

sanofi-aventis Pakistan Limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE QUARTER ENDED
MARCH 31, 2022
(UN-AUDITED)



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Company Information

Board of Directors

Syed Babar Ali
Asim Jamal
Yasser Pirmuhammad
Syed Hyder Ali
Arshad Ali Gohar
Imtiaz Ahmed Husain Laliwala
Rehmatullah Khan Wazir
Shahid Zaki
Naira Adamyan
Hermes Martet
Marc-Antoine Lucchini

Chairman
Chief Executive Officer
Chief Financial Officer

Company Secretary

Muhammad Abu Bakar Siddiq

URL

www.sanofi.com.pk

Auditors

EY Ford Rhodes,
Chartered Accountants

Legal Advisors

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

Bankers

Citibank, N.A.
Deutsche Bank AG
MCB Bank Limited
Allied Bank Limited
Habib Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited

Registrars & Share Transfer Office

FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi
Tel: +92 21 34380101-5
URL: www.famco.com.pk

Registered Office

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

Postal Address

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

Contact

Tel: +92 21 35060221-35
contact.pk@sanofi.com

Directors' Report to the Shareholders

The Directors are pleased to present the un-audited interim condensed financial statements of your Company, for the first quarter ended March 31, 2022. 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 Company started the year on a positive note and continued to exhibit stable growth despite substantial macro-economic challenges. Total net sales of the Company increased by 23% during the first quarter ended March 31, 2022, over the comparative prior period reaching Rs. 4,384 (2021: Rs. 3,578) million. Consequently, the gross profit for the period increased to Rs. 1,272 million compared to Rs. 885 million for the quarter ended March 31, 2021.

This growth was mainly driven by Flagyl®, Clexane® No-Spa®, which grew by 33%, 44% and 61% respectively compared to the last year's same quarter. The growth is primarily driven by volume due to the Company's continuous focus towards growth.

The gross margin improved to 29.0% from 24.7% as compared to same period last year on account of pricing, better product mix and improved performance throughout the quarter.

Distribution and marketing expenses increased to 15% of net sales from 12% last year's comparative period mainly on account of increase in travelling and promotional expenses as most of the promotional activities and engagement with Healthcare Professionals resumed post Covid-19 in order to maintain the strong sales growth.

Other expenses increased to 2% of net sales from 1% last year's comparative period mainly on account of adverse exchange rate movement. Due to the reasons explained above, profit before tax for the quarter ended March 31, 2022 amounted to Rs. 346 million. While profit after tax amounted to Rs. 215 million translating into earnings per share of Rs. 22.96 as compared to earnings per share of Rs. 25.48 in same period last year.

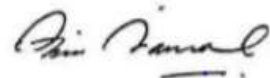
The depreciation of PKR against USD and anticipation of further devaluation due to volatile economic & political situation remains a key concern for the pharmaceutical companies in general as majority of the active pharmaceutical ingredients and finished goods are imported. Despite the challenges posed by the currency risk and volatile economic and political situation, the company remains optimistic about the future outlook of the business given its strong product line, strength of product mix & robust growth of the market. Under the leadership of the Board, management is putting all the efforts to ensure that adequate measures are taken to minimize the negative impacts on the Company.

The Board of Directors would like to acknowledge the efforts and commitment of the employees.

By order of the Board



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer

Karachi: April 28, 2022

ڈائریکٹرز رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے ۳۱ مارچ ۲۰۲۲ کو ختم شدہ پہلی سہ ماہی کے غیر پڑتال شدہ عبوری مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 34 (IAS)۔ ”انٹیرم فنانشل رپورٹنگ“ کے مطابق اوکٹینیز ایکٹ ۲۰۱۷ کے تحت جاری شدہ ہدایات کی روشنی میں تیار کئے گئے ہیں۔ اگر کہیں پر ضرورت مختلف ہیں تو ٹیکنیز ایکٹ، ۲۰۱۷ کی ہدایات پر عمل کیا گیا ہے۔

کمپنی نے سال کا آغاز شدہ انداز میں کیا اور میکرو معاشی چیلنجز کے باوجود مستحکم ترقی جاری رکھی۔ ۳۱ مارچ ۲۰۲۲ کو ختم شدہ پہلی سہ ماہی کے دوران کمپنی کی خالص فروخت 23 فیصد اضافہ کے ساتھ گزشتہ سال کی اسی مدت کے (3,578,۲۰۲۱ ملین روپے) کے مقابلے میں 4,384 ملین روپے رہی۔ نتیجتاً اسی مدت کیلئے مجموعی منافع ۳۱ مارچ، ۲۰۲۱ کو ختم شدہ سہ ماہی کیلئے 885 ملین روپے کے مقابلے میں 1,272 ملین روپے رہا۔ اس اضافے کی بنیادی وجہ فیکل (R) کلنگز (R) نو سپا (R) کی فروخت میں اضافہ ہے جن میں گزشتہ سال کی اسی مدت کے مقابلے میں بالترتیب 33 فیصد، 44 فیصد اور 61 فیصد اضافہ ریکارڈ کیا گیا۔ ترقی کی بنیادی وجہ کمپنی کی طرف سے فروخت میں اضافہ کیلئے مسلسل توجہ کے باعث حجم میں بڑھوتری ہے۔

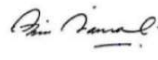
قیمتوں میں اضافہ، پروڈکٹ کے بہتر امتزاج اور پوری سہ ماہی کے دوران اچھی کارکردگی کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں مجموعی منافع 24.7 فیصد سے بڑھ کر 29.0 فیصد ہو گیا۔

ڈسٹری بیوٹن اور مارکیٹنگ کے اخراجات گزشتہ سال خالص فروخت کے 12 فیصد کے مقابلے میں بڑھ کر 15 فیصد ہو گئے جن کی بنیادی وجوہات سفری اور تشہیری اخراجات میں اضافہ ہے کیونکہ کوویڈ-19 میں کمی کے بعد فروخت کی مضبوط شرح کو برقرار رکھنے کیلئے تشہیری سرگرمیوں میں اضافہ اور طبی ماہرین سے رابطہ بحال ہوا۔

دیگر اخراجات میں منفی شرح تبادلہ کے باعث گزشتہ سال کی خالص فروخت کے ایک فیصد کے مقابلے میں 2 فیصد اضافہ ہوا۔ مذکورہ اسباب کی وجہ سے ۳۱ مارچ، ۲۰۲۲ کو ختم شدہ سہ ماہی کیلئے قبل از ٹیکس منافع 346 ملین روپے رہا۔ 215 ملین روپے کے بعد از ٹیکس منافع کی وجہ سے فی حصص آمدنی گزشتہ سال کی اسی مدت کی 25.48 روپے فی حصص کے مقابلے میں 22.96 روپے رہی۔

امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور غیر مستحکم معاشی و سیاسی صورتحال کے باعث مزید گراؤ کی پیش گوئی فارماسیوٹیکل کمپنیوں کیلئے بالعموم باعث تشویش ہے کیونکہ ادویات سازی کے اجزاء اور تیار اشیاء زیادہ تر درآمد کئے جاتے ہیں۔ کرنسی خطرات کے باعث درپیش چیلنجز اور غیر مستحکم معاشی و سیاسی صورتحال کے باوجود کمپنی اپنی پروڈکٹ لائن، پروڈکٹ کے مضبوط امتزاج اور مارکیٹ میں تیزی کے تناظر میں مستقبل کی کاروباری پیش بینی کے بارے میں پرامید ہے۔ بورڈ کی سربراہی میں انتظامیہ کمپنی کے کاروبار پر منفی اثرات کو کم سے کم سطح پر لانے کیلئے کوشاں ہے۔

بورڈ آف ڈائریکٹرز کمپنی کی ترقی کیلئے ملازمین کی کوششوں اور عزم کا اعتراف کرتے ہیں۔


عاصم جمال
چیف ایگزیکٹو آفیسر

بحکم بورڈ
سید باغلی
چیرمین

کراچی: 28 اپریل، 2022

sanofi-aventis Pakistan Limited

Condensed Interim Statement of Financial Position

As at March 31, 2022

	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,617,799	1,654,157
Investment properties		34,273	34,710
Right-of-use assets	5	1,123	1,878
Intangible assets		2,031	2,829
		<u>1,655,226</u>	<u>1,693,574</u>
Long-term loans to employees		2,303	2,398
Long-term deposits		15,983	15,983
Deferred taxation - net		196,357	236,330
		<u>1,869,869</u>	<u>1,948,285</u>
CURRENT ASSETS			
Stores and spares		65,864	59,670
Stock-in-trade	6	4,467,896	3,919,660
Trade debts		484,488	455,428
Loans and advances		165,330	163,212
Trade deposits and short-term prepayments		686,794	470,424
Other receivables		426,872	250,411
Taxation - net		1,243,156	1,223,096
Cash and bank balances		1,028,104	784,295
		<u>8,568,504</u>	<u>7,326,196</u>
TOTAL ASSETS		<u>10,438,373</u>	<u>9,274,481</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
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
Reserves			
Capital reserves		378,943	373,902
Revenue reserve		4,962,896	4,748,171
		<u>5,341,839</u>	<u>5,122,073</u>
		<u>5,438,287</u>	<u>5,218,521</u>
NON-CURRENT LIABILITIES			
Long-term financing		37,641	35,016
Deferred liabilities		18,000	18,000
		<u>55,641</u>	<u>53,016</u>
CURRENT LIABILITIES			
Contract liabilities		80,904	57,302
Trade and other payables	7	4,717,029	3,753,519
Current maturity of long-term financing		123,160	164,214
Current maturity of deferred liabilities		12,764	15,274
Current maturity of lease liabilities		951	1,594
Accrued mark-up		99	1,397
Unclaimed dividend		9,538	9,644
		<u>4,944,445</u>	<u>4,002,944</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>10,438,373</u>	<u>9,274,481</u>

The annexed notes 1 to 15 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

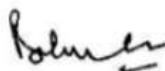
sanofi-aventis Pakistan Limited

Condensed Interim Statement of Profit or Loss

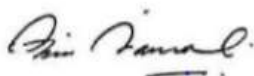
For the quarter ended March 31, 2022 (Un-audited)

	March 31, 2022	March 31, 2021
	----- Rupees in '000 -----	
NET SALES	4,383,649	3,577,847
Cost of sales	(3,111,636)	(2,692,634)
GROSS PROFIT	<u>1,272,013</u>	<u>885,213</u>
Distribution and marketing costs	(670,957)	(432,003)
Administrative expenses	(165,570)	(133,627)
Other expenses	(100,097)	(35,950)
Other income	16,906	96,091
	<u>(919,718)</u>	<u>(505,489)</u>
OPERATING PROFIT	<u>352,295</u>	<u>379,724</u>
Finance costs	(6,489)	(8,266)
PROFIT BEFORE TAXATION	<u>345,806</u>	<u>371,458</u>
Taxation - Current	(91,108)	(140,392)
- Deferred	(39,973)	14,651
	<u>(131,081)</u>	<u>(125,741)</u>
PROFIT AFTER TAXATION	<u><u>214,725</u></u>	<u><u>245,717</u></u>
EARNINGS PER SHARE - basic and diluted (Rupees)	<u><u>22.26</u></u>	<u><u>25.48</u></u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan Limited

Condensed Interim Statement of Other Comprehensive Income

For the quarter ended March 31, 2022 (Un-audited)

	March 31, 2022	March 31, 2021
	----- Rupees in '000 -----	
Profit after taxation	214,725	245,717
Items pertaining to Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>214,725</u></u>	<u><u>245,717</u></u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan Limited

Condensed Interim Statement of Cash Flows

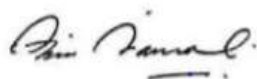
For the quarter ended March 31, 2022 (Un-audited)

Note	March 31, 2022	March 31 2021
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	345,806	371,458
Adjustment for non-cash charges and other items:		
Depreciation / amortization	71,173	90,707
Modification of Right-of-Use Assets	-	(1,122)
Gain on disposal of operating fixed assets	(121)	(2,942)
Expenses arising from equity settled share based payment plans	5,041	4,604
Release of deferred liabilities	(2,510)	-
Retirement benefits	37,209	30,611
Interest Income	(138)	(288)
Finance costs	6,489	8,266
	<u>462,949</u>	<u>501,294</u>
(Increase) / Decrease in current assets:		
Stores and spares	(6,194)	(1,415)
Stock-in-trade	(548,236)	(1,339,347)
Trade debts	(29,060)	(12,055)
Loans and advances	(2,118)	(74,806)
Trade deposits and short-term prepayments	(216,370)	(5,046)
Other receivables	(186,457)	923,953
	<u>(988,435)</u>	<u>(508,716)</u>
	(525,486)	(7,422)
Increase in current liabilities:		
Contract liabilities	23,602	53,637
Trade and other payables (excluding liabilities for employees' pension fund)	936,297	419,522
Cash generated from operations	<u>434,413</u>	<u>465,737</u>
Finance costs paid	(7,765)	(10,283)
Interest on lease liabilities paid	(22)	(2,140)
Income tax paid	(111,167)	(85,223)
Retirement benefits paid	-	(31,925)
Long-term loans	95	(42)
Net cash generated from operating activities	<u>315,554</u>	<u>336,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(48,049)	(34,389)
Sale proceeds from disposal of operating fixed assets	15,344	19,667
Interest received	138	288
Net cash used in investing activities	<u>(32,567)</u>	<u>(14,434)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(106)	(63)
Repayment of long-term financing	(38,429)	-
Repayment of lease liabilities	(643)	(10,309)
Net cash used in in financing activities	<u>(39,178)</u>	<u>(10,372)</u>
Net increase in cash and cash equivalents	<u>243,809</u>	<u>311,318</u>
Cash and cash equivalents at the beginning of the period	784,295	(179,598)
Cash and cash equivalents at the end of the period	<u>10</u> <u>1,028,104</u>	<u>131,720</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan Limited

Condensed Interim Statement of Changes in Equity

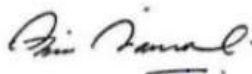
For the quarter ended March 31, 2022 (Un-audited)

	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	Share-based payments reserve	General reserve	Unappropriated profit	
	-----Rupees '000-----						
Balance as at January 1, 2021	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098
Transfer to general reserve	-	-	-	-	-	-	-
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	4,604	-	-	4,604
Profit after taxation	-	-	-	-	-	245,717	245,717
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	245,717	245,717
Balance as at March 31, 2021	96,448	5,935	18,000	333,976	3,535,538	822,522	4,812,419
Balance as at January 1, 2022	96,448	5,935	18,000	349,967	3,535,538	1,212,633	5,218,521
Transfer to general reserve	-	-	-	-	-	-	-
Employee benefit cost under IFRS 2 - "Share-based Payment"	-	-	-	5,041	-	-	5,041
Profit after taxation	-	-	-	-	-	214,725	214,725
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	214,725	214,725
Balance as at March 31, 2022	96,448	5,935	18,000	355,008	3,535,538	1,427,358	5,438,287

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2022 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan in 1967 as a Public Limited Company under Companies Act, 1913 [now Companies Act, 2017 (the Act)]. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Sanofi Foreign Participations B.V. (the Parent Company), registered in Netherlands. The Ultimate Parent of the Company is Sanofi S.A., France (incorporated in France). The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.

2 STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under the Act and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2021.
- 2.3 The preparation of these condensed interim financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended December 31, 2021.

3. ACCOUNTING POLICIES

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 annual financial statements for the year ended December 31, 2021.

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2022 (Un-audited)

	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
-----Rupees in '000-----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,443,122	1,489,951
Capital work-in-progress	4.2	<u>174,677</u>	<u>164,206</u>
		<u><u>1,617,799</u></u>	<u><u>1,654,157</u></u>
4.1 Operating fixed assets			
Opening net book value		1,489,951	1,586,496
Additions / transfers during the period / year - at cost	4.1.1	37,577	260,601
Disposals during the period / year	4.1.1	(15,223)	(39,015)
Transfers to investment properties		-	(14)
Write-off during the period / year		-	(184)
Depreciation charged during the period / year		<u>(69,183)</u>	<u>(317,933)</u>
Closing net book value		<u><u>1,443,122</u></u>	<u><u>1,489,951</u></u>

4.1.1 Additions to the operating fixed assets, including transfers from capital work-in-progress and disposals made during the period were as follows:

	Additions (at cost)		Disposals (at net book value)	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2020
-----Rupees in '000-----				
Buildings on leasehold land	2,217	33	-	-
Plant and machinery	5,906	6,540	-	-
Furniture and fixtures	2,977	-	-	-
Factory and office equipment	11,614	7,800	-	-
Motor vehicles - owned	<u>14,863</u>	<u>33,449</u>	<u>15,223</u>	<u>16,725</u>
	<u><u>37,577</u></u>	<u><u>47,822</u></u>	<u><u>15,223</u></u>	<u><u>16,725</u></u>
			(Un-audited) March 31, 2022	(Audited) December 31, 2021
			-----Rupees in '000-----	

4.2 Capital work-in-progress			
Buildings on leasehold land		25,184	30,185
Plant and machinery		121,030	121,435
Others		<u>28,463</u>	<u>12,586</u>
		<u><u>174,677</u></u>	<u><u>164,206</u></u>

5. RIGHT-OF-USE ASSETS			
Opening carrying value		1,878	21,790
Impact of lease modification		-	(3,432)
Depreciation expense for the period / year		(755)	(15,105)
Impact of termination of lease		-	(1,375)
Closing carrying value		<u><u>1,123</u></u>	<u><u>1,878</u></u>

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Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2022 (Un-audited)

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note	-----Rupees in '000-----	
6. STOCK-IN-TRADE		
Raw and packing material		
In hand	1,354,348	1,151,419
In transit	988,862	500,717
	<u>2,343,210</u>	<u>1,652,136</u>
Provision against raw and packing material	6.1 (125,160)	(134,457)
	<u>2,218,050</u>	<u>1,517,679</u>
Work-in-process	144,609	160,160
Finished goods		
In hand	6.3 1,878,365	2,033,904
In transit	351,919	316,063
	<u>2,230,284</u>	<u>2,349,967</u>
Provision against finished goods	6.2 (125,047)	(108,146)
	<u>2,105,237</u>	<u>2,241,821</u>
	<u>4,467,896</u>	<u>3,919,660</u>
6.1 Movement of provision against raw and packing material		
Opening balance	134,457	221,054
Charge for the year	5,762	52,787
Reversal for the year	(13,385)	(47,717)
	(7,623)	5,070
Write-off during the period / year	(1,674)	(91,667)
Closing balance	<u>125,160</u>	<u>134,457</u>
6.2 Movement of provision against finished goods		
Opening balance	108,146	95,790
Charge for the period / year	59,104	69,599
Reversal for the year	(9,274)	(35,794)
	49,830	33,805
Write-off during the period / year	(32,929)	(21,449)
Closing balance	<u>125,047</u>	<u>108,146</u>
6.3	Includes write down of finished goods costing Rs. 143.3 million (2021: Rs. 996.8 million) to their net realizable value of Rs. 112.1 million (2020: Rs. 807.6 million).	

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For the quarter ended March 31, 2022 (Un-audited)

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	-----Rupees in '000-----	
7. TRADE AND OTHER PAYABLES		
Trade creditors		
Related parties	1,687,689	1,164,328
Other trade creditors	<u>625,856</u>	<u>558,824</u>
	<u>2,313,545</u>	1,723,152
Other payables		
Accrued liabilities	1,170,753	846,407
Refund liabilities	52,563	27,438
Infrastructure Development Cess	501,402	445,402
Employees' Pension Fund	466,210	438,997
Workers' Profit Participation Fund	22,938	79,487
Workers' Welfare Fund	97,492	109,988
Central Research Fund	18,775	15,059
Payable to provident fund	12,813	13,227
Compensated absences	30,160	37,921
Security deposits	1,775	1,775
Contractors' retention money	3,251	3,251
Sales tax payable	25,352	11,415
	<u>2,403,484</u>	<u>2,030,367</u>
	<u>4,717,029</u>	<u>3,753,519</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There are no changes in the status of contingencies, as set out in note 22.1 to the annual financial statements of the Company for the year ended December 31, 2021 except for the following:

- 8.1.1 The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province of Sindh through air or sea at prescribed rates. Several companies contested the imposition of this infrastructure fee in High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court had ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. Subsequently, the Company started to deposit cash and bank guarantees on import of goods and also started recognising accrual for the unpaid amount for which bank guarantee was submitted.

On June 04, 2021 High Court of Sindh dismissed appeals filed by the petitioners and ordered that the Sindh Finance Act, 2017 is a valid law with the competence of provincial legislature and all bank guarantees previously furnished by the petitioners against the High Court of Sindh's interim order dated May 31, 2011 shall be en-cashed and paid to the department.

The Company, in consultation with its lawyer, filed an appeal before the Supreme Court of Pakistan (SCP) against the High Court of Sindh's order dated June 04, 2021 jointly with other petitioners. SCP provided leave to appeal against the orders of High Court of Sindh vide CP No. 4913/2021 dated September 01, 2021 with the directions that till the further order of SCP, the operations of impugned judgment of the High Court of Sindh dated June 04, 2021 and recovery of the impugned levy shall remain suspended. The petitioners were ordered to submit fresh bank guarantees equivalent to the amount of levy for all future consignments of imported goods. Pursuant to the leave granted by SCP, the Company had not booked accrual of the said levy amounting to Rs. 35 million from the date of SCP order till year end, however, upon discussion with the legal advisor the Company has booked provision amounting to Rs. 56 million from the date of SCP order till the quarter ended 31 March 2022

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Notes to the Condensed Interim Financial Statements

For the quarter ended March 31, 2022 (Un-audited)

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	-----Rupees in '000-----	
8.2 Commitments		
Commitments for capital expenditure	<u>167,042</u>	<u>118,333</u>
Outstanding letters of credit	<u>296,018</u>	<u>271,030</u>
Outstanding bank guarantees	<u>517,484</u>	<u>523,308</u>
Outstanding bank contracts	<u>5,386,609</u>	<u>2,885,426</u>
	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
	-----Rupees in '000-----	
9. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,028,104	222,983
Short-term borrowings	<u>-</u>	<u>(91,263)</u>
	<u>1,028,104</u>	<u>131,720</u>

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of group companies, associated undertakings, employees' retirement benefit plans, directors and key management personnel of the Company. All transactions with related parties are executed into at agreed terms duly approved by the Board of Directors of the Company.

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

	March 31, 2022 (Un-audited)					March 31, 2021 (Un-audited)				
	Group Companies	Associated Undertakings	Retirement benefit plans	Key Management personnel	Total	Group Companies	Associated Undertakings	Retirement benefit plans	Key Management personnel	Total
	-----Rupees in '000-----									
i) Sale of goods	-	-	-	-	-	16,707	-	-	-	16,707
ii) Purchase of goods	1,865,668	1,677	-	-	1,867,345	2,623,916	3,513	-	-	2,627,429
iii) Purchase of services	16,297	12,155	-	-	28,452	13,122	8,545	-	-	21,667
iv) Insurance claim received	-	-	-	-	-	-	-	-	-	-
v) Contribution paid										
- Provident fund	-	-	15,879	-	15,879	-	-	15,583	-	15,583
- Gratuity fund	-	-	-	-	-	-	-	10,785	-	10,785
- Pension fund	-	-	-	-	-	-	-	21,140	-	21,140
vi) Remuneration of key management personnel	-	-	-	70,388	70,388	-	-	-	63,180	63,180

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These condensed interim financial statements do not include all financial risk management information and disclosures which are 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, 2021. There have been no changes in any risk management policies since the year-end.

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For the quarter ended March 31, 2022 (Un-audited)

12. ENTITY WIDE INFORMATION

The Company constitutes a single reportable segment since the Executive Management monitors the operating results of the entity for the purpose of making decisions about resource allocation and performance assessment. Information about geographical areas of the Company are as follows:

	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
	-----Rupees in '000-----	
Pakistan	4,383,649	3,469,625
Afghanistan	-	91,515
Others	-	16,707
	<u>4,383,649</u>	<u>3,561,140</u>

13. SUBSEQUENT EVENT

Subsequent to quarter ended March 31, 2022 and with reference to note 16.1 of the annual audited financial statements of the Company for the year ended December 31, 2021, Packages Limited made a public announcement of the finalization of purchase price and terms and conditions of the Proposed Transaction between the Investor Consortium and Sanofi Foreign Participants B.V. upon conclusion of due diligence. The negotiated purchase price for the Proposed Transaction is Rs. 940 / share (excluding transaction costs). The Proposed Transaction remains subject to signing of transaction documents between the parties, including a Share Purchase Agreement, and fulfillment of applicable contractual and legal conditions (including for investment in associates and under take-over laws) and applicable corporate and regulatory approvals.

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 28, 2022 by the Board of Directors of the Company.

15. 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 Pirmuhammad
Chief Financial Officer