

*sanofi-aventis Pakistan Limited*

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED  
SEPTEMBER 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  
Rehmatullah Khan Wazir  
Shahid Zaki  
Naira Adamyan  
Hermes Martet  
Marc-Antoine Lucchini

Chairman  
Chief Executive Officer  
Chief Financial Officer

## Company Secretary

Muhammad Yousuf

## URL

[www.sanofi.com.pk](http://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](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  
Email: [contact.pk@sanofi.com](mailto: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 period ended September 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 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.

Year 2020 has been a challenging year for many industries including pharmaceutical sector mainly due to economic slowdown on account of COVID 19. For the pharma sector, closure of hospitals / OPDs/clinics for non-COVID related illnesses and reduced patient visits to doctors due to lock down and social distancing measures further complicated the situation. Owing to these factors, net sales of the Company for the period ended September 30, 2020 declined by 2.1% to reach Rs.10,677 million as compared to Rs.10,901 million of same period last year. However, with resumption of business activities in the Country during Q3, 2020, Company sales also recovered and net sales for Q3, 2020 depicted a growth of 11% as compared to Q3, 2019. This growth in Q3, 2020 was mainly driven by Flagyl®, Lantus® and Amaryl® which grew by 17.3%, 49.7% and 22% respectively.

Gross margin for the period declined to 21.7% of net sales as compared to 23.0% for the same period last year due to surge in cost of goods sold, mainly on account of continuing devaluation of Pakistan Rupee during the period.

As a percentage of net sales, distribution and marketing expenses reduced to 12.4% compared to 16.4% during same period last year. This reduction is mainly on account of reduced spending on travel and sales promotional activities due to COVID-19. Administrative expenses, as a percentage of net sales remained flat as compared to same period last year.

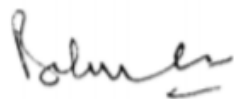
Other expenses for the period include exchange loss incurred on foreign currency payments and liabilities during the nine months period amounting to Rs.322 million due to devaluation of Pak Rupee.

Due to the reasons explained above, profit before tax for the period stands at Rs. 240 million. However, due to higher tax charge on imported Finished Goods and minimum tax liability, there was a loss after tax amounting to Rs.6 million.

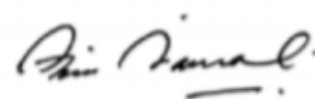
The pandemic curve has flattened to a large extent in the Country, however lately the cases have started to rise again in certain parts of the Country. The management is continuously assessing the environment to align its strategy in order to better cope with challenges.

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: October 27, 2020

## حصص یافتگان کے لیے ڈائریکٹران کا جائزہ

سنوئی اینٹس پاکستان لمیٹڈ کے ڈائریکٹران کمپنی کے 30 ستمبر، 2020 کو ختم شدہ نومبر کے غیر آڈٹ شدہ عبوری اختصاری مالیاتی گوشوارے پیش کرتے ہیں۔ یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز 34 (IAS) - ”انٹیرم فنانشل رپورٹنگ“ کے تقاضوں 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 فارماسیوٹیکل سیکٹرسمیت دیگر انڈسٹریز کے لیے مشکل سال ثابت ہوا ہے جس کی سب سے بڑی وجہ کورونا۔ 19 کے باعث معاشی سست روی ہے۔ فارماسیوٹیکل میں کورونا کے علاوہ دیگر بیماریوں کے لیے اسپتالوں / اوپی ڈیز / کلینکس کی بندش اور لاک ڈاؤن کی وجہ سے ڈاکٹروں تک مریضوں کی محدود رسائی اور سماجی فاصلے کو برقرار رکھنے کے لیے احتیاطی تدابیر نے صورتحال کو مزید خراب کر دیا۔ مذکورہ وجوہات کی بنا پر، 30 ستمبر 2020 کو ختم شدہ عرصے کے لیے کمپنی کی مجموعی نیٹ سیلز 10,677 ملین روپے رہی، جو کہ گزشتہ سال اسی عرصے کے دوران 10,901 ملین روپے کے مقابلے میں 2.1% کم ہے۔ البتہ، 2020 کی تیسری سہ ماہی کے دوران کاروباری سرگرمیوں کی بحالی کے ساتھ کمپنی سیلز میں بھی اضافہ ہوا اور 2019 کی تیسری سہ ماہی کے مقابلے میں 2020 کی تیسری سہ ماہی میں نیٹ سیلز میں 11% اضافہ ریکارڈ کیا گیا۔ تیسری سہ ماہی میں یہ اضافہ فلیج<sup>®</sup> ہینٹس<sup>®</sup> اور ایمارل<sup>®</sup> کی سیلز میں بالترتیب 17.3%، 49.7% اور 22% اضافے کی وجہ سے ریکارڈ کیا گیا۔

اس عرصے کے دوران نیٹ سیلز کی شرح کے لحاظ سے مجموعی منافع 21.7% ریکارڈ کیا گیا جو کہ گزشتہ سال اسی عرصے کے دوران 23.0% تھا، جس کی بڑی وجہ پاکستانی روپے کی قدر میں مسلسل کمی ہے، جس کے نتیجے میں اشیاء کی لاگت میں بھاری اضافہ ہو گیا۔

نیٹ سیلز کی شرح کے لحاظ سے ڈسٹری بیوٹن اور مارکیٹنگ اخراجات گزشتہ سال اسی عرصے کے 16.4% کے مقابلے میں کم ہو کر 12.4% ہو گئے۔ اس کمی کی وجوہات میں کورونا۔ 19 کی وجہ سے سفر اور سیلز پرموشن کی سرگرمیوں پر آنے والے اخراجات میں کمی شامل ہے۔ نیٹ سیلز کی شرح کے لحاظ سے گزشتہ سال اسی عرصے کے مقابلے میں انتظامی اخراجات اسی شرح پر برقرار رہے۔

رواں عرصے کے دیگر اخراجات کی مد میں نومبر کے دوران پاکستانی روپے کی قدر میں کمی کے باعث غیر ملکی کرنسی میں ادائیگیوں اور واجبات کی مد میں 322 ملین روپے کا خسارہ ریکارڈ کیا گیا۔

مندرجہ بالا اسباب کی وجہ سے اس عرصے کے لیے قبل از ٹیکس منافع 240 ملین روپے رہا۔ جبکہ تیار شدہ شکل میں پروڈکٹس کی درآمد پر زیادہ ٹیکس کی ادائیگی اور minimum ٹیکس کی وجہ سے بعد از ٹیکس خسارہ 6 ملین روپے ریکارڈ کیا گیا ہے۔

ملک میں وبائی صورتحال پر خاطر خواہ قابو پایا گیا ہے، البتہ ملک کے کچھ علاقوں میں کورونا وائرس کے کیسز دوبارہ بڑھنا شروع ہو گئے ہیں۔ انتظامیہ صورتحال کا مسلسل جائزہ لے رہی ہے تاکہ مشکلات پر بہتر طریقے سے قابو پانے کے لیے اپنی حکمت عملی ترتیب دی جاسکے۔

بورڈ آف ڈائریکٹرز موجودہ حالات میں کمپنی کے تمام شرائط داروں، بشمول ملازمین کی صحت، حفاظت اور بہتری کا خواہاں ہے اور سفارش کرتا ہے کہ اس وبائی صورتحال سے نمٹنے کے لیے حکومت کی ہدایات پر عمل کو یقینی بنایا جائے۔

بحکم بورڈ

*Ai Jamal*  
عاصم جمال  
چیف ایگزیکٹو آفیسر

*Polmer*  
سید باہر علی  
چیئر مین

کراچی: 27 اکتوبر، 2020

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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	5	1,622,107	1,650,113
Right-of-use assets	6	22,906	2,828
Intangible assets		3,695	5,646
		<u>1,648,708</u>	<u>1,658,587</u>
Long-term loans		3,437	4,742
Long-term deposits		13,643	13,643
Deferred taxation - net		176,337	108,183
		<u>1,842,125</u>	<u>1,785,155</u>
<b>CURRENT ASSETS</b>			
Stores and spares		53,839	62,165
Stock-in-trade - net	7	3,867,921	2,544,188
Trade debts - net		601,578	691,325
Loans and advances		161,037	119,103
Trade deposits and short-term prepayments		330,917	330,674
Other receivables - net	8	40,004	583,916
Taxation - net		1,560,698	1,548,734
Cash and bank balances		37,339	30,779
		<u>6,653,333</u>	<u>5,910,884</u>
<b>TOTAL ASSETS</b>		<u><u>8,495,458</u></u>	<u><u>7,696,039</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Authorized			
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		345,354	321,587
Revenue reserve		3,588,106	3,671,417
		<u>3,933,460</u>	<u>3,993,004</u>
		<u>4,029,908</u>	<u>4,089,452</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability		1,099	1,592
Long-term Loan	9	205,267	-
		<u>206,366</u>	<u>1,592</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities		42,577	79,594
Trade and other payables	10	3,457,568	3,054,420
Current maturity of lease liability		18,756	1,407
Current maturity of long-term loan		123,161	-
Accrued mark-up		11,084	12,883
Unclaimed dividend		9,341	9,138
Short-term borrowings	11	596,697	447,553
		<u>4,259,184</u>	<u>3,604,995</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,495,458</u></u>	<u><u>7,696,039</u></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Syed Babar Ali  
Chairman

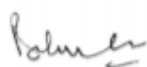
Asim Jamal  
Chief Executive Officer

Yasser Pirmuhammad  
Chief Financial Officer

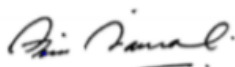
sanofi-aventis Pakistan limited  
 Condensed Interim Statement of Profit or Loss  
 For the nine months ended September 30, 2020 (Un-audited)

	Nine Months Ended		Three Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- Rupees in '000 -----				
NET SALES	10,677,223	10,901,155	4,060,794	3,658,512
Cost of sales	(8,357,558)	(8,391,310)	(3,206,090)	(2,950,301)
GROSS PROFIT	2,319,665	2,509,845	854,704	708,211
Distribution and marketing expenses	(1,325,008)	(1,792,490)	(380,109)	(547,959)
Administrative expenses	(380,961)	(384,902)	(119,649)	(131,310)
Other expenses	(362,118)	(156,515)	(111,088)	82,097
Other income	35,249	77,260	6,105	17,311
	(2,032,838)	(2,256,647)	(604,741)	(579,861)
OPERATING PROFIT	286,827	253,198	249,963	128,350
Finance Costs	(46,389)	(53,220)	(23,783)	(28,480)
PROFIT BEFORE TAXATION	240,438	199,978	226,180	99,870
Taxation - Current	(314,745)	(284,977)	(127,404)	(132,937)
- Prior	-	(28,069)	-	-
- Deferred	68,154	62,028	(1,744)	52,555
	(246,591)	(251,018)	(129,148)	(80,382)
NET (LOSS) / PROFIT FOR THE PERIOD	(6,153)	(51,040)	97,032	19,488
(LOSS) / EARNINGS PER SHARE - basic and diluted (Rupees)	(0.64)	(5.29)	10.06	2.02

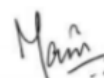
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Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pirmuhammad  
Chief Financial Officer



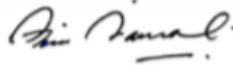
sanofi-aventis Pakistan limited  
 Condensed Interim Statement Of Other Comprehensive Income  
 For the nine months ended September 30, 2020 (Un-audited)

	Nine Months Ended		Three Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- Rupees in '000 -----			
Net (loss) / profit for the period	(6,153)	(51,040)	97,032	19,488
<b>Other comprehensive income Items not to be reclassified to profit or loss in subsequent periods</b>				
Impact of rate change on deferred tax on actuarial loss directly recognized in equity	-	-	-	-
Total other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(6,153)</b>	<b>(51,040)</b>	<b>97,032</b>	<b>19,488</b>

The annexed notes 1 to 18 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 nine months ended September 30, 2020 (Un-audited)

Note	September 30, 2020	September 30, 2019
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	240,438	199,978
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation / amortization	264,839	265,191
(Gain) / loss on disposal of operating fixed assets	(33)	3,831
Operating fixed asstes written-off	-	2,454
Expenses arising from equity settled share based payment plans	23,767	24,028
Retirement benefits	107,374	77,641
Interest Income	(3)	(16)
Finance costs	46,389	53,220
	<b>682,771</b>	<b>626,327</b>
<b>(Increase) / Decrease in current assets</b>		
Stores and spares	8,326	(223)
Stock-in-trade	(1,323,733)	(164,270)
Trade debts	89,747	(84,633)
Loans and advances	(41,934)	(19,549)
Trade deposits and short-term prepayments	(243)	68,338
Other receivables	543,912	(1,203)
	<b>(723,925)</b>	<b>(201,540)</b>
	<b>(41,154)</b>	<b>424,787</b>
<b>Increase / (Decrease) in current liabilities</b>		
Contract Liabilities	(37,017)	78,687
Trade and other payables (excluding liabilities for employees' pension and gratuity funds)	431,673	(635,500)
<b>Cash generated from / (used in) operations</b>	<b>353,502</b>	<b>(132,026)</b>
Finance costs paid	(46,648)	(33,699)
Interest on lease liability paid	(283)	(346)
Income tax paid	(326,709)	(259,396)
Retirement benefits paid	(135,899)	(80,473)
Long-term loans	1,305	696
<b>Net cash used in from operating activities</b>	<b>(154,732)</b>	<b>(505,244)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(240,096)	(239,500)
Sale proceeds from disposal of operating fixed assets	17,248	23,111
Interest received	3	16
<b>Net cash used in investing activities</b>	<b>(222,845)</b>	<b>(216,373)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(76,955)	(288,089)
Repayment of lease liability	(16,480)	(917)
Proceeds from long-term financing	328,428	-
<b>Net cash generated from / (used in) financing activities</b>	<b>234,993</b>	<b>(289,006)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(142,584)</b>	<b>(1,010,623)</b>
Cash and cash equivalents at the beginning of the period	(416,774)	254,648
Cash and cash equivalents at the end of the period	<b>(559,358)</b>	<b>(755,975)</b>

The annexed notes 1 to 18 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 nine months ended September 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	Unappro- priated profit	
	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 benefits cost under IFRS 2 - "Share based Payment"	-	-	-	24,028	-	-	24,028
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	-	-	-	-	-	(51,040)	(51,040)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(51,040)	(51,040)
Balance as at September 30, 2019	96,448	5,935	18,000	290,060	3,535,538	35,329	3,981,310
Balance as at January 1, 2020	96,448	5,935	18,000	297,652	3,535,538	135,879	4,089,452
Employee benefits cost under IFRS 2 - "Share based Payment"	-	-	-	23,767	-	-	23,767
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	-	-	-	-	-	(6,153)	(6,153)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(6,153)	(6,153)
Balance as at September 30, 2020	96,448	5,935	18,000	321,419	3,535,538	52,568	4,029,908

The annexed notes 1 to 18 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 nine months ended September 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 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 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 / IFRS 4 / IFRS 16 / IAS 39	Interest Rate Benchmark Reform – Phase 2 (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.

#### 4. IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally including Pakistan. Government of Pakistan had taken measures to reduce the spread of the Covid-19 including lock down of businesses, suspension of flight operations, intercity movements, cancellation of major events, etc. The Company is conducting business with some modifications with respect to employee working and cancellation/deferment of certain events, among other modifications, while following all necessary Standard Operating Procedures (SOPs). The Company is actively monitoring the situation and may take further actions as may be required by Federal, Provincial or local authorities or that are in the best interest of the employees, customers, suppliers and stakeholders.

Based on management's assessment, the impact of COVID-19 is not likely to be significant on the over all operations of the Company.

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

	Note	September 30, 2020 -----Rupees in '000----- (Un-audited)	December 31, 2019 -----Rupees in '000----- (Audited)
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,408,073	1,546,805
Capital work-in-progress	5.2 & 5.3	214,034	103,308
		<u>1,622,107</u>	<u>1,650,113</u>
<b>5.1 Operating fixed assets</b>			
Opening net book value		1,546,805	1,563,910
Additions during the period / year - at cost	5.1.1	129,370	381,183
Disposals during the period / year	5.1.1	(17,215)	(40,742)
Write-off during the period / year		-	(4,643)
Depreciation charged during the period / year		(250,887)	(352,903)
Closing net book value		<u>1,408,073</u>	<u>1,546,805</u>

**5.1.1 Details of additions and disposals are as follows:**

	Additions (at cost)		Disposals (at net book value)	
	(Un-audited) September 30, 2020	(Un-Audited) September 30, 2019	(Un-audited) September 30, 2020	(Un-Audited) September 30, 2019
	----- Rupees in '000 -----			
Buildings on leasehold land	5,458	8,050	-	-
Plant and machinery	25,923	72,449	-	-
Furniture and fixtures	334	3,031	-	-
Factory and office equipment	31,609	58,834	-	1,212
Motor vehicles	66,046	126,544	17,215	25,730
	<u>129,370</u>	<u>268,908</u>	<u>17,215</u>	<u>26,942</u>

	September 30, 2020 -----Rupees in '000----- (Un-audited)	December 31, 2019 -----Rupees in '000----- (Audited)
<b>5.2 Capital work-in-progress</b>		
Buildings on leasehold land	47,766	41,294
Plant and machinery	108,083	40,417
Others	58,185	21,597
	<u>214,034</u>	<u>103,308</u>

**5.3 Movement in capital work-in-progress is as follows:**

Opening balance	103,308	97,222
Additions during the period / year	130,131	88,337
Transferred to operating fixed assets	(19,405)	(82,251)
Closing balace	<u>214,034</u>	<u>103,308</u>

**6. RIFGHT-OF-USE ASSETS**

Opening carrying value	2,828	-
Additions	32,080	4,242
Depreciation charged during the period / year	(12,002)	(1,414)
Closing net book value	<u>22,906</u>	<u>2,828</u>

**6.1** 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  
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		September 30, 2020	December 31, 2019
		-----Rupees in '000-----	
	Note	(Un-audited)	(Audited)
<b>7. STOCK-IN-TRADE</b>			
<b>Raw and packing material</b>			
In hand		1,541,603	1,091,279
In transit		198,727	81,996
		<u>1,740,330</u>	<u>1,173,275</u>
Provision against raw and packing material	7.1	<u>(179,239)</u>	<u>(151,162)</u>
		1,561,091	1,022,113
Work-in-process		92,141	62,973
<b>Finished goods</b>			
In hand		2,230,679	1,290,156
In transit		205,123	348,562
		<u>2,435,802</u>	<u>1,638,718</u>
Provision against finished goods	7.2 & 7.3	<u>(221,113)</u>	<u>(179,616)</u>
		<u>2,214,689</u>	<u>1,459,102</u>
		<u>3,867,921</u>	<u>2,544,188</u>
<b>7.1</b>	Movement of provision against raw and packing material		
	Opening balance	151,162	130,155
	Charge for the period / year	28,469	21,007
	Write-off during the period	(392)	-
	Closing balance	<u>179,239</u>	<u>151,162</u>
<b>7.2</b>	Includes write down of finished goods costing Rs.383.4 (2019: Rs. 341.5) million, to their net realizable value of Rs. 306.8 (2019: Rs. 264.5) million.		
<b>7.3</b>	Movement of provision against finished goods		
	Opening balance	179,616	185,157
	Charge for the period / year	58,391	121,150
	Write off during the period / year	(16,894)	(126,691)
	Closing balance	<u>221,113</u>	<u>179,616</u>
<b>8. OTHER RECEIVABLES - NET</b>			
	Includes Rs. 3.4 (2019: Rs. 555) million receivable from related parties.		
<b>9. LONG-TERM LOAN</b>			
	Long-term loan	328,428	-
	Less: Current portion of long-term loan	<u>(123,161)</u>	<u>-</u>
		<u>205,267</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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	September 30, 2020	December 31, 2019
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
<b>10. TRADE AND OTHER PAYABLES</b>		
<b>Trade creditors</b>		
Related parties	1,279,006	858,171
Other trade creditors	365,317	312,422
	<u>1,644,323</u>	<u>1,170,593</u>
<b>Other payables</b>		
Accrued liabilities	877,325	939,769
Refund Liabilities	36,793	36,330
Provision for Infrastructure Development Cess	396,071	353,695
Employees' Pension Fund	244,734	263,229
Employees' Gratuity Fund	100,262	110,292
Workers' Profit Participation Fund	16,013	31,112
Workers' Welfare Fund	86,625	96,941
Central Research Fund	2,173	5,326
Compensated absences	33,811	27,228
Security deposits	1,775	775
Contractors' retention money	4,916	2,662
Sales tax payable	12,747	16,468
	<u>1,813,245</u>	<u>1,883,827</u>
	<u>3,457,568</u>	<u>3,054,420</u>

**11. 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.

**12. CONTINGENCIES AND COMMITMENTS**

**12.1 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:

**12.1.1** During the year ended December 31, 2016, Inland Revenue, Enforcement & Collection department 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 39.4 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 perused in appeal as well as in rectification.

**12.1.2** 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 persued in appeal as well as in rectification.

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	September 30, 2020 -----Rupees in '000----- (Un-audited)	December 31, 2019 -----Rupees in '000----- (Audited)
<b>12.2 Commitments</b>		
Commitments for capital expenditure	<u>236,273</u>	<u>145,626</u>
Outstanding letters of credit	<u>152,758</u>	<u>249,635</u>
Outstanding bank guarantees	<u>418,743</u>	<u>408,950</u>
Outstanding bank contracts	<u>1,470,857</u>	<u>1,033,502</u>
Commitments for lease rentals within one year	<u>2,621</u>	<u>3,662</u>
	<b>September 30, 2020 -----Rupees in '000----- (Un-audited)</b>	<b>September 30, 2019 -----Rupees in '000----- (Un-audited)</b>
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balance	<u>37,339</u>	42,854
Short-term borrowings	<u>(596,697)</u>	(798,829)
	<u>(559,358)</u>	(755,975)

**14. 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:

	September 30, 2020 (Un-audited)					September 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) Sales	16,609	-	-	-	16,609	18,530	-	-	-	18,530
ii) Purchase of goods	5,094,270	10,866	-	-	5,105,136	4,501,018	17,522	-	-	4,518,540
iii) Purchase of services	55,094	9,290	-	-	64,384	56,105	13,111	-	-	69,216
iv) Insurance claims received	-	10,571	-	-	10,571	-	46,038	-	-	46,038
v) Contribution paid										
- Provident fund	-	-	50,909	-	50,909	-	-	45,067	-	45,067
- Gratuity fund	-	-	54,477	-	54,477	-	-	35,079	-	35,079
- Pension fund	-	-	81,422	-	81,422	-	-	45,394	-	45,394
vi) Remuneration of key management personnel	-	-	-	207,085	207,085	-	-	-	209,636	209,636



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 Notes to the Condensed Interim Financial Statements  
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**15. 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.

**16. ENTITY WIDE INFORMATION**

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

<b>Information about geographical areas - net sales</b>	<b>September 30, 2020 (Un-audited)</b>	September 30, 2019 (Un-audited)
	-----Rupees in '000-----	
Pakistan	<b>10,369,320</b>	10,685,106
Afghanistan	<b>291,294</b>	197,519
Others	<b>16,609</b>	18,530
	<b><u>10,677,223</u></b>	<u>10,901,155</u>

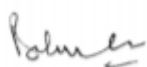
**17. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.

**18. GENERAL**

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

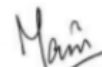
**18.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.



Syed Babar Ali  
 Chairman



Asim Jamal  
 Chief Executive Officer



Yasser Pirmuhammad  
 Chief Financial Officer