles in Sales & Marketing. As Head of Commercial, he is responsible for the management of marketing, sales and distribution functions of the Company. Naresh is an accredited Tutor from the GSK Academy London and has prior experience of working as Director Selling Excellence & Sales Force Effectiveness for the Classic Brands Center of Excellence supporting various markets across the globe.

Dr. Mahbub joined GSK in 2011. As the Head of Medical, Mahbub is responsible for management of medical department, medical governance oversight for Vaccines and Pharma products marketed in Bangladesh, Pharma and Biologicals 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).



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

## Consumer Healthcare Leadership Team

The Consumer Healthcare management of the Company is executed through the Leadership team comprising the General Manager and Department/Division heads



**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. GV joined GSK CH, India in 2008 as General Manager for South India.



**Soumendra S. Das**  
Marketing Director

Soumendra joined GSK CH, Bangladesh in April 2011, as Marketing Director. He established the full Marketing Function and is responsible for the overall Marketing Division of the CH Business of GSK, Bangladesh. Prior to joining GSK, he worked in Unilever, Coca-Cola, Reckitt Benckiser, and Marico and has over 22 years of pure Brand Management experience based out of Bangladesh and Nepal. Soumendra is a Post Graduate in Business Administration from IBA, University of Dhaka, Bangladesh.



**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.



**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 is an MBA from IBA, University of Dhaka.



**Monir Hossain**  
Head, External Supply

Monir joined GSK, CH Bangladesh in March 2011. As the Head of External Supply unit, he played a pivotal role in structuring supply chain function for consumer business along with capability and capacity building in front and back end supply chain and continues to do so. He has all rounds of end to end supply chain experiences in FMCG for over 15 years. Prior to joining GSK, he has worked for Reckitt Benckiser Bangladesh, Nestle India, and Nestle Bangladesh. Monir has Masters in Major Accounting, from Faculty of Business Studies of University of Dhaka. He has been trained in 'Supply Chain' from IIMA, India. He is a Life Member of BSCS (Bangladesh Supply Chain Society) and Accounting Alumni of Dhaka University.



**Nitin Mathur**  
Head of Finance

Nitin joined GSK, India in 2005 and has been appointed Head of Finance, CH business of Bangladesh, Myanmar and Nepal since June 2013. As Head of Finance, he is responsible for all Finance related issues of the cluster. Nitin started his career with Pepsico and later joined GSK, India and worked in a variety of roles of increasing responsibility in Commercial Finance, Product Costing, Business Partnering & Management Accounting. He is a Commerce Graduate with Honours and a Chartered Accountant from Institute of Chartered Accountants of India.



**Ishrat Zerín**  
Head of Legal & Compliance

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 organizations 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'.

# Report of Audit Committee

For the year ended 31 December 2014

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 2014, the Audit Committee met four times. All members were present in all meetings of the Committee. The details of attendance of each member of the Audit Committee meetings in 2014 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. Fayekuzzaman	Non-Executive Director	4	4
Mr. M Azizul Huq	Managing Director	4	4

Mr. Sarwar Azam Khan, Company Secretary attended all the meetings to act as the Secretary of the Audit Committee, prepared all minutes and documents for circulation and was responsible to provide feedback on effective implementation of action plans arising from the meeting. He also attended the meetings as the Finance Director of the Company and gave clarifications on all financial matters. Other invitees to the meetings are the External Auditors and Manager, Internal Audit who have 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 2014, 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 updated GSK internal control framework effective from September 2014
- Appraised on the Bangladesh risk management framework
- Assessed the management process of investigations.

**3. Internal Audit**

- Assessed and endorsed the annual internal audit plan 2014 in accordance with the annual objectives and risks of the Company
- Reviewed all findings of the internal audit function and 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.

On behalf of the Audit Committee



**Masud Khan**  
Chairman  
Audit Committee

Dhaka, March 19, 2015





# 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 2014, 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 judgements 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' report signed by the auditor and included in this report (page-60).

The financial statements for the year ended 31 December 2014 are included in the Annual Report 2014, 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

After making enquiries, the Directors have a reasonable expectation 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 2014, comprising the Report of Directors and the Financial Statements, has been approved by the Board of Directors in its meeting dated 19th March 2015.

## Independent Auditors' Report To the Shareholders of GlaxoSmithKline Bangladesh Limited

We have audited the accompanying financial statements of GlaxoSmithKline Bangladesh Limited (the Company) which comprise statement of financial position as at 31 December 2014 and the related income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other relevant explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with applicable laws and Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determine is necessary to enable preparation of financial statements that are free from material mis-statement, whether due to fraud and error.

### Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement.

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 judgement, including the assessment of the risk of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure 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 evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

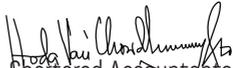
### Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position of GlaxoSmithKline Bangladesh Limited as at 31 December 2014 and the results of its financial performance and its 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:

- a) 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;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Company's Statement of Financial Position and statement of comprehensive income along with the annexed notes 1 to 46 dealt with by the report are in agreement with the books of account and returns, and;
- d) The expenditure incurred and payments made were for the purposes of the Company's business.

Dated, Dhaka  
24 February, 2015

  
Chartered Accountants

# GlaxoSmithKline Bangladesh Limited

## Statement of Financial Position

As at 31 December 2014

		Taka in '000	
		At 31 December	
	Notes	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	546,216	536,861
Intangible assets	44	4,374	5,467
Other receivables	6.7	27,713	44,046
		<b>578,303</b>	<b>586,374</b>
<b>Current Assets</b>			
Inventories	5	868,079	1,224,492
Trade and other receivables	6	1,044,908	506,060
Cash and cash equivalents	7	2,537,032	1,680,699
		<b>4,450,019</b>	<b>3,411,251</b>
<b>Total Assets</b>		<b>5,028,322</b>	<b>3,997,625</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the Company's equity holders</b>			
Share capital	15	120,465	120,465
Retained earnings	17	2,131,387	1,666,002
General reserve		5,000	5,000
Revaluation reserve	16.1	59,479	59,479
Capital reserve	16.2	166	166
<b>Total equity</b>		<b>2,316,497</b>	<b>1,851,112</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	10	46,612	32,039
Retirement benefit obligations	13	77,241	81,469
Obligation under finance lease	14	14,865	12,757
<b>Total non-current liabilities</b>		<b>138,718</b>	<b>126,265</b>
<b>Current liabilities</b>			
Trade and other payables	8	2,337,516	1,949,378
Current tax liabilities	9	225,681	62,211
Obligation under finance lease	14	9,910	8,659
<b>Total Current Liabilities</b>		<b>2,573,107</b>	<b>2,020,248</b>
<b>Total Liabilities</b>		<b>2,711,825</b>	<b>2,146,513</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,028,322</b>	<b>3,997,625</b>
<b>CONTINGENT LIABILITIES &amp; COMMITMENTS</b>	18 & 19		

The financial statements were authorised for issuance by the Board of Directors on 24 February 2015.



**Managing 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.

**Dated, Dhaka**

24 February 2015



**Chartered Accountants**

## GlaxoSmithKline Bangladesh Limited

# Income Statement

For the year ended 31 December 2014

		Taka in '000	
		Year to 31 December	
	Notes	2014	2013
Revenue	20	7,187,225	6,774,872
Cost of sales	21	(4,476,255)	(4,516,705)
<b>Gross profit</b>		<b>2,710,970</b>	<b>2,258,167</b>
<b>Operating expenses:</b>			
Selling expenses	22	(1,305,494)	(1,328,081)
Distribution expenses	23	(20,458)	(13,418)
Administrative expenses	24	(334,467)	(317,684)
Other income	25	11,979	5,620
<b>Total</b>		<b>(1,648,440)</b>	<b>(1,653,563)</b>
<b>Profit from operations</b>		<b>1,062,530</b>	<b>604,604</b>
Finance income	26	119,773	119,559
<b>Profit before taxation</b>		<b>1,182,303</b>	<b>724,163</b>
Income tax expenses	32	(355,525)	(177,914)
<b>Profit for the year</b>		<b>826,778</b>	<b>546,249</b>
<b>Earnings per share (Taka)</b>			
<b>Basic and diluted</b>	34	<b>68.63</b>	<b>45.35</b>

## Statement of Comprehensive Income

For the year ended 31 December 2014

		Taka in '000	
		Year to 31 December	
		2014	2013
<b>Profit for the year</b>		<b>826,778</b>	<b>546,249</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>826,778</b>	<b>546,249</b>

The accompanying notes form an integral part of the financial statements.  
The financial statements were authorised for issuance by the Board of Directors on 24 February 2015.



**Managing Director**



**Director**



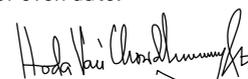
**Director & Company Secretary**

### Report of the Auditors to the Shareholders:

This is the Income Statement and Statement of Comprehensive Income referred to in our report of even date.

**Dated, Dhaka**

24 February 2015



**Chartered Accountants**

GlaxoSmithKline Bangladesh Limited  
**Statement of Changes in Equity**

For the year ended 31 December 2014

Taka in '000  
Year to 31 December

Notes	Share capital	Retained earnings	General reserve	Revaluation reserve	Capital reserve	Total equity
<b>Balance at 1 January 2013</b>	120,465	1,300,450	5,000	59,479	166	1,485,560
Profit for the year	-	546,249	-	-	-	546,249
Other comprehensive income	-	-	-	-	-	-
Final dividend 11	-	(180,697)	-	-	-	(180,697)
<b>Balance at 31 December 2013</b>	<b>120,465</b>	<b>1,666,002</b>	<b>5,000</b>	<b>59,479</b>	<b>166</b>	<b>1,851,112</b>
Profit for the year	-	826,778	-	-	-	826,778
Other comprehensive income	-	-	-	-	-	-
Final dividend 11	-	(361,393)	-	-	-	(361,393)
<b>Balance at 31 December 2014</b>	<b>120,465</b>	<b>2,131,387</b>	<b>5,000</b>	<b>59,479</b>	<b>166</b>	<b>2,316,497</b>

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

The financial statements were authorised for issuance by the Board of Directors on 24 February 2015.



**Managing Director**



**Director**



**Director & Company Secretary**

**Report of the Auditors to the Shareholders:**

This is the Statement of Changes in Equity referred to in our report of even date.

**Dated, Dhaka**

24 February 2015



**Chartered Accountants**

# GlaxoSmithKline Bangladesh Limited

## Statement of Cash Flows

For the year ended 31 December 2014

		Taka in '000	
		Year to 31 December	
	Notes	2014	2013
<b>Cash Flows From Operating Activities</b>			
Collection from revenue		6,653,648	6,628,912
Payment for cost and expenses		(5,265,407)	(5,581,950)
Other income	25	8,211	2,719
Cash generated from operations		1,396,452	1,049,681
Interest received	26	122,865	123,824
Interest paid	26	(3,092)	(4,265)
Income tax paid	9	(177,483)	(178,830)
<b>Net cash from operating activities</b>		<b>1,338,742</b>	<b>990,410</b>
<b>Cash Flows From Investing Activities</b>			
Acquisition of property, plant & equipment		(118,652)	(144,933)
Sales proceeds of property, plant & equipment	4.4	8,728	4,220
<b>Net cash used in investing activities</b>		<b>(109,924)</b>	<b>(140,713)</b>
<b>Cash Flows From Financing Activities</b>			
Dividend paid	11.1	(361,393)	(180,697)
Finance lease paid		(11,092)	(7,735)
<b>Net cash used in financing activities</b>		<b>(372,485)</b>	<b>(188,432)</b>
<b>Net increase in cash and cash equivalents</b>		<b>856,333</b>	<b>661,265</b>
<b>Cash and cash equivalents at beginning of the year</b>	7	<b>1,680,699</b>	<b>1,019,434</b>
<b>Cash and cash equivalents at end of the year</b>	7	<b>2,537,032</b>	<b>1,680,699</b>

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

The financial statements were authorised for issuance by the Board of Directors on 24 February 2015.



**Managing 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.

**Dated, Dhaka**

24 February 2015



**Chartered Accountants**

# GlaxoSmithKline Bangladesh Limited

## Notes to the Financial Statements

For the year ended 31 December 2014

### 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 1 January to 31 December 2014, with comparative figures for the financial years from 1 January to 31 December 2013.

#### 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	4
Property, plant & equipment-Depreciation	3.3	4
Valuation of inventories	3.4	5
Deferred tax	3.6.2	10
Impairment of property, plant & equipment	3.2	N/A
Employee benefit liabilities	3.5	13
Amortisation	3.3.2	44

### 3 Summary of Significant Accounting Policies

#### 3.1 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 2014 and 2013.

**3.3 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
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 Amortisation 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 2013) 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.

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### 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.

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### 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.

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### 3.8 Revenue recognition

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

Revenue also includes contract manufacturing charges invoiced to customers for services rendered.

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### 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.

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### 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.

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### 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.

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### 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.

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### 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.

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## 4 Property, Plant and Equipment

### 4.1 The following is the statement of property, plant & equipment

Taka in '000

2014									
	Gross book value at cost/valuation				Depreciation				Carrying value
	Opening	Additions	Disposals/Transfers	Closing	Opening	Charged	Disposals	Closing	As at 31 Dec
<b>At cost</b>									
Freehold land	221	-	-	221	-	-	-	-	221
Leasehold lands	619	-	-	619	167	7	-	174	445
Freehold buildings	141,921	760	-	142,681	57,680	3,267	-	60,947	81,734
Plant and machinery	581,214	51,171	-	632,385	349,920	43,501	-	393,421	238,964
Furniture, fixtures and equipment	176,025	40,985	7,688	209,322	102,363	20,569	6,817	116,115	93,207
Vehicles	200,007	68,145	15,288	252,864	111,367	51,411	11,200	151,578	101,287
	1,100,007	161,061	22,976	1,238,092	621,497	118,755	18,017	722,235	515,857
Capital work-in-progress	47,145	51,378	78,244	20,279	-	-	-	-	20,279
	1,147,152	212,439	101,220	1,258,371	621,497	118,755	18,017	722,235	536,136
<b>At valuation - in 1978</b>									
Freehold land	4,831	-	-	4,831	-	-	-	-	4,831
Leasehold land	12	-	-	12	12	-	-	12	-
Freehold buildings	45,747	-	-	45,747	40,118	1,126	-	41,244	4,503
Plant and machinery	7,397	-	-	7,397	6,678	-	-	6,678	720
Furniture, fixtures and equipment	1,491	-	-	1,491	1,466	-	-	1,466	25
	59,479	-	-	59,479	48,273	1,126	-	49,399	10,080
<b>2014</b>	<b>1,206,631</b>	<b>212,439</b>	<b>101,220</b>	<b>1,317,850</b>	<b>669,770</b>	<b>119,881</b>	<b>18,017</b>	<b>771,634</b>	<b>546,216</b>
<b>2013</b>	<b>1,081,484</b>	<b>204,954</b>	<b>79,807</b>	<b>1,206,631</b>	<b>583,654</b>	<b>99,116</b>	<b>13,000</b>	<b>669,770</b>	<b>536,861</b>

### 4.2 The depreciation charge has been allocated to

	Notes	2014	2013
Cost of sales	21	65,336	58,408
Selling expenses	22	32,626	24,035
Distribution expenses	23	1,907	1,348
Administrative expenses	24	19,796	14,794
Intercompany		216	531
		<b>119,881</b>	<b>99,116</b>
<b>4.3 Fully depreciated assets - at cost</b>		<b>267,539</b>	<b>246,260</b>

#### 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						
Furniture, fixtures and equipment	7,689	6,817	872	592	Co. policy	Management Staff
	7,689	6,817	872	592		
Vehicles	15,288	11,200	4,088	8,136	Co. policy	Management Staff
	15,288	11,200	4,088	8,136		
<b>2014</b>	<b>22,977</b>	<b>18,017</b>	<b>4,960</b>	<b>8,728</b>		
<b>2013</b>	<b>14,319</b>	<b>13,000</b>	<b>1,319</b>	<b>4,220</b>		

		Taka in '000	
		At 31 December	
	Notes	2014	2013
<b>5 Inventories</b>			
Finished products	39	300,789	409,620
Raw and packing materials		264,360	382,882
Work-in-process		147,727	182,382
Stores & spares		20,367	18,700
In transit - materials and stores		134,836	230,908
		<b>868,079</b>	<b>1,224,492</b>
<b>6 Trade and other receivables</b>			
<b>6.1 The make-up of</b>			
Trade receivables - unsecured	6.3	881,893	348,316
Intercompany receivables		55,763	28,293
House building loan to employees	6.7	2,001	826
Others	6.4	14,489	46,353
		<b>954,146</b>	<b>423,788</b>
<b>6.2 Prepayments</b>			
Suppliers		10,599	29,781
Rental	6.7	20,019	20,079
Employees	6.5	6,370	5,365
VAT		39,796	24,454
Security deposits		2,848	2,200
Others		11,130	393
		90,762	82,272
		<b>1,044,908</b>	<b>506,060</b>
<b>6.3 Trade receivables include amount outstanding for a period exceeding six months</b>			
		-	-

6.4 Others include interest accrued on investments - due	-	-
- not due	14,933	22,351
	14,933	22,351
6.5 These include aggregate amount due by the managers and officers of the Company	6,370	5,365
6.6 The maximum aggregate amount due by the managers and officers of the Company at the end of any month during the year	18,207	13,288
6.7 Other receivables realisable or adjustable after twelve months from the reporting date		
House building loan	7,419	4,974
Rental	20,294	39,072
	<b>27,713</b>	<b>44,046</b>
<b>7 Cash and cash equivalents</b>		
Term deposits with scheduled commercial banks	1,959,221	1,406,862
Special Notice Deposit (SND) accounts with scheduled commercial banks	24,287	21,532
Current account with scheduled commercial banks	553,000	251,375
Cash in hand	524	930
	<b>2,537,032</b>	<b>1,680,699</b>
<b>8 Trade and Other Payables</b>		
<b>8.1 The make-up of</b>		
Trade payables	1,132,804	930,416
Expenses 8.2	1,107,740	958,254
Other finance 8.3	82,194	44,260
Unclaimed dividend	5,286	3,406
Capital expenditures	9,492	13,042
	<b>2,337,516</b>	<b>1,949,378</b>
<b>8.2</b> Payables for expenses include secured items worth	1,760	1,310
<b>8.3</b> These include the following items:		
Deposits	434	434
Tax deducted at source	32,727	20,512
Excise duty	307	307
Other	48,726	23,007
	82,194	44,260
<b>9 Current tax liabilities</b>		
Opening balance	62,211	56,654
Provided during the year 32	340,953	184,387
	403,164	241,041
Paid during the year	177,483	178,830
<b>Closing balance</b>	<b>225,681</b>	<b>62,211</b>

Notes		Taka in '000		
		At 31 December		
<b>10 Deferred tax liability</b>		<b>Carrying amount on reporting date</b>	<b>Tax base</b>	<b>Taxable temporary difference / (Deductible temporary difference)</b>
<b>Year 2014</b>				
	Property, plant and equipment	508,171	311,367	196,804
	Provision for gratuity	8,473		(8,473)
	Net taxable temporary difference			<b>188,331</b>
	Applicable tax rate			24.75%
	Deferred tax liability at the end of the year			46,612
	Deferred tax liability at the beginning of the year			32,039
	Deferred tax expense for the year	32		<b>14,572</b>
<b>Year 2013</b>				
	Property, plant and equipment	483,757	272,836	210,921
	Provision for gratuity	81,469		(81,469)
	Net taxable temporary difference			<b>129,452</b>
	Applicable tax rate			24.75%
	Deferred tax liability at the end of the year			32,039
	Deferred tax liability at the beginning of the year			38,512
	Deferred tax income for the year	32		<b>(6,473)</b>

Notes		Taka in '000	
		At 31 December	
		<b>2014</b>	<b>2013</b>
<b>11 Dividends</b>			
	Shareholding details	Final for 2013	Final for 2012
<b>11.1 Paid</b>			
	a. Setfirst Limited, UK		
	GBP 2,009,038.09 (2013: GBP 1,110,953.70)	296,254	148,127
	b. Investment Corporation of Bangladesh	37,820	21,874
	c. General public	20,247	7,071
	d. Sadharan Bima Corporation	2,293	1,147
	e. Other local financial / securities companies	4,779	2,478
		<b>361,393</b>	<b>180,697</b>
<b>11.2 Unclaimed - on account of Bangladeshi shareholders</b>			
	Prior year	1,882	390
	Years prior to that	3,404	3,016
		<b>5,286</b>	<b>3,406</b>

## 12 Dividend per share

The dividends for 2013 paid in 2014 were Taka. 361,393 (Taka'000) (Tk.30 per share). A dividend in respect of 2014 of Tk. 42 per share, amounting to a total dividend of Taka 505,951 (Taka'000) is to be proposed at the Annual General Meeting on 23 April 2015. These financial statements do not reflect this dividend payable.

		Taka in '000	
		At 31 December	
	Notes	2014	2013
<b>13 Retirement benefit obligations (Gratuity)</b>			
<b>13.1 The make-up of:</b>			
Opening balance		81,469	83,874
Provision made during the year		8,506	5,794
Paid during the year		(12,733)	(8,199)
		(4,228)	(2,405)
Closing balance		<b>77,241</b>	<b>81,469</b>
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.			
<b>13.2 It includes current obligation which is likely to be payable within one year from the reporting date.</b>		12,743	6,185
<b>14 Obligations under finance lease</b>			
<b>Amount payable under finance lease:</b>			
Within one year		13,033	11,509
In the second to fifth years inclusive		18,755	14,572
		31,788	26,081
Less : Future finance charge		7,012	4,665
Present value of lease obligations		<b>24,775</b>	<b>21,416</b>
Less : Amount due for settlement within 12 months (shown under current liabilities)		9,910	8,659
Amount due for settlement after 12 months		<b>14,865</b>	<b>12,757</b>

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 2014, the average effective borrowing rate was 15.18%. 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.

		Taka in '000	
		At 31 December	
		2014	2013
<b>15 Share capital (Ordinary shares)</b>			
<b>15.1 Authorised</b>			
20,000,000	Shares of Tk 10 each	200,000	200,000
<b>15.2 Issued, subscribed and fully paid - up</b>			
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
<b>12,046,449</b>		<b>120,465</b>	<b>120,465</b>

### 15.3 Position of shares holding

The composition of share holders at 31 December were:

	2014		2013		2014	2013
	% 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	98,752
b. Investment Corporation of Bangladesh (ICB) & ICB Unit and Mutual Funds	10.58	1,273,775	10.44	1,257,175	12,738	12,572
c. General public	5.90	710,983	6.38	768,143	7,110	7,681
d. Sadharan Bima Corporation	0.63	76,437	0.63	76,437	764	764
e. Other local institutions	0.91	110,110	0.57	69,550	1,101	696
	<b>100.00</b>	<b>12,046,449</b>	<b>100</b>	<b>12,046,449</b>	<b>120,465</b>	<b>120,465</b>

### 15.4 Classification of shareholders by holding:

The composition of share holders at 31 December were:

Holdings	Number of holders		Total holdings%	
	2014	2013	2014	2013
Less than 500 shares	583	735	0.55	0.71
500 to 5,000 shares	117	138	1.27	1.57
5,001 to 10,000 shares	12	13	0.70	0.78
10,001 to 20,000 shares	6	8	0.62	0.86
20,001 to 30,000 shares	1	1	0.19	0.19
30,001 to 40,000 shares	1	2	0.27	0.55
40,001 to 50,000 shares	-	-	-	-
50,001 to 1,00,000 shares	4	2	2.46	1.43
100,001 to 1,000,000 shares	3	3	11.96	11.93
Over 1,000,000 shares	1	1	81.98	81.98
	<b>728</b>	<b>903</b>	<b>100.00</b>	<b>100.00</b>

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

		No. of shares	
		2014	2013
Mr. M Azizul Huq	Managing Director	200	200
Mr. Sarwar A Khan	Finance Director & Company Secretary	-	100
Mr. A.K.M. Firoz Alam	Director, Human Resources	50	50

		Taka in '000	
		At 31 December	
	Notes	2014	2013
<b>16 Reserves</b>			
<b>16.1 Revaluation reserve</b>			
Opening balance		59,479	59,479
Adjustment made on account of disposal of revalued assets			-
Closing balance	4.1	<b>59,479</b>	<b>59,479</b>
The balance represents surplus arising from the revaluation of fixed assets carried out in 1978 .			
<b>16.2 Capital reserve</b>			
Opening balance		166	166
Adjustment for the year		-	-
Closing balance		<b>166</b>	<b>166</b>
This is the balance of surplus of assets over liabilities as at 28 February 1974 after issue of shares there against.			
<b>17 Retained earnings</b>		<b>2,131,387</b>	<b>1,666,002</b>
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.			
<b>18 Contingent liabilities</b>			
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.			
		2,579	1,258
Less than 1 year	2,268		
1 to 3 years	311		
3 to 5 years	-		
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 Higher Court against the verdict passed by the Lower Court.			
		10,800	10,800
d. There were no other claims against the Company not acknowledged as debts.			
		-	-
		<b>14,252</b>	<b>12,931</b>
<b>19 Commitments</b>			
a. Capital expenditure			
Contracted but not provided for in these accounts		16,813	33,422
Authorised but not contracted		15,873	-
b. L/C Outstanding		525,086	296,879
		<b>557,772</b>	<b>330,301</b>

## 20 Revenue

Items	Unit	2014		2013	
		Quantity	Taka in '000	Quantity	Taka in '000
<b>a. Pharmaceuticals</b>					
<b>Local Market</b>					
Tablets and Capsules	Million	717	613,856	669	540,866
Topicals	Tonne	200	560,855	178	500,380
Vials and Drops	Thousand	1,213	438,199	1,246	483,137
Oral Liquids	Kilolitre	275	125,513	302	121,224
Granules	Tonne	5	19,690	4	16,308
Inhalers	Thousand	766	317,421	593	274,454
			<b>2,075,534</b>		<b>1,936,369</b>
<b>Contract manufacturing</b>					
<b>Export</b>					
Tablet	Million	92	35,973	96	29,924
Granules	Tonne	3	4,756	5	6,075
Powder	Tonne	15	1,876	99	18,031
			42,605		54,030
			<b>2,118,139</b>		<b>1,990,399</b>
<b>b. Consumer Healthcare</b>					
Powder	Tonne	9,377	4,991,943	9,546	4,719,795
Oral	Thousand	663	77,143	359	64,678
			5,069,086		4,784,473
			<b>7,187,225</b>		<b>6,774,872</b>

Notes	Taka in '000	
	2014	2013
<b>21 Cost of sales</b>		
Cost of products manufactured:		
Raw and packing materials consumed	41	
Opening inventories		425,028
Purchased during the year		3,624,657
		4,049,685
Closing inventories		(613,790)
		3,435,895
Manufacturing expenses:		
Salaries, wages and welfare		164,585
Contributions to retirement benefit scheme		13,797
Depreciation	4.2	55,371
Amortisation on intangible assets	44	2,187.00
Fuel and power		31,527
Travelling and training		3,681
Communication		818
Computer expenses		4,758
Building maintenance		20,065
Machinery and other maintenance		5,474
Stores and spares consumed	41(iii)	23,001
Contract manufacturing transportation charges		277
Insurance		1,625
Rent, rates and taxes		264
Office expenses		9,600
Motor running expenses		11,541
Other expenses		4,385
		352,956
		3,788,851
Opening inventory of work-in-process		213,174
		4,002,025

		Taka in '000	
	Notes	2014	2013
Closing inventory of work-in- process		(147,727)	(182,382)
		3,704,078	3,819,643
Opening inventory of finished products		409,620	400,304
Cost of finished products purchased	40	700,390	774,196
Finished products available		4,814,088	4,994,143
Closing inventory of finished products	39	(300,789)	(409,620)
Replacement, medical attention, and other issues		(37,044)	(67,818)
		(337,833)	(477,438)
		<b>4,476,255</b>	<b>4,516,705</b>
<b>22 Selling expenses</b>			
Salaries, wages and welfare		338,753	220,745
Contributions to retirement benefit scheme		17,242	15,234
Advertisement and sales promotion		850,250	1,059,208
Health Care Organisation (HCO) support expense		5,628	6,292
Health Care Professionals (HCP) expense		1,328	64
Travelling & training		69,200	49,435
Physician samples		28,154	21,211
Professional books		1,821	1,723
Communications		7,172	3,976
Conference and seminar		30,099	19,195
Motor running expenses		16,432	7,270
Depreciation	4.2	32,626	24,035
Office expenses		9,047	8,520
Insurance		2,317	2,269
Computer expenses		8,129	7,020
Other expenses		1,625	5,799
Promotional allowance		(114,329)	(123,915)
		<b>1,305,494</b>	<b>1,328,081</b>
<b>23 Distribution expenses</b>			
Salaries, wages and welfare		6,115	5,345
Contributions to retirement benefit scheme		634	522
Handling, freight and transport		114	179
Repairs and maintenance		2,223	483
Motor running expenses		339	307
Depreciation	4.2	1,907	1,348
Stock keeping charges		6,601	4,810
Communications		57	42
Insurance		28	34
Office expenses		2,115	214
Other expenses		325	134
		<b>20,458</b>	<b>13,418</b>

		Taka in '000	
	Notes	2014	2013
<b>24 Administrative expenses</b>			
Salaries, wages and welfare		147,931	124,488
Contributions to retirement benefit scheme		9,454	7,933
Motor running expenses		14,482	12,105
Depreciation	4.2	19,796	17,831
Communications		3,821	3,657
Computer expenses		2,425	8,399
Travelling and training		5,926	26,526
Insurance		3,889	5,056
Repairs and maintenance		7,167	18,470
Legal and professional fees	29	1,284	5,450
Subscriptions		219	232
Entertainment expenses		2,284	738
Office expenses		6,379	6,082
Bank charges		164	343
Rent, rates and taxes		39,543	36,114
Fuel and power		3,420	2,819
Donations		-	130
Directors' fees		160	95
Workers profit participation fund		62,226	38,114
Community partnership		2,431	1,920
Other expenses		1,466	1,182
		<b>334,467</b>	<b>317,684</b>
<b>25 Other income</b>			
Profit on disposal of property, plant and equipment		3,768	2,901
Scrap sales and other income		8,211	2,719
		<b>11,979</b>	<b>5,620</b>
<b>26 Finance income and cost</b>			
Interest income on:			
Term deposit		122,383	123,361
Special Notice Deposit (SND)		49	43
Housing loan to employees		433	420
		<b>122,865</b>	<b>123,824</b>
Interest expense on:			
Bank overdraft		(49)	(148)
Leasing		(3,043)	(4,117)
		(3,092)	(4,265)
<b>Net finance income</b>		<b>119,773</b>	<b>119,559</b>
<b>27 Pension fund</b>			
The actuarial valuation of pension fund was carried out at December 31, 2014. The Projected Unit Credit Method, using the following significant financial assumptions has been used for the actuarial valuation:			
		%	%
Discount rate		8	8
Expected rate of increase in salaries		7	7
Expected rate of return on plan assets		8	8

		Taka in '000	
	Notes	2014	2013
<b>27.1 Breakdown of funded status</b>			
Defined benefit obligation		379,575	338,912
Plan assets		296,188	277,153
Net funded status		<b>83,387</b>	<b>61,759</b>
<b>27.2 Movement in the of present value of defined benefit obligation</b>			
Opening balance		338,912	294,678
Current service cost		13,952	13,504
Interest cost		27,113	23,574
Actuarial (gain)/ loss on obligations		28,083	23,916
Benefits paid		(28,485)	(16,760)
Present value of defined benefit obligation		379,575	338,912
<b>27.3 Movement in the fair value of plan assets</b>			
Opening balance		277,153	247,600
Expected return on plan assets		22,172	19,808
Actuarial gain/(loss)		5,542	7,529
Contribution by employer		19,806	18,976
Benefits paid		(28,485)	(16,760)
Fair value of plan assets		296,188	277,153

As per the last audited balance sheet of GlaxoSmithKline Bangladesh Limited Pension Fund as of 31 December, 2014, the total fund stands at Tk. 296,188 (Tk. '000) (2013: Tk. 277,153) ( Tk.'000) represented by assets invested mainly in Treasury Bills.

As at year ending 2014, transactions related to planned assets, liabilities and actuarial gain/ loss of the pension fund are yet to be recognised in the financial statements of the Company as the relevant actuarial report is being reviewed by the Company's management for any inconsistencies in line with the revised BAS 19: Employee Benefits. Management is committed to ensuring the compliance of BFRS and has decided to recognise the same immediately in the financial statements upon further validation of actuarial valuation of the said fund.

## 28 Business segments information

	Notes	Pharmaceuticals		Consumer healthcare		Total	
		2014	2013	2014	2013	2014	2013
Gross revenue - net of trade discount & commission		2,277,436	2,209,442	5,973,426	5,527,590	8,250,862	7,737,032
VAT		(231,140)	(219,043)	(832,497)	(743,117)	(1,063,637)	(962,160)
<b>Revenue</b>	20	<b>2,046,296</b>	<b>1,990,399</b>	<b>5,140,929</b>	<b>4,784,473</b>	<b>7,187,225</b>	<b>6,774,872</b>
<b>Cost of sales</b>	21	<b>(1,653,741)</b>	<b>(1,595,333)</b>	<b>(2,822,514)</b>	<b>(2,921,372)</b>	<b>(4,476,255)</b>	<b>(4,516,705)</b>
<b>Gross profit</b>		<b>392,555</b>	<b>395,066</b>	<b>2,318,415</b>	<b>1,863,101</b>	<b>2,710,970</b>	<b>2,258,167</b>
<b>Assets and liabilities</b>							
Segment assets (excludes cash and cash equivalents)		<b>1,674,526</b>	<b>2,106,891</b>	<b>816,764</b>	<b>210,035</b>	<b>2,491,290</b>	<b>2,316,926</b>
Segment liabilities (excludes tax liabilities)		<b>682,243</b>	<b>586,260</b>	<b>1,803,901</b>	<b>1,498,042</b>	<b>2,486,144</b>	<b>2,084,302</b>

		Taka in '000	
	Notes	2014	2013
<b>29 Auditors' remuneration</b>	24		
Audit fee		600	600
Audit of provident, pension and workers' profit participation & welfare funds and special certifications		70	65
		<b>670</b>	<b>665</b>

### 30 Remuneration of Directors, Managers and Officers

#### 30.1 The details

	2014			2013		
	Directors	Managers & Officers	Total	Directors	Managers & Officers	Total
Remuneration	39,602	395,298	434,900	39,890	285,590	325,480
Housing:						
Rent	5,716	75,679	81,395	6,839	53,320	60,159
Utilities	3,286	26,613	29,899	4,585	14,823	19,408
	9,002	102,292	111,294	11,424	68,143	79,567
Contribution to retirement benefit scheme	4,638	28,933	33,571	4,123	26,134	30,257
Leave passage	500	11,351	11,851	1,550	8,747	10,297
Medical	415	15,441	15,856	594	10,929	11,523
Other	197	2,743	2,940	192	1,892	2,084
	54,354	556,058	610,412	57,773	401,435	459,208
Number	5	620	625	4	516	520

#### 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 three (2013: 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 822 (2013:714) 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	2014	2013
<b>32 Income tax expense</b>			
Current tax	9	340,953	184,388
Deferred tax	10	14,572	(6,474)
		<b>355,525</b>	<b>177,914</b>

### 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	124	(9,186)
GlaxoSmithKline Biologicals S.A, Belgium	Import of finished products, promotional allowance & Service fee	GSK Group Company	743,973	22,505
GlaxoSmithKline Consumer Healthcare, India	Import of raw & finished products	GSK Group Company	2,857,917	(183,206)
SmithKline PT SP., Indonesia	Inter Company Services/ Fees and Others	GSK Group Company	3,217	3,217
GlaxoSmithKline Export Ltd., UK	Import of raw & finished products and promotional allowance	GSK Group Company	1,337,011	(28,838)
GlaxoSmithKline Trading Services Ltd, UK	Inter Company export sales	GSK Group Company	41,081	-
SmithKline Beecham Bangladesh (Pvt) Limited	Inter Company Services	GSK Group Company	769	(32,269)
SmithKline (Cambodia) Co., Cambodia	Inter Company Services	GSK Group Company	200	200
Burroughs Wellcome & Co. (Bangladesh) Ltd.	Inter Company Services	GSK Group Company	83,116	(24,430)

**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	
	2014	2013
Profit for the year	826,778	546,249
	No. of shares	
Weighted average number of ordinary shares	12,046,449	12,046,449
Basic and diluted earnings per share (Taka)	<b>68.63</b>	<b>45.35</b>

#### Notes

Taka in '000

### 35 Value of imports - at C&F basis

	2014	2013
Raw & packing materials	1,511,510	1,827,172
Capital goods	31,809	44,319
Stores & spares	9,459	2,614
	<b>1,552,778</b>	<b>1,874,105</b>

		Taka in '000			
	Notes	2014		2013	
<b>36 Consumption</b>	41				
Raw & packing materials, and stores & spares	%				%
a. Imports - Raw & packing materials	85	2,807,861		2,942,453	85
b. Indigenous					
Raw & packing materials	14	481,301		493,442	14
Stores & spares	1	18,767		23,001	1
	15	500,068		516,443	15
	100	3,307,929		3,458,896	100
<b>37 Expenditure incurred in foreign currency</b>					
Foreign travel for the Company's business		11,019		15,722	
Technical/professional books, journals and fees		1,042		527	
		Foreign currency in '000s			
<b>38 Value of export business</b>	USD	387		542	
	GBP	100		95	

### 39 Closing inventory of each class of goods produced or purchased (At cost)- Note-21

		Taka in '000			
Items	Unit	2014		2013	
		Quantity	Taka	Quantity	Taka
<b>a. Pharmaceuticals</b>					
Tablets and capsules	Million	16	165	28	49,311
Topicals	Tonne	10	36,476	23	73,844
Vials and drops	Thousand	256	123,954	307	135,728
Oral liquids	Kilolitre	2	372	15	2,423
Granules	Tonne	1	1,017	2	2,656
Inhalers	Thousand	122	86,316	219	95,569
			248,300		359,531
<b>b. Consumer Healthcare</b>					
Powder	Tonne	121	18,288	183	31,258
Oral	Thousand	563	34,201	316	18,831
			<b>52,489</b>		<b>50,089</b>
			<b>300,789</b>		<b>409,620</b>

### 40 Finished products purchased (At cost)-Note-21

		Taka in '000			
Items	Unit	2014		2013	
		Quantity	Taka	Quantity	Taka
a. Tablets & capsules	Thousand	15,499	47,285	582	20,756
b. Topicals	Tonne	24	61,584	29	87,466
c. Injections	Thousand	536	326,183	708	403,047
d. Inhalers	Thousand	445	265,338	377	232,079
e. Powder	Kg	-	-	66,720	30,848
			<b>700,390</b>		<b>774,196</b>

#### 41 Materials consumed

	Notes	2014		2013	
		Quantity	Taka in'000	Quantity	Taka in'000
<b>i) Pharmaceuticals</b>					
a. Paracetamol powder		86,829 Kg	36,468	76,769 Kg	27,877
b. Betamethasone valerate		156 Kg	23,280	145 Kg	22,246
c. Griseofulvin powder		5,504 Kg	26,041	5,000 Kg	21,128
d. Other items individually below 10% of total consumption		Various	484,767	Various	459,872
Total pharmaceuticals			570,556		531,123
<b>ii) Consumer healthcare</b>					
a. Powder		8,786 Tonne	2,415,317	10,012 Tonne	2,244,026
b. Other items individually below 10% of total consumption		Various	303,289	Various	660,746
Total healthcare			2,718,606		2,904,772
			3,289,162		3,435,895
<b>iii) Stores &amp; spares</b>					
Items individually below 10% of total consumption	21	Various	18,767	Various	23,001
	36	<b>Total</b>	<b>3,307,929</b>	<b>Total</b>	<b>3,458,896</b>

#### 42 Installed capacity and actual production

Classes of goods	Unit	Annual installed capacity	Actual production	
			2014	2013
<b>a. Pharmaceuticals</b>				
Tablets and capsules	Million	1200	797	686
Oral liquids	Kilolitre	750	264	286
Vials and drops	Thousand	750	510	537
Topicals	Tonne	200	170	158
Granules	Tonne	60	7	11
<b>b. Consumer healthcare</b>				
Powder	Tonne	1500	1392	1196

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	
	<b>2014</b>	<b>2013</b>
Loans to employees	2,001	826
Advances to employees	6,370	5,365
Advances to suppliers	10,599	29,781
Security deposits	2,848	2,200
Trade receivables	881,893	348,316
Other receivables	25,619	46,746
Bank balances	2,536,508	1,679,769
	<b>3,465,838</b>	<b>2,113,003</b>
The aging of trade receivables at the reporting date is as follows:		
Trade receivables		
Not past due	881,893	348,316
Past due 1-180 days	-	-
Past due more than 180 days	-	-
	<b>881,893</b>	<b>348,316</b>

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			
Items	Less than 12 months	1 to 2 years	2 to 5 years	Carrying amount
<b>Financial liabilities</b>				
<b>2014</b>				
Finance lease	9,910	9,337	5,528	24,775
Trade and other payables	2,337,516	-	-	2,337,516
<b>2013</b>				
Finance lease	8,659	8,966	3,790	21,415
Trade and other payables	1,949,378	-	-	1,949,378

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	2014	2013
Trade and other receivables	USD	499	422
	GBP	141	187
Cash and bank balances	USD	195	184
	GBP	14	14
Trade and other payables	USD	2,321	2,337
	GBP	75	152
	AUD	-	-

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.

Change in exchange rate	±	1%	1%
Effect on profit/loss before tax (Taka'000)	±	1,165	1,272

### 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:

	2014	2013	2014	2013
	Effective rates %		Taka in '000	
<b>Financial assets</b>				
Term deposit	4.5%-9.5%	9%-12.00%	1,959,221	1,406,862
<b>Financial liabilities</b>				
Finance lease	15.18%	15.68%	24,775	21,415

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.

	Notes	Taka in '000	
		2014	2013
<b>44 Intangible Assets - Computer Software</b>			
Opening balance		5,467	-
Capitalisation during the year		-	7,654
Amortization to cost of sales during the year	21	(1,093)	(2,187)
Carrying value		<b>4,374</b>	<b>5,467</b>
<b>45 Comparatives</b>			
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.			
<b>46 Events after the reporting period</b>			
Since the reporting period there has been no material changes affecting the financial position of the Company.			

  
**Managing Director**

  
**Director**

  
**Director & Company Secretary**



## Contact Details

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### Distribution Centres Operated by Zuellig Pharma Bangladesh Ltd.

#### Chittagong

1 No. Dewanee Pukur Lane  
Machua Jharna,  
Nawab Siraj-Ud-Dowla Road  
Phone: (031) 615883, 621596

#### Maijdee

Red Crescent Bhaban  
Maijdee Court, Noakhali  
P.O. Box-Maijdee-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

#### Dhaka

3<sup>rd</sup> Floor, 191/A, Tejgaon I/A  
Gulshan Link Road, Dhaka-1208  
Mobile: 01922 928 952

#### Mymensingh

6, Mritunjoy School Road  
PO. Box 31, Mymensingh 2200  
Phone: (091)67577

#### Barisal

N. Hossain Complex  
Police Line Road  
P. O. Box-38  
Barisal-8200  
Phone: (0431) 2173351

#### Rangpur

Shajeda Mahal  
Civil Station Road  
P.O. Box-05, Rangpur 5400  
Phone: (0521)62757

#### Rajshahi

2, Kazi Hata, Greater Road  
P.O. Box-04  
Rajshahi-6000  
Phone:(0721)770948

#### Khulna

252/3, Sher-E-Bangla Road  
Khulna- 9000  
Phone:(041)2834037



**GlaxoSmithKline Bangladesh Limited**  
Registered Office: Fouzderhat Industrial Area  
North Kattali, Chittagong



## PROXY FORM

I/ We, the undersigned being a member named Company hereby appoint  
Mr. ....  
of .....  
another member of the Company, whom failing Mr .....  
of.....  
another member of the Company, as my proxy to vote and act for me, and on my behalf, at the 42<sup>nd</sup> Annual  
General Meeting of the Company to be held on Thursday the 23<sup>rd</sup> April 2015 and at any adjournment  
thereof.

Dated this.....day of .....2015

(Signature of the Proxy)  
Dated : .....

.....  
( Signature of the Witness)

.....  
(Signature of the Shareholders)  
Registered Folio No: .....  
Dated: .....

Note :  
A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in  
his/her stead. The proxy form, duly stamped, must be deposited at the Registered Office of the company  
not later than 48 hours before the time appointed for the meeting.

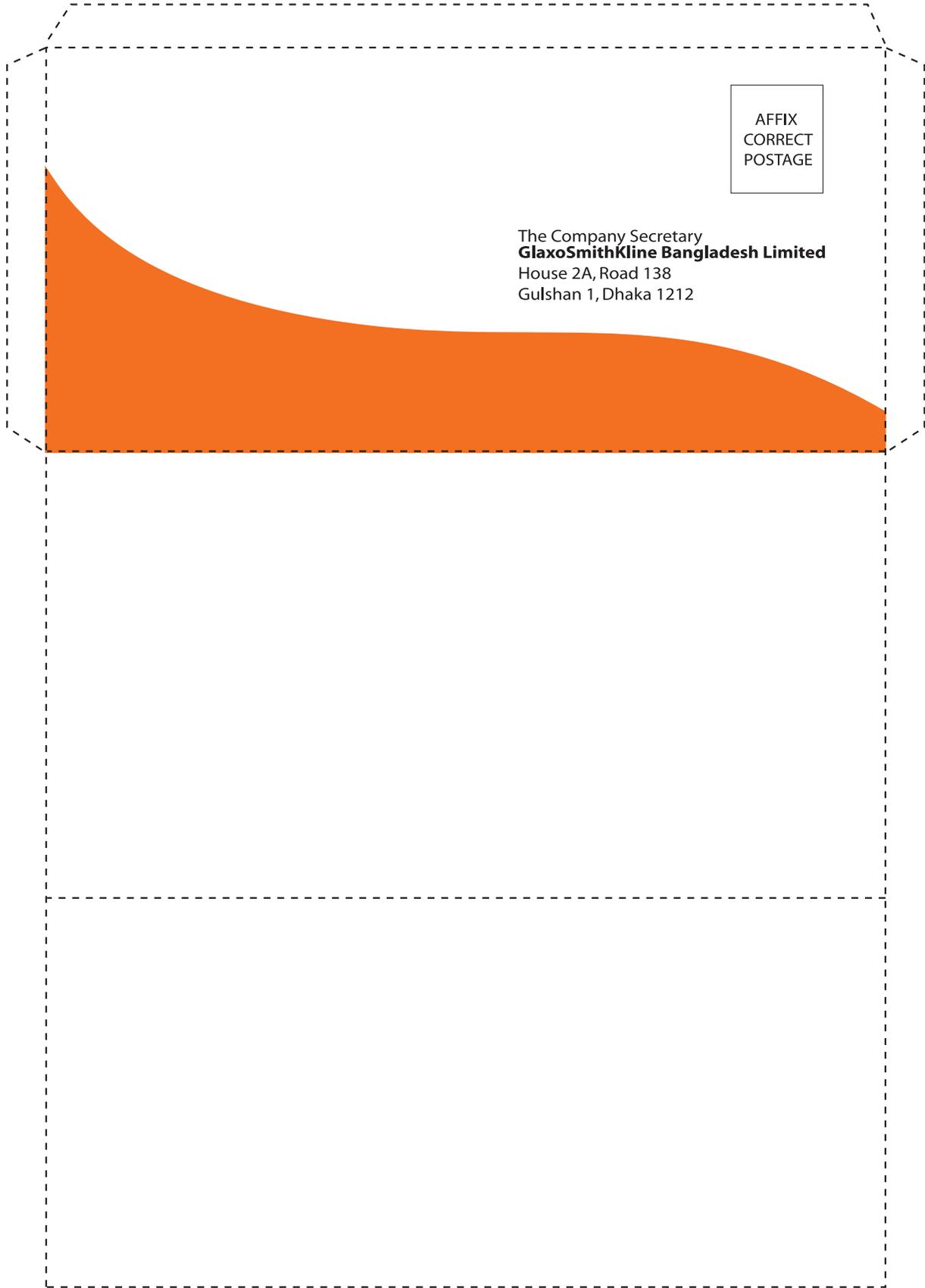
### ATTENDANCE SLIP

I do hereby record my attendance at the 42<sup>nd</sup> Annual General Meeting of GlaxoSmithKline Bangladesh  
Limited being held at Hotel Agrabad, Chittagong on Thursday 23<sup>rd</sup> April 2015 at 11:00 a.m.

Full name of the Shareholder \_\_\_\_\_  
(in block letter) Signature

Full name of the Proxy \_\_\_\_\_  
(in block letter) Signature

Shareholder's Folio / BO No \_\_\_\_\_  
(Please complete this and deposit at the registration counter on the day of the AGM)



AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
**GlaxoSmithKline Bangladesh Limited**  
House 2A, Road 138  
Gulshan 1, Dhaka 1212

**GlaxoSmithkline Bangladesh Limited**

House 2A, Road 138, Gulshan I, Dhaka 1212

[www.gsk.com.bd](http://www.gsk.com.bd)