

sanofi-aventis Pakistan limited

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2015

(UN-AUDITED)



**SANOFI**



## Contents

|   |   |
|---|---|
| 2 | Company Information                                 |
| 3 | Directors' Report to the Shareholders               |
| 5 | Condensed Interim Balance Sheet                     |
| 6 | 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  
Dr. Asim Jamal  
Arshad Ali Gohar  
Syed Hyder Ali  
Patrick Aghanian  
Francois Jean Louis Briens  
Jean-Marc Georges  
Mohammad Ibadullah  
Javed Iqbal

Chairman  
Chief Executive

(Alternate Laila Khan)  
(Alternate Shakeel Mapara)  
(Alternate Muhammad Ali Hasani)

### Company Secretary

Saad Usman

### URL

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

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### Bankers

Bank of Tokyo-Mitsubishi UFJ, Limited  
Barclays Bank PLC  
Citibank, N.A  
Deutsche Bank AG  
Habib Bank Limited  
HSBC Bank Middle East Limited  
MCB Bank Limited.  
National Bank of Pakistan  
Standard Chartered Bank  
International & Commercial Bank of China

### Legal Advisors

Hashmi & Hashmi  
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)

### 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](mailto:contact.pk@sanofi.com)



## Directors' Report to the Shareholders

The Board of Directors of sanofi-aventis Pakistan Limited is pleased to present the un-audited interim condensed financial statements of your company, for the nine months ended September 30, 2015. 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 Ordinance, 1984. In case where requirements differ, the provision of directives issued under the Companies Ordinance, 1984 have been followed.

The Company's net sales amounted to Rs. 2,902 million and Rs. 8,328 million for the quarter and nine months ended September 30, 2015 respectively registering a growth of 7.5% and 8.9% over comparative prior periods. The sales growth, despite the challenging business environment, is the result of our strategy to become "A diversified healthcare company with patient centric approach".

The Company's pharmaceutical business net sales during the quarter and nine months ended September 30, 2015 reached Rs. 2,482 million and Rs. 7,286 million respectively, recording an increase of 1.5% and 5.9% over the comparative prior periods. During the period under review the sales growth was realized from established brands such as Lantus®, Daonil®, Amaryl®, Flagyl® range, Clexane®, Claforan® and NoSpa®.

The vaccines business net sales for the quarter and nine months ended September 30, 2015 reached Rs. 198 million and Rs. 487 million respectively recording a growth of 53.5% and 63.9% over the comparative prior periods. The growth in the nine months was due to higher sales of polio vaccine in the public market segment during the first nine months of 2015 as compared to the same period in 2014. The private vaccines business also showed a substantial growth of 48.3% during the nine months of 2015 over the same period of 2014.

The consumer healthcare (CHC) business net sales for the quarter and nine months reached Rs. 33 million and Rs. 106 million respectively recording a growth of 73.6% and 32.9% over the comparative prior periods. The sales growth was realized from the key brand Selsun Blue®.

The Company continued to ensure its presence in the Afghanistan market through export of pharmaceutical products which stood at Rs.195 million and Rs. 464 million for the quarter and nine months, registering a growth of 82.2% and increase of 16.2% respectively over comparative prior periods.

Gross margin as a percentage to net sales grew over the comparative prior period from 24.94% to 26.80%. The increase in margin is primarily attributable to the increase in prices of pharmaceutical products implemented last year as well as favorable exchange impact on foreign currency imports due to a strong PKR. The favorable impacts above were partly offset by increase in depreciation, rent and taxes, as well as energy costs. The above impacts combined with the cost cutting and efficiency measures taken by the management during the period have resulted in higher gross margins.

Distribution and marketing expenses have increased by 22.21% and 15.1%, on an overall basis, for the quarter and nine months respectively over the comparative prior periods mainly due to increased staff costs, commission, depreciation and freight and transportation partly offset by decrease in travelling costs.



## Directors' Report to the Shareholders

Administrative expenses increased by 10.37% and 13.92% for the quarter and nine months ended respectively over the corresponding periods last year mainly due to increase in staff costs and depreciation.

Other operating cost for the period mainly includes statutory charges (i.e. Workers' Profits Participation Fund, Workers' Welfare Fund and Central Research Fund), which are all related to profit. Other operating income for the nine months primarily comprises exchange gain amounting to Rs. 56.83 million compared to Rs. 98.04 million in the same period last year.

The Company's financing cost during the nine months has increased by 11.51% during the period under report over comparative prior period, owing to higher borrowing levels.

Profit before and after taxes for the nine months has increased by Rs. 33.72 million (15.02%) and Rs. 12.05 million (12.45%) respectively over the comparative prior period because of the reasons explained above.

The Company gives paramount importance to cash flow management and regularly monitors its day to day working capital and other financing requirements. During the nine months the Company spent Rs. 248 million on capital expenditure and paid Rs. 67 million in dividends.

Nonetheless barring unforeseen events, the management expects the sales growth of the pharmaceutical business in the last quarter of 2015 to be in line with the market. The management further anticipates the profitability of the company in the forthcoming months will largely depend upon the exchange rate parity of PKR versus the Euro and USD, which directly impacts the cost of imports. In addition, planned rationalization of expenses will also have a positive impact on the bottom line in the year to go.

On behalf of the Board of Directors, we would like to acknowledge the hard work put in by all the employees of the Company.

By order of the Board

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive

Karachi: October 20<sup>th</sup>, 2015.



## Condensed Interim Balance Sheet

As at September 30, 2015

|  | Note | September 30,<br>2015                    | December 31,<br>2014    |
|--|------|--|-------------------------|
|  |      | .....Rupees in '000.....<br>(Un-audited) | (Audited)               |
| <b>ASSETS</b>  |      |  |                         |
| <b>NON-CURRENT ASSETS</b>                                      |      |  |                         |
| <b>Fixed assets</b>  |      |  |                         |
| Property, plant and equipment                                  | 4    | 2,018,350                                | 2,018,562               |
| Intangible asset   |      | 1,637                                    | 220                     |
|  |      | <u>2,019,987</u>                         | <u>2,018,782</u>        |
| Long-term loans  |      | 7,044                                    | 7,737                   |
| Long-term deposits   |      | 6,481                                    | 4,030                   |
| <b>CURRENT ASSETS</b>  |      |  |                         |
| Stores and spares  |      | 50,999                                   | 49,471                  |
| Stock-in-trade   |      | 3,094,199                                | 3,758,056               |
| Trade debts  |      | 1,266,543                                | 733,717                 |
| Short-term loans and advances                                  |      | 77,739                                   | 49,250                  |
| Trade deposits and short-term prepayments                      |      | 256,526                                  | 218,792                 |
| Other receivables  |      | 38,688                                   | 178,899                 |
| Taxation   |      | 914,563                                  | 804,733                 |
| Cash at banks  |      | 39,475                                   | 9,280                   |
|  |      | <u>5,738,732</u>                         | <u>5,802,198</u>        |
| <b>TOTAL ASSETS</b>  |      | <u><b>7,772,244</b></u>                  | <u><b>7,832,747</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   |      | 207,322                                  | 188,982                 |
| Revenue reserves   |      | 2,148,110                                | 2,106,717               |
|  |      | <u>2,355,432</u>                         | <u>2,295,699</u>        |
|  |      | 2,451,880                                | 2,392,147               |
| <b>NON-CURRENT LIABILITIES</b>                                 |      |  |                         |
| Long term financing  |      | 500,000                                  | 500,000                 |
| Deferred taxation  |      | 60,075                                   | 132,276                 |
|  |      | 560,075                                  | 632,276                 |
| <b>CURRENT LIABILITIES</b>                                     |      |  |                         |
| Trade and other payables                                       |      | 2,125,793                                | 1,991,679               |
| Accrued mark-up  |      | 55,380                                   | 67,778                  |
| Short term borrowings  |      | 950,000                                  | 600,000                 |
| Running finances utilized under mark-up arrangements - secured |      | 1,629,116                                | 2,148,867               |
|  |      | <u>4,760,289</u>                         | <u>4,808,324</u>        |
|  |      | 5,320,364                                | 5,440,600               |
| <b>CONTINGENCIES AND COMMITMENTS</b> 5                         |      |  |                         |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            |      | <u><b>7,772,244</b></u>                  | <u><b>7,832,747</b></u> |

The annexed notes 1 to 12 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive



## Condensed Interim Profit and Loss Account

For the nine months ended September 30, 2015 (Un-audited)

| Note   | Nine Months Ended        |               | Quarter Ended |               |
|--|--------------------------|---------------|---------------|---------------|
|  | Sep. 30, 2015            | Sep. 30, 2014 | Sep. 30, 2015 | Sep. 30, 2014 |
|  | .....Rupees in `000..... |               |               |               |
| NET SALES  | 8,328,257                | 7,649,310     | 2,901,811     | 2,698,248     |
| Cost of sales  | (6,092,365)              | (5,741,546)   | (2,187,445)   | (2,015,624)   |
| GROSS PROFIT   | 2,235,892                | 1,907,764     | 714,366       | 682,624       |
| Distribution and marketing costs                       | 6 (1,557,232)            | (1,352,938)   | (513,140)     | (419,883)     |
| Administrative expenses                                | (233,234)                | (204,743)     | (88,854)      | (80,504)      |
| Other operating expenses                               | (34,113)                 | (34,103)      | (2,770)       | (13,117)      |
| Other operating income                                 | 7 81,151                 | 118,484       | (22,000)      | 38,346        |
|  | (1,743,428)              | (1,473,200)   | (626,764)     | (475,158)     |
| OPERATING PROFIT                                       | 492,464                  | 434,564       | 87,602        | 207,466       |
| Finance costs  | (234,260)                | (210,082)     | (65,099)      | (72,461)      |
| PROFIT BEFORE TAXATION FOR THE PERIOD                  | 258,204                  | 224,482       | 22,503        | 135,005       |
| Taxation - Current                                     | (221,499)                | (143,951)     | (81,899)      | (64,783)      |
| - Deferred   | 72,201                   | 16,321        | 49,655        | (2,839)       |
|  | (149,298)                | (127,630)     | (32,244)      | (67,622)      |
| NET PROFIT / (LOSS) FOR THE PERIOD                     | 108,906                  | 96,852        | (9,741)       | 67,383        |
| BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE (Rupees) | 11.29                    | 10.04         | (1.01)        | 6.99          |

The annexed notes 1 to 12 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive



## Condensed Interim Statement of Comprehensive Income

For the nine months ended September 30, 2015 (Un-audited)

|  | Nine Months Ended        |               | Quarter Ended |               |
|--|--------------------------|---------------|---------------|---------------|
|  | Sep. 30, 2015            | Sep. 30, 2014 | Sep. 30, 2015 | Sep. 30, 2014 |
|  | .....Rupees in `000..... |               |               |               |
| Net profit / (Loss) for the period                 | 108,906                  | 96,852        | (9,741)       | 67,383        |
| Other comprehensive income for the period          | -                        | -             | -             | -             |
| Total comprehensive income / (Loss) for the period | 108,906                  | 96,852        | (9,741)       | 67,383        |

The annexed notes 1 to 12 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive



## Condensed Interim Cash Flow Statement

For the nine months ended September 30, 2015 (Un-audited)

|   | Note | September 30,<br>2015     | September 30,<br>2014     |
|---|------|---------------------------|---------------------------|
|   |      | .....Rupees in `000.....  |                           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |      |                           |                           |
| Cash generated from operations                              | 8    | 1,121,192                 | 502,592                   |
| Finance costs paid  |      | (246,658)                 | (216,659)                 |
| Income tax paid   |      | (331,329)                 | (41,015)                  |
| Retirement benefits paid                                    |      | (37,605)                  | (41,583)                  |
| Long-term deposits  |      | (2,451)                   | -                         |
| Long-term loans and advances                                |      | 693                       | 531                       |
| Net Cash generated from operating activities                |      | <u>503,842</u>            | <u>203,866</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |      |                           |                           |
| Capital expenditure   |      | (247,824)                 | (253,089)                 |
| Sale proceeds from disposal of operating fixed assets       |      | 11,094                    | 9,368                     |
| Net cash used in investing activities                       |      | <u>(236,730)</u>          | <u>(243,721)</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |      |                           |                           |
| Short-term loan obtained                                    |      | 350,000                   | 200,000                   |
| Dividends paid  |      | (67,166)                  | (96,080)                  |
| Net cash used in financing activities                       |      | <u>282,834</u>            | <u>103,920</u>            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>            |      | <u>549,946</u>            | <u>64,065</u>             |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b> |      | <u>(2,139,587)</u>        | <u>(1,558,937)</u>        |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>       | 9    | <u><u>(1,589,641)</u></u> | <u><u>(1,494,872)</u></u> |

The annexed notes 1 to 12 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Dr. Asim Jamal  
Chief Executive






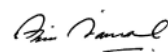
## Condensed Interim Statement of Changes in Equity

For the nine months ended September 30, 2015 (Un-audited)

|   | Capital Reserves  |  |   |                | Revenue Reserves   |                               | Total            |
|---|---|--|---|----------------|--------------------|-------------------------------|------------------|
|   | Issued,<br>subscribed<br>and<br>paid-up<br>share<br>capital | Long<br>term<br>liabilities<br>forgone | Difference<br>of share<br>capital<br>under<br>scheme of<br>arrangement<br>for<br>amalgamation | Other          | General<br>reserve | Unappropri-<br>ated<br>profit |                  |
|   | Rupees in '000.   |  |   |                |                    |                               |                  |
| Balance as at January 1, 2014   | 96,448  | 5,935                                  | 18,000  | 129,403        | 1,535,538          | 441,289                       | 2,226,613        |
| Employee benefits cost under IFRS - 2 "Share based payment"                       | -   | -                                      | -   | 28,047         | -                  | -                             | 28,047           |
| Final dividend @ Rs. 10/- per ordinary share for the year ended December 31, 2013 | -   | -                                      | -   | -              | -                  | (96,448)                      | (96,448)         |
| Transfer to general reserve   | -   | -                                      | -   | -              | 200,000            | (200,000)                     | -                |
| Net profit for the period   | -   | -                                      | -   | -              | -                  | 96,852                        | 96,852           |
| Other comprehensive income for the period   | -   | -                                      | -   | -              | -                  | -                             | -                |
| Total comprehensive income for the period   | -   | -                                      | -   | -              | -                  | 96,852                        | 96,852           |
| <b>Balance as at September 30, 2014</b>   | <b>96,448</b>   | <b>5,935</b>                           | <b>18,000</b>   | <b>157,450</b> | <b>1,735,538</b>   | <b>241,693</b>                | <b>2,255,064</b> |
| Balance as at January 1, 2015   | 96,448  | 5,935                                  | 18,000  | 165,047        | 1,735,538          | 371,179                       | 2,392,147        |
| Employee benefit cost under IFRS 2 - "Share based Payment"                        | -   | -                                      | -   | 18,340         | -                  | -                             | 18,340           |
| Final dividend @ Rs. 7/- per ordinary share for the year ended December 31, 2014  | -   | -                                      | -   | -              | -                  | (67,513)                      | (67,513)         |
| Transfer to general reserve   | -   | -                                      | -   | -              | 200,000            | (200,000)                     | -                |
| Net loss for the period   | -   | -                                      | -   | -              | -                  | 108,906                       | 108,906          |
| Other comprehensive income for the period   | -   | -                                      | -   | -              | -                  | -                             | -                |
| Total comprehensive loss for the period   | -   | -                                      | -   | -              | -                  | 108,906                       | 108,906          |
| <b>Balance as at September 30, 2015</b>   | <b>96,448</b>   | <b>5,935</b>                           | <b>18,000</b>   | <b>183,387</b> | <b>1,935,538</b>   | <b>212,572</b>                | <b>2,451,880</b> |

The annexed notes 1 to 12 form an integral part of these financial statements.

  
Syed Babar Ali  
Chairman

  
Dr. Asim Jamal  
Chief Executive



**Notes to the Condensed Interim  
Financial Statements**  
For the nine months ended September 30, 2015 (Un-audited)

**1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan in 1967 under the Companies Act, VII of 1913 (now the Companies Ordinance, 1984), as a Public Limited Company. The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges. It is currently 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. STATEMENT OF COMPLIANCE**

2.1 These condensed interim financial statements for the nine months ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984 have been followed. These are required to be presented to the shareholders under section 245 of the Companies Ordinance, 1984.

2.2 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, 2014.

**3. ACCOUNTING POLICIES**

**3.1 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, 2014, except other than those disclosed as below:

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current the period:

IFRS 10 - Consolidated Financial Statements

IAS 27- Separate Financial Statements - Investment Entities (Amendment)

IFRS 11 - Joint Arrangements

IFRS 12 - Discloser of Interests in Other Entities

IFRS 13 - Fair Value Measurement

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

The adoption of the above revisions and amendments do not have any material effect on the condensed interim financial statements.

In addition to above, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company experts that such improvements to the standards do not have any impact on the condensed interim financial statements.

September 30, December 31,  
2015 2013  
.....Rupees in `000.....  
(Un-audited) (Audited)

**4. PROPERTY, PLANT AND EQUIPMENT**

|                          |     |                  |                  |
|--------------------------|-----|------------------|------------------|
| Operating fixed assets   | 4.1 | 1,858,544        | 1,822,726        |
| Capital work-in-progress |     | 159,806          | 195,836          |
|                          |     | <u>2,018,350</u> | <u>2,018,562</u> |



**Notes to the Condensed Interim  
Financial Statements**  
For the nine months ended September 30, 2015 (Un-audited)

**4.1 Operating fixed assets**

Following were the additions and disposals of operating fixed assets during the current period:

|                              | Additions                | Disposals     |                             |
|------------------------------|--------------------------|---------------|-----------------------------|
|                              |                          | Cost          | Accumulated<br>Depreciation |
|                              | .....Rupees in `000..... |               |                             |
| Building                     | 3,435                    | -             | -                           |
| Plant and machinery          | 167,614                  | 4,256         | 4,018                       |
| Furniture and fixtures       | 2,186                    | -             | -                           |
| Factory and office equipment | 48,950                   | 11,562        | 9,808                       |
| Motor vehicles               | 58,131                   | 18,684        | 12,820                      |
|                              | <u>280,316</u>           | <u>34,502</u> | <u>26,646</u>               |

**5. CONTINGENCIES AND COMMITMENTS**

**5.1 Contingencies**

- There is no change in the status of contingencies as disclosed in note 20 to the audited financial statements of the company for the year ended December 31, 2014 except for the following:
- During the period, the Deputy Commissioner Inland Revenue, Enforcement & Collection has passed an order under section 122(5) of the Income Tax Ordinance, 2001 for the tax year 2013 whereby the tax liability of the company for the said tax year has been increased by Rs. 178,153 million. Against the above order, the Company has filed an appeal before the Commissioner Inland revenue (Appeals), which is pending for hearing. The Company, based on the advice of its tax advisor, is confident of the favorable outcome and accordingly no provision has been made in these condensed interim financial statements, against the aforesaid demand.

**5.2 Commitments**

- Commitments in respect of capital expenditure contracted for amounted to Rs. 88,616 million (December 31, 2014: Rs. 36,581 million) as at September 30, 2015.
- Post dated cheques aggregating to Rs. 20,613 million (December 31, 2014: Rs. 27,634 million) at the end of the current period have been given to Collector of Customs in respect of exemption of levies on import of machine accessories.

|                                   | September 30,<br>2015    | December 31,<br>2014 |
|-----------------------------------|--------------------------|----------------------|
|                                   | .....Rupees in `000..... |                      |
|                                   | (Un-audited)             | (Audited)            |
| 5.3 Outstanding letters of credit | <u>57,715</u>            | <u>112,817</u>       |
| 5.4 Outstanding bank contracts    | <u>236,156</u>           | <u>225,944</u>       |

**6. DISTRIBUTION AND MARKETING EXPENSES**

Includes staff costs, travelling and conveyance expense and advertising, samples and sales promotion expenses amounting Rs. 677,089 million, Rs. 227,416 million, and 352,079 million (September 30, 2014: Rs. 529,116 million, Rs. 234,148 million, Rs. 346,778 million) respectively.

**7. OTHER OPERATING INCOME**

Includes net exchange gain amounting to Rs. 56,828 million (September 30, 2014: Rs. 98,042 million).



Notes to the Condensed Interim  
Financial Statements  
For the nine months ended September 30, 2015 (Un-audited)

|  | Nine months ended<br>September 30,<br>2015 | Nine months ended<br>September 30,<br>2014 |
|--|--|--|
|  | .....Rupees in `000.....                   |  |
| <b>8. CASH GENERATED FROM OPERATIONS</b>                       |  |  |
| Profit before taxation   | 258,204                                    | 224,482                                    |
| Adjustment for non-cash charges and other items:               |  |  |
| Depreciation / amortization                                    | 235,648                                    | 184,296                                    |
| Fixed assets written off                                       | 3,115                                      | -  |
| Gain on disposal of operating fixed assets                     | (3,238)                                    | (5,369)                                    |
| Expenses arising from equity settled share based payment plans | 18,340                                     | 28,047                                     |
| Retirement benefits  | 52,010                                     | 40,044                                     |
| Finance costs  | 234,260                                    | 210,082                                    |
| Working capital changes  | 8.1 322,853                                | (178,990)                                  |
|  | <u>1,121,192</u>                           | <u>502,592</u>                             |
| <b>8.1 Working capital changes</b>                             |  |  |
| Increase in current assets:                                    |  |  |
| Stores and spares  | (1,528)                                    | 1,098                                      |
| Stock-in-trade   | 663,857                                    | (333,791)                                  |
| Trade debts  | (532,826)                                  | (346,848)                                  |
| Short-term loans and advances                                  | (28,489)                                   | (29,693)                                   |
| Trade deposits and short-term prepayments                      | (37,734)                                   | (99,330)                                   |
| Other receivables - net  | 140,211                                    | 323,504                                    |
|  | <u>(203,491)</u>                           | <u>(485,060)</u>                           |
| Increase /(decrease) in current liabilities:                   |  |  |
| Trade and other payables - net (excluding unclaimed dividend)  | 119,362                                    | 306,070                                    |
|  | <u>(322,853)</u>                           | <u>(178,990)</u>                           |
| <b>9. CASH AND CASH EQUIVALENTS</b>                            |  |  |
| Cash and cash equivalents comprise of the following items:     |  |  |
| Cash and bank balance  | 39,475                                     | 16,635                                     |
| Running finance utilized under mark-up arrangements            | (1,629,116)                                | (1,511,507)                                |
|  | <u>(1,589,641)</u>                         | <u>(1,494,872)</u>                         |



Notes to the Condensed Interim  
Financial Statements  
For the nine months ended September 30, 2015 (Un-audited)

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:

|   | September 30, 2015 |   |                           |                                | September 30, 2014 |   |                           |                                |
|---|--------------------|---|---------------------------|--------------------------------|--------------------|---|---------------------------|--------------------------------|
|   | Group of companies | Associated undertaking by virtue of common directorship | Retirement benefits plans | Key management personnel Total | Group of companies | Associated undertaking by virtue of common directorship | Retirement benefits plans | Key management personnel Total |
|   | Rupees in '000     |   |                           |                                | Rupees in '000     |   |                           |                                |
| i) Gross Sales                              | 12,681             | -   | -                         | 12,681                         | 29,464             | -   | -                         | 29,464                         |
| ii) Purchase of goods                       | 2,568,950          | 321   | -                         | 2,569,271                      | 2,985,516          | 670   | -                         | 2,996,186                      |
| iii) Purchase of services                   | -                  | 8,571   | -                         | 8,571                          | -                  | 11,762  | -                         | 11,762                         |
| iv) Contribution paid                       | -                  | -   | 34,879                    | 34,879                         | -                  | -   | 30,451                    | 30,451                         |
| - Provident fund                            | -                  | -   | 22,596                    | 22,596                         | -                  | -   | 6,582                     | 6,582                          |
| - Gratuity fund                             | -                  | -   | 15,009                    | 15,009                         | -                  | -   | 35,000                    | 35,000                         |
| - Pension fund                              | -                  | -   | -                         | -                              | -                  | -   | -                         | -                              |
| v) Remuneration of key management personnel | -                  | -   | 133,323                   | 133,323                        | -                  | -   | 106,536                   | 106,536                        |

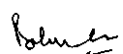
Further, the impact of benefits to the Chief Executive and others recognized by the Company in the expenses during the period on account of share-based payment plans aggregated to Rs. 1.48 million (September 30, 2014: Rs. 4,307) million and Rs. 18,340 million (September 30, 2014: Rs. 23,740 million), respectively.

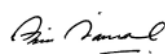
9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 20, 2015 by the Board of Directors of the Company.

10. 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

  
Dr. Asim Jamal  
Chief Executive