

sanofi-aventis Pakistan Limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED

June 30, 2020

(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
Shahid Zaki
Rehmatullah Khan Wazir
Naira Adamyan
Hermes Martet
Marc-Antoine Lucchini

Chairman
Chief Executive Officer
Chief Financial Officer

Company Secretary

Muhammad Yousuf

URL

www.sanofi.com.pk

Auditors

EY Ford Rhodes,
Chartered Accountants

Legal Advisors

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

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 (Private) Limited
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi
Tel: +92 21 34380101-5 | Fax: +92 21 34380106
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
Email: contact.pk@sanofi.com

Directors' Report to the Shareholders

The Directors of sanofi-aventis Pakistan Limited hereby present the un-audited condensed interim financial statements of the Company, for the half year ended June 30, 2020. 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 year 2020 brought with it unprecedented challenges, on economic as well as social fronts. The entire world got affected by the worst pandemic of recent times. COVID-19 also adversely impacted the struggling economy of Pakistan. This economic slowdown in the Country and nationwide lockdown also impacted the net sales of the Company for the half year ended June 30, 2020 which declined by 8.6% to reach Rs.6,616 million as compared to Rs.7,243 million of same period last year.

Gross margin for the period declined to 22.1% of net sales as compared to 24.9% for the same period last year, mainly due to devaluation of Pakistan Rupee during the year putting pressure on product costs as the Company is mainly dependent on imports for its raw materials and some of the finished products.

Due to the lockdown in the Country, the promotional activities of the Company came to a complete standstill from March 2020, which resulted in significant decrease in distribution and marketing expenses for the period.

Exchange loss incurred on foreign currency payments and liabilities during the six months period amounted to Rs. 236 million due to continuous devaluation of Pak Rupee.

Due to the reasons explained above, profit before tax stands at Rs. 14 million. However, due to higher tax charge under Final Tax and Minimum Tax regimes, first half of the year 2020 ended at a loss after tax of Rs.103 million.

Economic activities are now resuming gradually, however there are still restrictions and SOPs imposed by the Government. Due to these challenges, we anticipate a slow resumption of business activities related to sales and marketing. The management is closely monitoring the evolving situation and its related impacts including supply disruptions, liquidity management and employee's safety and taking adequate measures to minimize the negative impacts on the Company's business.

The Board of Directors would like to wish all stakeholders, including employees, health, safety and well-being in these challenging times and recommend all to ensure compliance with the directives of the government to fight against this pandemic.

By order of the Board



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer

Karachi: August 26, 2020

شیرز ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

سنوئی اینٹس پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کے 30 جون، 2020 کو ختم شدہ ششماہی کے غیر آڈٹ شدہ عبوری فنانشل اسٹیٹمنٹس پیش کرتے ہیں۔ ری فنانشل اسٹیٹمنٹس انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز 34 (IAS) - ”انٹرنیشنل 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۔

سال 2020 اپنے ساتھ معاشی اور سماجی شعبوں کے لیے غیر متوقع چیلنجز لے کر آیا۔ پوری دنیا کو ایک خطرناک وباء نے اپنی لپیٹ میں لے لیا۔ کورونا نے پاکستان کی معیشت پر بھی انتہائی منفی اثرات مرتب کیے۔ اس معاشی سست روی اور ملکی سطح پر لاک ڈاؤن نے کمپنی کی نیٹ سیلز کو بھی متاثر کیا اور 30 جون، 2020 کو ختم شدہ ششماہی کے دوران کمپنی کی نیٹ سیلز 6,616 ملین روپے رہی، جو کہ گزشتہ سال اسی عرصے کے دوران 7,243 ملین روپے کے مقابلے میں %8.6 فیصد کم ہے۔

نیٹ سیلز کی شرح کے لحاظ سے مجموعی منافع گزشتہ سال اسی عرصے کے 24.9 فیصد کے مقابلے میں 22.1 فیصد رہا، جس کی بڑی وجہ رواں سال پاکستانی روپے کی قدر میں کمی ہے جس کے باعث پروڈکٹ کی لاگت پر دباؤ دیکھا گیا کیونکہ کمپنی اپنے خام مال اور کچھ تیار شدہ پروڈکٹس کے لیے زیادہ تر درآمدات پر انحصار کرتی ہے۔

ملک میں لاک ڈاؤن کی وجہ سے کمپنی کی تشہیری سرگرمیاں مارچ 2020 سے مکمل طور پر بند ہیں، جس کے نتیجے میں اس عرصے کے دوران ڈسٹری بیوٹن اور مارکیٹنگ کے اخراجات میں خاطر خواہ کمی ریکارڈ کی گئی ہے۔

پاکستانی روپے کی قدر میں مسلسل کمی کے باعث رواں چھ ماہ کے دوران فارن کرنسی میں واجبات اور ادائیگیوں پر 236 ملین روپے زرمبادلہ کا خسارہ ریکارڈ کیا گیا۔

مندرجہ بالا اسباب کی وجہ سے 2020 کی پہلی ختم شدہ ششماہی میں قبل از ٹیکس منافع 14 ملین روپے رہا، البتہ حتمی ٹیکس اور Minimum ٹیکس کی مد میں زائد ٹیکس چارج کی وجہ سے بعد از ٹیکس خسارہ 103 ملین روپے رہا۔

اب معاشی سرگرمیاں بتدریج بحال ہو رہی ہیں، تاہم حکومت کی جانب سے پابندیاں اور SPOs نافذ العمل ہیں۔ ان مشکلات کی وجہ سے سیلز اور مارکیٹنگ سے منسلک کاروباری سرگرمیوں کی آہستہ بحالی متوقع ہے۔ انتظامیہ بدلتی ہوئی صورتحال اور اس سے منسلک اثرات بشمول ملازمین کی حفاظت، سپلائی میں خلل اور لیکویڈٹی مینجمنٹ کا باریک بینی سے جائزہ لے رہی ہے اور خاطر خواہ احتیاطی اقدامات اٹھا رہی ہے تاکہ کمپنی کے کاروبار پر منفی اثرات کو کم سے کم کیا جائے۔

بورڈ آف ڈائریکٹرز ان مشکل حالات میں ملازمین سمیت تمام اسٹیک ہولڈرز کی صحت، حفاظت اور بھلائی کے لیے دعا گو ہے اور اس وباء سے نبرد آزما ہونے کے لیے حکومتی ہدایات پر عملدرآمد کو یقینی بنانے کی سفارش کرتا ہے۔

بحکم بورڈ

Ahmed Jamal

عاصم جمال

چیف ایگزیکٹو آفیسر

Syed Baqir

سید باقر علی

چیئر مین

کراچی: 26 اگست، 2020

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of sanofi-aventis Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **sanofi-aventis Pakistan Limited** as at **30 June 2020** and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months ended 30 June 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditors' report is **Arif Nazeer**.



Chartered Accountants


Place: Karachi


Date: 26 August 2020


sanofi-aventis Pakistan Limited
Condensed Interim Statement of Financial Position
As at June 30, 2020

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,638,987	1,650,113
Right-of-use asset	5	27,544	2,828
Intangible assets		4,308	5,646
		<u>1,670,839</u>	<u>1,658,587</u>
Long-term loans		4,160	4,742
Long-term deposits		13,643	13,643
Deferred taxation - net		178,081	108,183
		<u>1,866,723</u>	<u>1,785,155</u>
CURRENT ASSETS			
Stores and spares		58,492	62,165
Stock-in-trade - net	6	3,967,137	2,544,188
Trade debts - net		777,431	691,325
Loans and advances		143,691	119,103
Trade deposits and short-term prepayments		495,162	330,674
Other receivables - net	7	43,224	583,916
Taxation - net		1,563,272	1,548,734
Cash and bank balances		152,051	30,779
		<u>7,200,460</u>	<u>5,910,884</u>
TOTAL ASSETS		<u><u>9,067,183</u></u>	<u><u>7,696,039</u></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		335,541	321,587
Revenue reserve		3,491,074	3,671,417
		<u>3,826,615</u>	<u>3,993,004</u>
		<u>3,923,063</u>	<u>4,089,452</u>
NON-CURRENT LIABILITIES			
Lease liability		1,900	1,592
Long-term Loan	8	246,321	-
		<u>248,221</u>	<u>1,592</u>
CURRENT LIABILITIES			
Contract liabilities		52,402	79,594
Trade and other payables	9	4,099,930	3,054,420
Current maturity of lease liability		18,130	1,407
Current maturity of long-term loan		82,107	-
Accrued mark-up		7,946	12,883
Unclaimed dividend		9,380	9,138
Short-term borrowings	10	626,004	447,553
		<u>4,895,899</u>	<u>3,604,995</u>
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		<u><u>9,067,183</u></u>	<u><u>7,696,039</u></u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Asim Jamal
Chief Executive Officer


Yasser Pirmuhammad
Chief Financial Officer

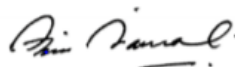
sanofi-aventis Pakistan limited
 Condensed Interim Statement of Profit or Loss
 For the six months ended June 30, 2020 (Un-audited)

	Six Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----			
NET SALES	6,616,429	7,242,643	3,195,361	3,650,643
Cost of sales	(5,151,468)	(5,441,009)	(2,464,554)	(2,817,208)
GROSS PROFIT	1,464,961	1,801,634	730,807	833,435
Distribution and marketing expenses	(944,899)	(1,244,531)	(375,978)	(624,096)
Administrative expenses	(261,312)	(253,592)	(126,852)	(137,579)
Other expenses	(251,030)	(238,612)	(166,439)	(238,518)
Other income	29,144	59,949	12,342	51,185
	(1,428,097)	(1,676,786)	(656,927)	(949,008)
OPERATING PROFIT	36,864	124,848	73,880	(115,573)
Finance Costs	(22,606)	(24,740)	(10,333)	(18,729)
PROFIT / (LOSS) BEFORE TAXATION	14,258	100,108	63,547	(134,302)
Taxation - Current	(187,341)	(152,040)	(95,461)	(47,712)
- Prior	-	(28,069)	-	(28,069)
- Deferred	69,898	9,473	13,142	17,239
	(117,443)	(170,636)	(82,319)	(58,542)
NET LOSS FOR THE PERIOD	(103,185)	(70,528)	(18,772)	(192,844)
LOSS PER SHARE - basic and diluted (Rupees)	(10.70)	(7.31)	(1.95)	(19.99)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer

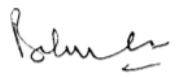


Yasser Pirmuhammad
Chief Financial Officer


sanofi-aventis Pakistan limited
 Condensed Interim Statement Of Other Comprehensive Income
 For the six months ended June 30, 2020 (Un-audited)

	Six Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----			
Net loss for the period	(103,185)	(70,528)	(18,772)	(192,844)
Other comprehensive income Items not to be reclassified to profit or loss in subsequent periods				
Impact of rate change on deferred tax on actuarial loss directly recognized in equity	-	-	-	1,126
Total other comprehensive income	-	-	-	1,126
Total comprehensive loss for the period	(103,185)	(70,528)	(18,772)	(191,718)

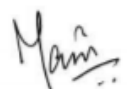
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 The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



 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 six months ended June 30, 2020 (Un-audited)

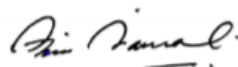
	Note	June 30, 2020	June 30 2019
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,258	100,108
Adjustment for non-cash charges and other items:			
Depreciation / amortization		178,232	175,684
Loss on disposal of operating fixed assets		83	3,940
Operating fixed asstes written-off		-	2,454
Expenses arising from equity settled share based payment plans		13,954	15,837
Retirement benefits		72,354	52,941
Interest Income		(2)	(13)
Finance costs		22,606	24,740
		301,485	375,691
(Increase) / Decrease in current assets			
Stores and spares		3,673	1,068
Stock-in-trade		(1,422,949)	(95,546)
Trade debts		(86,106)	28,037
Loans and advances		(24,588)	(65,122)
Trade deposits and short-term prepayments		(164,488)	49,840
Other receivables		540,692	(41,744)
		(1,153,766)	(123,467)
		(852,281)	252,224
Increase / (Decrease) in current liabilities			
Contract Liabilities		(27,192)	56,422
Trade and other payables (excluding liabilities for employees' pension and gratuity funds)		1,063,755	(571,943)
Cash generated from / (used in) operations		184,282	(263,297)
Finance costs paid		(26,629)	(7,970)
Interest on lease liability paid		(170)	(240)
Income tax paid		(201,879)	(191,349)
Retirement benefits paid		(90,599)	(53,649)
Long-term loans		582	697
Net cash used in from operating activities		(134,413)	(515,808)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(168,646)	(181,203)
Sale proceeds from disposal of operating fixed assets		10,159	15,732
Interest received		2	13
Net cash used in investing activities		(158,485)	(165,458)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(76,916)	(288,068)
Repayment of lease liability		(15,793)	(602)
Proceeds from long-term financing		328,428	-
Net cash generated from / (used in) financing activities		235,719	(288,670)
Net decrease in cash and cash equivalents		(57,179)	(969,936)
Cash and cash equivalents at the beginning of the period		(416,774)	254,648
Cash and cash equivalents at the end of the period	12	(473,953)	(715,288)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

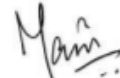
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Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan limited
 Condensed Interim Statement of Changes in Equity
 For the six months ended June 30, 2020 (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	Unappropriated profit / (loss)	
	Rupees '000						
Balance as at January 1, 2019	96,448	5,935	18,000	266,032	3,335,538	575,712	4,297,665
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	15,837	-	-	15,837
Final dividend @ Rs.30 per ordinary share for the year ended December 31, 2018	-	-	-	-	-	(289,343)	(289,343)
Transfer to general reserve	-	-	-	-	200,000	(200,000)	-
Net loss for the period	-	-	-	-	-	(70,528)	(70,528)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(70,528)	(70,528)
Balance as at June 30, 2019	96,448	5,935	18,000	281,869	3,535,538	15,841	3,953,631
Balance as at January 1, 2020	96,448	5,935	18,000	297,652	3,535,538	135,879	4,089,452
Employee benefit cost under IFRS 2 - "Share based Payment"	-	-	-	13,954	-	-	13,954
Final dividend @ Rs.8 per ordinary share for the year ended December 31, 2019	-	-	-	-	-	(77,158)	(77,158)
Transfer to general reserve	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(103,185)	(103,185)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(103,185)	(103,185)
Balance as at June 30, 2020	96,448	5,935	18,000	311,606	3,535,538	(44,464)	3,923,063

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

SMAN

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 six months ended June 30, 2020 (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 Sanofi Foreign Participations B.V., registered in Netherlands (the Parent Company). The Ultimate Parent of the Company is Sanofi S.A., France. The Company is engaged in the manufacturing and selling of pharmaceutical, consumer healthcare products and vaccines. 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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. 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 31 December 2019.
- 2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended 30 June 2020 and 30 June 2019 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended 30 June 2020 and 30 June 2019.
- 2.4 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, 2019 except, if any, as stated in note 3 of these condensed interim financial statements.

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, 2019, except for the adoption of the following new and amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period:

IFRS 3	Definition of a Business (Amendments)
IFRS 7 / IFRS 9 / IAS 39	Interest Rate Benchmark Reform (Amendments)
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)

The adoption of above standards, interpretations and improvement to standards did not have any material effect on the condensed interim financial statements of the Company.

In addition, IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 1, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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sanofi-aventis Pakistan limited
Notes to the Condensed Interim Financial Statements
For the six months ended June 30, 2020 (Un-audited)

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
-----Rupees in '000-----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,441,886	1,546,805
Capital work-in-progress	4.2 & 4.3	197,101	103,308
		<u>1,638,987</u>	<u>1,650,113</u>
4.1 Operating fixed assets			
Opening net book value		1,546,805	1,563,910
Additions during the period / year - at cost	4.1.1	74,853	381,183
Disposals during the period / year	4.1.1	(10,242)	(40,742)
Write-off during the period / year		-	(4,643)
Depreciation charged during the period / year		(169,530)	(352,903)
Closing net book value		<u>1,441,886</u>	<u>1,546,805</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net book value)	
	(Un-audited) June 30, 2020	(Un-Audited) June 30, 2019	(Un-audited) June 30, 2020	(Un-Audited) June 30, 2019
-----Rupees in '000-----				
Buildings on leasehold land	1,121	1,468	-	-
Plant and machinery	731	38,165	-	-
Furniture and fixtures	-	1,906	-	-
Factory and office equipment	24,034	27,102	-	1,212
Motor vehicles	48,967	87,340	10,242	18,460
	<u>74,853</u>	<u>155,981</u>	<u>10,242</u>	<u>19,672</u>

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
-----Rupees in '000-----		
4.2 Capital work-in-progress		
Buildings on leasehold land	46,470	41,294
Plant and machinery	103,417	40,417
Others	47,214	21,597
	<u>197,101</u>	<u>103,308</u>

4.3 Movement in capital work-in-progress is as follows:

Opening balance	103,308	97,222
Additions during the period / year	103,881	88,337
Transferred to operating fixed assets	(10,088)	(82,251)
Closing balance	<u>197,101</u>	<u>103,308</u>

5. RIGHT-OF-USE ASSET

Opening carrying value	2,828	-
Additions	32,080	4,242
Depreciation charged during the period / year	(7,364)	(1,414)
Closing net book value	<u>27,544</u>	<u>2,828</u>

5.1 During the period the Company renewed its contracts for sales offices located in Lahore, Islamabad, Peshawar and Karachi. Right of use assets have been recognised against the same in line with IFRS 16 and depreciation has been charged on a straight line basis over the contract term.

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Notes to the Condensed Interim Financial Statements
For the six months ended June 30, 2020 (Un-audited)

		June 30, 2020 -----Rupees in '000----- (Un-audited)	December 31, 2019 (Audited)
6. STOCK-IN-TRADE			
Raw and packing material			
In hand		1,438,078	1,091,279
In transit		<u>255,999</u>	<u>81,996</u>
		1,694,077	1,173,275
Provision against raw and packing material	6.1	<u>(181,499)</u>	<u>(151,162)</u>
		1,512,578	1,022,113
Work-in-process		88,538	62,973
Finished goods			
In hand		1,805,073	1,290,156
In transit		<u>736,864</u>	<u>348,562</u>
		2,541,937	1,638,718
Provision against finished goods	6.2 & 6.3	<u>(175,916)</u>	<u>(179,616)</u>
		2,366,021	1,459,102
		<u>3,967,137</u>	<u>2,544,188</u>

6.1 Movement of provision against raw and packing material

Opening balance	151,162	130,155
Charge for the period / year	<u>30,337</u>	<u>21,007</u>
Closing balance	<u>181,499</u>	<u>151,162</u>

6.2 Includes write down of finished goods costing Rs. 421.5 (2019: Rs. 341.5) million, to their net realizable value of Rs. 318.9 (2019: Rs. 264.5) million.

	June 30, 2019 -----Rupees in '000----- (Un-audited)	December 31, 2019 (Audited)
6.3 Movement of provision against finished goods		
Opening balance	179,616	185,157
Charge for the period / year	13,190	121,150
Write off during the period / year	<u>(16,890)</u>	<u>(126,691)</u>
Closing balance	<u>175,916</u>	<u>179,616</u>

7. OTHER RECEIVABLES

Includes Rs. 3.3 (2019: Rs. 555) million receivable from related parties.

8. LONG-TERM LOAN

Long-term loan	328,428	-
Less: Current portion of long-term loan	<u>(82,107)</u>	<u>-</u>
	<u>246,321</u>	<u>-</u>

Represents long-term loan obtained under refinance scheme from State Bank of Pakistan for payment of wages and salaries to workers and employees. The loan is repayable within a period of 2.5 years and carries mark-up rate of 1.5% per annum.

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Notes to the Condensed Interim Financial Statements
For the six months ended June 30, 2020 (Un-audited)

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
-----Rupees in '000-----		
9. TRADE AND OTHER PAYABLES		
Trade creditors		
Related parties	1,908,126	858,171
Other trade creditors	442,302	312,422
	<u>2,350,428</u>	<u>1,170,593</u>
Other payables		
Accrued liabilities	842,337	939,769
Refund Liabilities	34,147	36,330
Provision for Infrastructure Development Cess	378,895	353,695
Employees' Pension Fund	251,321	263,229
Employees' Gratuity Fund	103,955	110,292
Workers' Profit Participation Fund	3,712	31,112
Workers' Welfare Fund	81,839	96,941
Central Research Fund	127	5,326
Compensated absences	34,283	27,228
Security deposits	775	775
Contractors' retention money	5,273	2,662
Sales tax payable	12,838	16,468
	<u>1,749,502</u>	<u>1,883,827</u>
	<u>4,099,930</u>	<u>3,054,420</u>

10. SHORT-TERM BORROWING

Represents utilized portion of running finance facilities from various commercial banks under mark-up arrangements. The total running finance facilities available aggregates to Rs. 3,250 million (2019: Rs. 3,350 million). These facilities are secured against first registered joint pari passu charge over current assets of the Company, inclusive but not limited to stock-in-trade and book debts of the Company. These facilities carry mark-up rates ranging between KIBOR + 0.15% to KIBOR + 0.40% (2019: KIBOR + 0.15% to KIBOR + 0.40%) per annum. These facilities will expire latest by June 30, 2021.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies, as set out in note 19.1 to the annual financial statements of the Company for the year ended December 31, 2019 except for the following:

11.1.1 During the year ended December 31, 2016, Inland Revenue, Enforcement & 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. During the year 2018, the CIR(A) had remanded back the proceedings for fresh consideration to the DCIR. The Company had filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding. During the current period DCIR has reduced the withholding tax demand from 123.4 million to PKR 39.364 million in respect of matters pertaining to short withholding on imports. The balance of PKR 84 million is now refundable to the Company. The remaining amount is sustained by DCIR therefore this will be pursued in appeal as well as in rectification.

11.1.2 During the year ended December 31, 2016, after conducting monitoring proceedings under section 161 of the Income Tax Ordinance, 2001. Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 44.6 million. The Company paid the said amount under protest and filed an appeal before the CIR(A). During the year 2018, the CIR(A) remanded back to (ACIR) for fresh proceedings. The Company had filed an appeal before the ATIR against the directions of CIR(A) for remand back proceeding which is pending. During the period, officer has sustained the demand of PKR 44.6 million which will be pursued in appeal as well as in rectification.

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Notes to the Condensed Interim Financial Statements
For the six months ended June 30, 2020 (Un-audited)

	June 30, 2020	December 31, 2019
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
11.2 Commitments		
Commitments for capital expenditure	<u>199,207</u>	<u>145,626</u>
Outstanding letters of credit	<u>104,623</u>	<u>249,635</u>
Outstanding bank guarantees	<u>418,743</u>	<u>408,950</u>
Outstanding bank contracts	<u>2,158,855</u>	<u>1,033,502</u>
Commitments for lease rentals within one year	<u>397</u>	<u>3,662</u>
	June 30, 2020	June 30, 2019
	-----Rupees in '000-----	
	(Un-audited)	(Un-audited)
12. CASH AND CASH EQUIVALENTS		
Cash and bank balance	152,051	51,019
Short-term borrowings	<u>(626,004)</u>	<u>(766,307)</u>
	<u>(473,953)</u>	<u>(715,288)</u>

13. TRANSACTIONS WITH RELATED PARTIES

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

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:

	June 30, 2020 (Un-audited)					June 30, 2019 (Un-audited)				
	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total	Group Companies	Associated undertakings	Retirement benefits plans	Key Management personnel	Total
	----- Rupees in '000 -----									
i) Gross Sales	2,132	-	-	-	2,132	7,972	-	-	-	7,972
ii) Purchase of goods	3,663,354	9,530	-	-	3,672,884	2,748,028	10,199	-	-	2,758,227
iii) Purchase of services	31,588	8,281	-	-	39,869	33,678	8,822	-	-	42,500
iv) Insurance claims received	-	10,571	-	-	10,571	-	43,004	-	-	43,004
v) Contribution paid										
- Provident fund	-	-	33,786	-	33,786	-	-	29,880	-	29,880
- Gratuity fund	-	-	36,318	-	36,318	-	-	23,386	-	23,386
- Pension fund	-	-	54,281	-	54,281	-	-	30,263	-	30,263
vi) Remuneration of key management personnel	-	-	-	140,351	140,351	-	-	-	139,907	139,907

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 Notes to the Condensed Interim Financial Statements
 For the six months ended June 30, 2020 (Un-audited)

14. 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, 2019. There have been no changes in any risk management policies since the year-end.

15. ENTITY WIDE INFORMATION

15.1 The Company constitutes a single reportable segment. Information about geographical net sales of the Company are as follows:

	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
-----Rupees in '000-----		
15.2 Information about geographical areas - net sales		
Pakistan	6,455,732	7,163,690
Afghanistan	158,565	70,981
Others	2,132	7,972
	<u>6,616,429</u>	<u>7,242,643</u>


16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on August 26, 2020 by the Board of Directors of the Company.

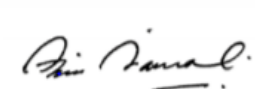
17. GENERAL

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

17.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.



 Syed Babar Ali
 Chairman



 Asim Jamal
 Chief Executive Officer



 Yasser Pirmuhammad
 Chief Financial Officer