

sanofi-aventis Pakistan limited

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
FOR THE FIRST QUARTER ENDED  
MARCH 31, 2018

(UN-AUDITED)



**SANOFI**



## Contents

2	Company Information
3	Directors' Report to the Shareholders
4	Condensed Interim Balance Sheet
5	Condensed Interim Profit & Loss Account
6	Condensed Interim Statement of Comprehensive Income
7	Condensed Interim Cash Flow Statement
8	Condensed Interim Statement of Changes in Equity
9	Notes to the Condensed Interim Financial Statements



## Company Information

### Board of Directors

Syed Babar Ali  
Asim Jamal  
Yasser Pir Muhammad  
Syed Hyder Ali  
Arshad Ali Gohar  
Imtiaz Ahmed Husain Laliwala  
David Khougazian  
Ana Arcos  
Thomas Rouckout

Chairman  
Chief Executive Officer  
Chief Financial Officer

### URL

[www.sanofi.com.pk](http://www.sanofi.com.pk)

### Auditors

EY Ford Rhodes,  
Chartered Accountants

### Legal Advisors

Khalid Anwer & Co.  
Ghani Law Associates  
Saadat Yar Khan & Co.

### Registrars & Share Transfer Office

FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran,  
Nursery, Block-6, P.E.C.H.S.  
Sharah-e-Faisal, Karachi - 74000.  
Tel. No: +92 21 34380101-5  
Fax No: +92 21 34380106  
URL: [www.famco.com.pk](http://www.famco.com.pk)

### Contact

Tel: +92 21 35060221-35  
[contact.pk@sanofi.com](mailto:contact.pk@sanofi.com)

### Bankers

Citibank, N.A.  
Deutsche Bank AG.  
MCB Bank Limited.  
Allied Bank Limited.  
Habib Bank Limited.  
National Bank of Pakistan.  
Bank of Tokyo-Mitsubishi UFJ, Limited.  
Standard Chartered Bank (Pakistan)  
Limited.  
Industrial & Commercial Bank of China  
Limited.

### Registered Office

Plot 23, Sector 22, Korangi Industrial  
Area, Karachi - 74900

### Postal Address

P.O. Box No. 4962, Karachi - 74000



## Directors' Report to the Shareholders

The Directors are pleased to present the un-audited interim condensed financial statements of your Company, for the 1st quarter ended March 31, 2018. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The net sales of the Company increased by 9.3% during the first quarter ended, March 31, 2018, over the comparative prior period reaching Rs. 3,321 (2017: Rs.3,039) million. Consequently, the gross margin for the period increased to Rs. 1,232 million compared to Rs.1,134 million in quarter 1, 2017.

Distribution and marketing expenses for the quarter improved marginally as a percentage of sales, compared with the previous period last year, whereas the administrative expenses increased slightly compared to quarter 1,2017. The increase in other expense was primarily due to exchange loss amounting to Rs. 96.4 million in Q1 2018 compared to Rs. 22.8 million in Q1 2017.

Profit after tax for the quarter ended March 31, 2017 was Rs.268 (2017: Rs.311) million because of the reasons explained above.

The Board would like to take this opportunity to acknowledge and thank all employees and other stakeholders for their continued support and loyalty.

By order of the Board

Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Karachi: April 27, 2018.

## حصص یا فینگان کے لئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے 31 مارچ، 2018 کو ختم شدہ پہلی سہ ماہی کے غیر آڈٹ شدہ عبوری فنانشل اسٹیٹمنٹس پیش کرتے ہوئے خوشی محسوس کرتا ہے۔  
یہ فنانشل اسٹیٹمنٹس انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز 34 (IAS) - 'انٹیرم فنانشل رپورٹنگ' کے مطابق اور کمپنیز ایکٹ، 2017 کے تحت جاری شدہ ہدایات کی روشنی میں تیار کیے گئے ہیں۔ اگر کہیں پر ضروریات مختلف ہیں تو کمپنیز ایکٹ، 2017 کی ہدایات پر عمل کیا گیا ہے۔

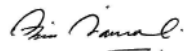
31 مارچ، 2018 کو ختم شدہ پہلی سہ ماہی کے دوران کمپنی کی نیٹ سیلز 3,321 ملین روپے رہی، جو کہ 2017 میں اسی دورانیہ کے 3,039 ملین روپے کے مقابلے میں 9.3% زیادہ ہے۔ نتیجتاً 2017 کی پہلی سہ ماہی میں 1,134 ملین روپے کے مقابلے میں مجموعی منافع بڑھ کر 1,232 ملین روپے ہو گیا ہے۔

رواں سہ ماہی کے دوران ڈسٹری بیوشن اور مارکیٹنگ اخراجات میں سیلز کی شرح کے لحاظ سے گزشتہ سال اسی دورانیہ کے مقابلے میں تھوڑی کمی ریکارڈ کی گئی ہے، جبکہ 2017 کی پہلی سہ ماہی کے مقابلے میں انتظامی اخراجات میں اضافہ ہوا ہے۔ 2017 کی پہلی سہ ماہی کے مقابلے میں 2018 کی پہلی سہ ماہی میں دیگر اخراجات میں اضافہ ہوا ہے۔ جس کی بنیادی وجہ زرمبادلہ کے خسارے ہیں۔ جو کہ 2017 کی پہلی سہ ماہی میں 22.8 ملین روپے سے بڑھ کر 2018 کی پہلی سہ ماہی میں 96.4 ملین روپے ہوئے۔

مندرجہ بالا اسباب کی وجہ سے 31 مارچ، 2018 کو ختم شدہ سہ ماہی میں بعد از ٹیکس منافع 268 ملین (311 ملین: 2017) روپے رہا۔

بورڈ آف ڈائریکٹرز کمپنی کے تمام ملازمین کی جانب سے سخت محنت اور دیگر اسٹیک ہولڈرز کے مسلسل تعاون اور اعتماد پر ان کے شکر گزار ہیں۔

بحکم بورڈ



ماسم جمال  
چیف ایگزیکٹو آفیسر



سید بھٹی  
چیئرمین

کراچی: 27 اپریل، 2018




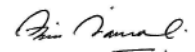
## Condensed Interim Balance Sheet

As at March 31, 2018

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
.....Rupees in '000.....			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	4	1,652,700	1,701,285
Intangible assets		1,031	1,041
		<u>1,653,731</u>	<u>1,702,326</u>
Long-term loans		6,143	6,479
Long-term deposits		13,643	13,643
Deferred Taxation		2,523	5,106
<b>CURRENT ASSETS</b>			
Stores and spares		49,429	51,173
Stock-in-trade	5	2,643,312	2,406,335
Trade debts		683,429	683,932
Loans and advances		111,295	59,939
Trade deposits and short-term prepayments		196,573	198,227
Other receivables		32,396	23,175
Taxation - net		1,509,713	1,458,883
Cash and bank balances		157,662	15,844
		<u>5,383,809</u>	<u>4,897,508</u>
<b>TOTAL ASSETS</b>		<u><b>7,059,849</b></u>	<u><b>6,625,062</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
<b>Authorized</b>			
10,000,000 Ordinary shares of Rs. 10 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up		96,448	96,448
<b>Reserves</b>			
Capital reserves		270,544	262,044
Revenue reserves		4,058,396	3,790,126
		<u>4,328,940</u>	<u>4,052,170</u>
		4,425,388	4,148,618
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,588,257	2,198,390
Accrued mark-up		1,088	1,435
Unclaimed Dividend		5,269	5,323
Running finances utilized under mark-up arrangements - secured		39,847	271,296
		<u>2,634,461</u>	<u>2,476,444</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>7,059,849</b></u>	<u><b>6,625,062</b></u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

  
Syed Babar Ali  
Chairman

  
Asim Jamal  
Chief Executive Officer

  
Yasser Pirmuhammad  
Chief Financial Officer



## Condensed Interim Profit and Loss Account

For the first quarter ended March 31, 2018 (Un-audited)

		March 31, 2018	March 31, 2017
	Note	.....Rupees in '000.....	
<b>NET SALES</b>	7	3,320,653	3,039,033
Cost of sales		(2,088,496)	(1,904,874)
<b>GORSS PROFIT</b>		1,232,157	1,134,159
Distribution and marketing costs		(578,083)	(545,424)
Administrative expenses		(115,425)	(84,809)
Other expenses	8	(138,675)	(64,508)
Other income		7,638	13,049
		(824,545)	(681,692)
<b>OPERATING PROFIT</b>		407,612	452,467
Finance Costs		(4,048)	(14,642)
<b>PROFIT BEFORE TAXATION</b>		403,564	437,825
Taxation - Current		(146,670)	(87,656)
- Prior		13,959	-
- Deferred		(2,583)	(39,099)
		(135,294)	(126,755)
<b>NET PROFIT FOR THE PERIOD</b>		268,270	311,070
<b>EARNINGS PER SHARE - basic and diluted (Rupees)</b>		27.82	32.25

The annexed notes 1 to 13 form an integral part of these interim condensed financial statements.

Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Yasser Pirmuhammad  
Chief Financial Officer



## Condensed Interim Statement of Comprehensive Income

For the first quarter ended March 31, 2018 (Un-audited)

	March 31, 2018	March 31, 2017
	.....Rupees in '000.....	
<b>Net profit for the period</b>	268,270	311,070
Other comprehensive income items not to be reclassified to profit and loss account in subsequent periods		
Deferred tax on actuarial losses directly recognized in the equity	-	(210)
Total comprehensive loss related to deferred tax	-	(210)
<b>Total comprehensive income for the period</b>	268,270	310,860

The annexed notes 1 to 13 form an integral part of these interim condensed financial statements.

Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Yasser Pirmuhammad  
Chief Financial Officer




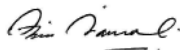
## Condensed Interim Cash Flow Statement

For the first quarter ended March 31, 2018 (Un-audited)

	March 31, 2018	March 31, 2017
	.....Rupees in `000.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	403,564	437,825
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation / amortization	85,456	83,495
Loss on disposal of operating fixed assets	195	352
Expenses arising from equity settled share based payment plans	8,500	9,705
Retirement benefits	20,495	18,447
Interest income	(5)	(7)
Finance costs	4,048	14,642
	<u>522,253</u>	<u>564,459</u>
<b>Decrease / (Increase) in current assets</b>		
Stores and spares	1,744	(4,688)
Stock-in-trade	(236,977)	990
Trade debts	503	(337,514)
Short-term loans and advances	(51,356)	(24,381)
Trade deposits and short-term prepayments	1,654	(10,521)
Other receivables	(9,221)	(2,657)
	<u>(293,653)</u>	<u>(378,771)</u>
	228,600	185,688
<b>Increase in current liabilities</b>		
Trade and other payables (excluding unclaimed dividend)	<u>369,372</u>	<u>382,766</u>
<b>Cash generated from operations</b>	<u>597,972</u>	<u>568,454</u>
Finance costs paid	(4,395)	(17,854)
Income tax paid	(183,541)	(175,625)
Retirement benefits paid	-	(18,447)
Long-term loans and advances	336	341
<b>Net cash generated from operating activities</b>	<u>410,372</u>	<u>356,869</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(44,622)	(25,222)
Sale proceeds from disposal of operating fixed assets	7,566	3,890
Interest received	5	7
<b>Net cash used in investing activities</b>	<u>(37,051)</u>	<u>(21,325)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term borrowings repaid	-	(500,000)
Dividends paid	(54)	(28)
<b>Net cash used in financing activities</b>	<u>(54)</u>	<u>(500,028)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>373,267</u>	<u>(164,484)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>(255,452)</u>	<u>(125,001)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>117,815</u>	<u>(289,485)</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

  
Syed Babar Ali  
Chairman

  
Asim Jamal  
Chief Executive Officer

  
Yasser Pir Muhammad  
Chief Financial Officer

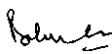





**Condensed Interim Statement of  
Changes in Equity**  
For the first quarter ended March 31, 2018 (Un-audited)

	Capital Reserves				Revenue Reserves		Total
	Issued, subscribed and paid-up share capital	Long term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Other	General reserve	Unappropri- ated profit	
	Rupees in '000.						
Balance as at January 1, 2017	96,448	5,935	18,000	209,083	2,035,538	1,047,336	3,412,340
Employee benefits cost under IFRS - 2 "Share based payment"	-	-	-	9,705	-	-	9,705
Transfer to general reserve	-	-	-	-	700,000	(700,000)	-
Net profit for the period	-	-	-	-	-	311,070	311,070
Other comprehensive income for the period	-	-	-	-	-	(210)	(210)
Total comprehensive income for the period	-	-	-	-	-	310,860	310,860
Balance as at March 31, 2017	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>218,788</u>	<u>2,735,538</u>	<u>658,196</u>	<u>3,732,905</u>
Balance as at January 1, 2018	96,448	5,935	18,000	238,109	2,735,538	1,054,588	4,148,618
Employee benefits cost under IFRS 2 - "Share based payment"	-	-	-	8,500	-	-	8,500
Transfer to general reserve	-	-	-	-	600,000	(600,000)	-
Net profit for the period	-	-	-	-	-	268,270	268,270
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	268,270	268,270
Balance as at March 31, 2018	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>246,609</u>	<u>3,335,538</u>	<u>722,858</u>	<u>4,425,388</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

  
Syed Babar Ali  
Chairman

  
Asim Jamal  
Chief Executive Officer

  
Yasser Pirmuhammad  
Chief Financial Officer



**Notes to the Condensed Interim  
Financial Statements**  
For the first quarter ended March 31, 2018 (Un-audited)

**1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan in 1967 as a Public Limited Company. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of SECIPE, France (the Parent Company). The Ultimate Parent of the Company is Sanofi S.A., France. It is engaged in the manufacturing and selling of pharmaceutical and consumer products.

The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

**2. BASIS OF PREPARATION**

These condensed interim financial statements of the Company for the first quarter ended March 31, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited and do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2017.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2017.

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
.....Rupees in `000.....			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	1,515,118	1,584,463
Capital work-in-progress	4.2	137,582	116,822
		<u>1,652,700</u>	<u>1,701,285</u>
<b>4.1. OPERATING FIXED ASSETS</b>			
Opening book value		1,584,463	1,703,331
Additions during the period / year	4.1.1	23,617	233,957
Disposals during the period / year	4.1.1	(7,761)	(17,966)
Depreciation charged during the period / year		(85,201)	(334,859)
		<u>1,515,118</u>	<u>1,584,463</u>

4.1.1. Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at book value)	
	(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017
.....Rupees in `000.....				
Building	29	26,756	-	-
Plant & machinery	5,548	117,323	-	1,589
Furniture & fixtures	3,110	508	-	-
Factory & office equipment	8,516	37,882	76	166
Motor vehicles - owend	6,414	51,488	7,685	16,211
	<u>23,617</u>	<u>233,957</u>	<u>7,761</u>	<u>17,966</u>



Notes to the Condensed Interim  
Financial Statements  
For the first quarter ended March 31, 2018 (Un-audited)

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
.....Rupees in `000.....		
4.2. Capital work-in-progress		
Building	14,239	13,314
Plant and machinery	104,379	83,988
Others	18,964	19,520
	<u>137,582</u>	<u>116,822</u>
5. STOCK-IN-TRADE		
Raw materials	1,372,364	1,146,099
Work-in-process	79,725	37,598
Finished goods	1,466,814	1,503,811
Provision against stock-in-trade	<u>(275,591)</u>	<u>(281,173)</u>
	<u>2,643,312</u>	<u>2,406,335</u>
6. CONTINGENCIES AND COMMITMENTS		
Contingencies		
6.1. There is no change in the status of contingencies, as set out in note 18.1 to the annual financial statements of the Company for the year ended December 31, 2017 except for the following;		
<p>During the year ended December 31, 2016, Inland Revenue, Enforcement &amp; Collection had framed the assessment for tax year 2014 on the alleged contention that the Company had short deducted income tax from payments made to vendors under various heads of expenditures. Total tax demand raised under the order was Rs 123.4 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. During the period the CIR(A) has remanded back the proceedings for fresh consideration to the Deputy Commissioner Inland Revenue.</p>		
Commitments	(Un-audited) March 31, 2018	(Audited) December 31, 2017
.....Rupees in `000.....		
Commitments for capital expenditure	<u>41,838</u>	<u>92,609</u>
Post-dated cheques issued to Collector of Customs	<u>21,440</u>	<u>21,440</u>
Outstanding letters of credit	<u>167,155</u>	<u>111,829</u>
Outstanding bank guarantees	<u>382,965</u>	<u>370,524</u>
Outstanding bank contracts	<u>254,343</u>	<u>73,745</u>
	(Un-audited) March 31, 2018	(Un-audited) March 31, 2017
.....Rupees in `000.....		
7. NET SALES		
Gross sales		
Local	3,623,306	3,253,664
Export	2,876	83,357
	<u>3,626,182</u>	<u>3,337,021</u>
Returns	<u>(12,126)</u>	<u>(13,110)</u>
Sales Tax	<u>(16,457)</u>	<u>(13,941)</u>
Discounts	<u>(276,946)</u>	<u>(270,937)</u>
	<u>(305,529)</u>	<u>(297,988)</u>
	<u>3,320,653</u>	<u>3,039,033</u>
8. OTHER EXPENSES		
<p>Includes exchange loss amounting to Rs. 96.4 million (March 31, 2017: Rs. 22.8 million) arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.</p>		



**Notes to the Condensed Interim  
Financial Statements**  
For the first quarter ended March 31, 2018 (Un-audited)

(Un-audited) (Un-audited)  
March 31, March 31,  
2018 2017  
.....Rupees in `000.....

**9. CASH AND CASH EQUIVALENTS**  
Cash and cash equivalents comprise  
of the following items:

Cash and bank balance	157,662	48,563
Running finance utilized under mark-up arrangements	<u>(39,847)</u>	<u>(338,048)</u>
	<u>117,815</u>	<u>(289,485)</u>

**10. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of associated undertakings, employees' provident fund, employees' gratuity fund, employees' pension fund, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties.

There are no transactions with key management personnel other than under the terms of employment.

Details of transactions with related parties during the period are as follows:

	March 31, 2018 (Un-audited)					March 31, 2017 (Un-audited)				
	Group Companies	Associates undertak- ings	Retirement Funds	Key management personnel	Total	Group Companies	Associates undertak- ings	Retirement Funds	Key management personnel	Total
	.....Rupees in `000.....									
i) Gross Sales	-	-	-	-	-	2,834	-	-	-	2,834
ii) Purchase of goods	1,380,650	-	-	-	1,380,650	1,004,389	-	-	-	1,004,389
iii) Purchase of services	8,799	5,386	-	-	14,185	-	8,623	-	-	8,623
iv) Insurance claim received	-	2,477	-	-	2,477	-	-	-	-	-
v) Contribution paid	-	-	-	-	-	-	-	-	-	-
- Provident fund	-	-	13,396	-	13,396	-	-	12,516	-	12,516
- Gratuity fund	-	-	-	-	-	-	-	9,563	-	9,563
- Pension fund	-	-	-	-	-	-	-	8,884	-	8,884
vi) Remuneration of key management personnel	-	-	-	62,347	62,347	-	-	-	48,903	48,903

**11. ENTITY WIDE INFORMATION**

11.1 The Company constitutes a single reportable segment, the principal classes of products provided are pharmaceutical and vaccine products.

11.2 Information about classes of products - net sales

	(Un-audited)	(Un-audited)
	March 31,	March 31,
	2018	2017
	.....Rupees in `000.....	
Pharmaceutical	3,242,487	2,809,276
Vaccine	<u>78,166</u>	<u>229,757</u>
	<u>3,320,653</u>	<u>3,039,033</u>

11.3 Information about geographical areas - net sales

Pakistan	3,318,180	2,971,255
Afghanistan	2,473	64,945
Others	-	2,833
	<u>3,320,653</u>	<u>3,039,033</u>

**12. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on April 27, 2018 by the Board of Directors of the Company.

**13. GENERAL**

Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

Syed Babar Ali  
Chairman

Asim Jamal  
Chief Executive Officer

Yasser Pir Muhammad  
Chief Financial Officer