

sanofi-aventis Pakistan Limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED

June 30, 2022

(UN-AUDITED)



SANOFI

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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 Abu Bakar Siddiq

URL

www.sanofi.com.pk

Auditors

EY Ford Rhodes,
Chartered Accountants

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

Legal Advisors

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

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
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 are pleased to present the un-audited interim condensed financial statements of your Company, for the half year ended June 30, 2022. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The Company started the year on a positive note and continued to exhibit stable growth despite substantial macro-economic challenges. Total net sales for the half year ended June 30, 2022 stands at Rs. 9,524 million which grew by 18% compared to same period last year. This growth was mainly driven by Flagyl®, Claforan® and No-Spa® which grew by 33.8%, 23.7% and 35.1% respectively.

The gross margin improved to 28.4% from 22.8% as compared to same period last year on account of pricing, better product mix and improved performance throughout the period.

Distribution and marketing expenses increased to 14% of net sales from 11% last year's comparative period mainly on account of increase in travelling and promotional activities and engagement with Healthcare Professionals in order to maintain the strong sales growth. Further, the increase is also attributable to enhanced efforts on recovery of outstanding receivables. Administrative expenses also marginally increased to 4.06% of net sales from 3.36% compared to same period last year.

Other expenses increased to 3% of net sales from 1% last year's comparative period mainly on account of adverse exchange rate movement during the period.

Due to the reasons explained above, profit before tax for the half year ended June 30, 2022 amounted to Rs. 698 million. Profit after tax amounted to Rs. 189 million. The significant decrease in the profit after tax is primarily due to the imposition of 'Super Tax' on current and prior period which reduced our net profit margin to 2% from 5% compared to same period last year. Resultantly the earnings per share was Rs. 19.58 as compared to Rs. 46.02 in same period last year.

The depreciation of PKR against USD and Euro and anticipation of further devaluation due to volatile economic & political situation remains a key concern for the pharmaceutical companies in general as majority of the 'Active Pharmaceutical Ingredients' and finished goods are imported. The imposition of super tax in the Finance Act, 2022 on Pharmaceutical Sector has adversely affected the bottom-line profits of the Company. Despite the challenges posed by the currency risk and volatile economic and political situation, the Company remains optimistic about the future outlook of the business given its strong product line, strength of product mix & robust growth of the market. Under the leadership of the Board, management is putting all the efforts to ensure that adequate measures are taken to minimize the negative impacts on the Company.

Holding Company

The Company is a subsidiary of Sanofi Foreign Participations B.V., registered in Netherlands (the Parent Company), holding 5,099,469 ordinary shares of Rs.10 each, constituting 52.87% of the issued share capital of the Company. The ultimate parent of the Company remains Sanofi S.A., France. On December 20, 2021, Packages Limited made a public announcement that its Board of Directors had given an in-principle approval to be part of an investor consortium to evaluate a potential purchase by the Consortium of all of 52.87% shares held by the Parent Company in the Company. The Consortium is led by Packages Limited and includes IGI Investments, and affiliates of Arshad Ali Gohar Group. In response, the Parent Company granted the Consortium an opportunity to conduct due diligence of the Company.

Subsequently, and upon conclusion of the due diligence, Packages Limited made a public announcement of the finalization of purchase price and terms and conditions of the Proposed Transaction between the Consortium and Sanofi Foreign Participants B.V.. The negotiated purchase price for the Proposed Transaction is Rs. 940 / share (excluding transaction costs).

On April 29, 2022, Sanofi Foreign Participations B.V. and Consortium have executed a binding Share Purchase Agreement for the sale of 52.87% shares held by Sanofi Foreign Participations B.V.

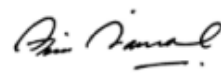
Closing of the transaction is subject to customary closing conditions, including relevant approvals by regulatory authorities, completion by the Consortium of a mandatory tender offer under Pakistan's takeover laws, and approval by the shareholders of the Company of certain Transaction related matters. Inherently, the timing of the closing of the Transaction is dependent on fulfilment of a number of regulatory and contractual conditions.

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

By order of the Board



Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer

Karachi: August 25, 2022

ڈائریکٹر کی جانب سے جائزہ

ڈائریکٹر نہایت مسرت کے ساتھ 30 جون 2022 کو ختم ہونے والی ششماہی کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ عبوری کنڈینسڈ مالیاتی بیانات پیش کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34 کے تقاضوں کے مطابق تیار کیے گئے ہیں۔ ”عبوری مالیاتی رپورٹنگ“ کے تقاضوں اور کمپنیز ایکٹ 2017 کے تحت جاری کردہ دفعات اور ہدایات کے مطابق تیار کیے گئے ہیں۔ ایسی صورت میں جہاں ضروریات مختلف ہوں، وہاں کمپنیز ایکٹ 2017 کے تحت جاری کردہ دفعات و ہدایات پر عمل کیا گیا ہے۔

کمپنی نے سال کا آغاز ایک مثبت انداز میں کیا اور میکرو اکنامک چیلنجز کے باوجود مستحکم ترقی کا مظاہرہ جاری رکھا۔ 30 جون 2022 کو ختم ہونے والی ششماہی کے لیے خالص فروخت 9,524 ملین روپے رہی جو گزشتہ سال کے مقابلے میں 18 فیصد زیادہ ہے۔ یہ ترقی بنیادی طور پر، فلیجبل کلا فورن، نو-اسپا (Flagyl, Claforan & No-Spa) کے ذریعے لائی گئی جس میں بالترتیب 33.8 فیصد، 23.7 فیصد اور 35.1 فیصد اضافہ ہوا ہے۔

قیمتوں کا تعین، بہتر پروڈکٹ مکس اور اس مدت میں بہتر کارکردگی کے باعث مجموعی مارجن گزشتہ سال کی اسی مدت کے مقابلے میں 22.8 فیصد سے بڑھ کر 28.4 فیصد ہو گیا۔

ڈسٹریبیوشن اور مارکنگ کے اخراجات گزشتہ سال کی تقابلی مدت کے 11 فیصد سے بڑھ کر خاص فروخت کا 14 فیصد ہو گئے، سیلز کی اس مضبوط نمو کو برقرار رکھنے کے لیے سفری اور پروموشنل سرگرمیوں میں اضافے کے ساتھ ہیلتھ کیئر پرفیشنلز کے ساتھ مشغولیت ضروری ہے۔ مزید برآں، یہ اضافہ بقایا وصولیوں کے سلسلے میں بڑھتی ہوئی کوششوں سے بھی منسوب ہے۔ جبکہ انتظامی اخراجات بھی گزشتہ سال کی اسی مدت کے مقابلے میں 3.36 فیصد سے بڑھ کر خالص فروخت کا 4.06 فیصد ہو گئے۔

دیگر اخراجات گزشتہ سال کی اسی مدت کے دوران 1 فیصد سے بڑھ کر خالص فروخت کے 3 فیصد تک پہنچ گئے، یہ بنیادی طور پر شرح مبادلہ کے منفی اثرات کے باعث عمل میں آیا۔

مندرجہ بالا بیان کی گئیں وجوہات کی بنا پر، 30 جون 2022 کو ختم ہونے والی ششماہی کے لیے قبل از ٹیکس منافع 698 ملین روپے تھا جبکہ بعد از ٹیکس منافع 189 ملین روپے رہا۔ بعد از ٹیکس منافع میں یہ نمایاں کمی بنیادی طور پر موجودہ اور سابقہ مدت میں ”سپرنیکس“ کے نفاذ کی وجہ سے ہے جس نے گزشتہ سال کی اسی مدت کے مقابلے میں ہمارے خالص منافع کا مارجن 5 فیصد سے کم کر کے 2 فیصد کر دیا۔ نتیجتاً فی شیئر آمدنی گزشتہ سال کی اسی مدت میں 46.02 روپے کے مقابلے میں 19.58 روپے رہی ہے۔

امریکی ڈالر اور یورو کے مقابلے میں روپے کی قدر میں کمی کے ساتھ غیر مستحکم اقتصادی اور سیاسی صورتحال کے باعث قدر میں مزید کمی کی توقع عام طور پر فارماسیوٹیکل کمپنیوں کے لیے ایک اہم تشویش بنی ہوئی ہے کیونکہ زیادہ تر ”فعال دواسازی کے اجراء“ اور تیار شدہ سامان درآمد کیا جاتا ہے۔ جبکہ فرانس ایکٹ 2022 میں سپرنٹیکس کے نفاذ کے باعث فارماسیوٹیکل شعبے نے کمپنی کے باٹم لائن منافع کو بری طرح متاثر کیا ہے۔ کرنسی میں عدم استحکام کے ساتھ ساتھ اقتصادی اور سیاسی صورتحال سے درپیش چیلنجز کے باوجود کمپنی اپنی مصنوعات کے مرکب اور مارکیٹ کی مستحکم ترقی کے باعث کاروباری نقطہ نظر کے بارے میں پر امید ہے۔

ہولڈنگ کمپنی

کمپنی سنوفی فورن پارٹسپیشن بی. وی (Sanofi Foreign Participation B.V) (پیرنٹ کمپنی) کی ایک ذیلی کمپنی ہے جو نیدرلینڈ میں رجسٹرڈ ہے، جس کے پاس بحساب 10 روپے کے 5,099,469 عام شیئرز کی ملکیت ہے اور یہ کمپنی کے جاری کردہ شیئر کیپٹل کا 52.87 فیصد حصہ بنتا ہے۔ کمپنی کی حتمی پیرنٹ سنوفی ایس. اے، فرانس (Sanofi S.A, France) ہے۔ 20 دسمبر 2021 کو، پیکیجز لمیٹڈ نے ایک اعلامیہ جاری کیا کہ اس کے بورڈ آف ڈائریکٹرز نے پیرنٹ کمپنی کے پاس موجود تمام 52.87 فیصد شیئرز کی کنسورشیم کا حصہ بننے کی اصولی منظوری دے دی ہے۔ کمپنی میں کنسورشیم کی قیادت پیکیجز لمیٹڈ اور آئی جی آئی انویسٹمنٹ کرتی ہیں جبکہ ارشد علی گوہر گروپ ملحقہ ادارے میں شامل ہے جس کے نتیجے میں کمپنی نے کنسورشیم کو کمپنی کی مستعدی کا جائزہ لینے کا موقع دیا

مزید برآں، تندہی سے اختتام پر پیکیجز لمیٹڈ نے کنسورشیم اور سنوفی فورن پارٹسپیشن بی. وی کے درمیان خریداری کی قیمت اور مجوزہ ٹرانزیکشن کی شرائط و ضوابط کو حتمی صورت دینے میں اعلامیہ جاری کیا۔ مجوزہ ٹرانزیکشن کے لیے گفت و شنید کی قیمت 940 روپے فی شیئر ہے جو ٹرانزیکشن اخراجات کے علاوہ ہے۔

29 اپریل 2022 کو سنوفی فورن پارٹسپیشن بی. وی اور کنسورشیم نے اپنے پاس موجود 52.87 فیصد شیئرز کی فروخت کے لیے ایک مشترکہ شیئر کی خریداری کے معاہدے پر عمل درآمد کیا ہے۔

ٹرانزیکشن کا مکمل ہونا روایتی اختتامی شرائط کے ساتھ مشروط ہے، بشمول ریگولیٹری اتھارٹیز کی متعلقہ منظوری، کنسورشیم کی جانب سے پاکستان کے ٹیک اور قوانین کے تحت ٹینڈر کی لازمی پیشکش کی تکمیل اور کمپنی کے شیئر ہولڈرز کی جانب سے ٹرانزیکشن سے متعلق دیگر معاملات کی منظوری۔ فطری طور پر، ٹرانزیکشن کے بند ہونے کا وقت متعدد ریگولیٹری اور معاہدے کی شرائط کی تکمیل پر منحصر ہے۔

آخر میں، بورڈ آف ڈائریکٹرز کمپنی کے ملازمین کی کاوشوں اور ان کے عزم کا تہہ دل سے اعتراف کرتے ہیں۔

Asi Nawab

بورڈ کی جانب سے

Salim

سید بابر علی

عاصم جمال

چیرمین

چیف ایگزیکٹو آفیسر

کراچی: 25 اگست 2022

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 2022** 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-months 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 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 30 June 2022.

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


UDIN Number: RR202210099hpcTS6nzN


Date: 31 August 2022


sanofi-aventis Pakistan Limited
 Condensed Interim Statement of Financial Position
 As at June 30, 2022

	Note	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
----- Rupees in '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,611,330	1,654,157
Right of use		-	1,878
Investment properties		33,836	34,710
Intangible assets		1,612	2,829
		<u>1,646,778</u>	<u>1,693,574</u>
Long-term loans to employees		2,802	2,398
Long-term deposits		15,983	15,983
Deferred taxation - net		152,590	236,330
		<u>1,818,153</u>	<u>1,948,285</u>
CURRENT ASSETS			
Stores and spares		72,660	59,670
Stock-in-trade	5	4,122,952	3,919,660
Trade debts		668,149	455,428
Loans and advances		170,842	163,212
Trade deposits and short-term prepayments	6	1,421,522	470,424
Other receivables		425,892	250,411
Taxation - net		1,004,191	1,223,096
Cash and bank balances		537,163	784,295
		<u>8,423,371</u>	<u>7,326,196</u>
TOTAL ASSETS		<u><u>10,241,524</u></u>	<u><u>9,274,481</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,448	96,448
Reserves		4,911,874	5,122,073
		<u>5,008,322</u>	<u>5,218,521</u>
NON-CURRENT LIABILITIES			
Long-term financing		-	35,016
Deferred liabilities		13,500	18,000
		<u>13,500</u>	<u>53,016</u>
CURRENT LIABILITIES			
Contract liabilities		112,164	57,302
Trade and other payables	7	4,962,886	3,753,519
Current maturity of long-term financing		121,782	164,214
Current maturity of deferred liabilities		10,882	15,274
Current maturity of lease liabilities		-	1,594
Accrued mark-up		1,269	1,397
Unclaimed dividend		10,719	9,644
		<u>5,219,702</u>	<u>4,002,944</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u><u>10,241,524</u></u>	<u><u>9,274,481</u></u>

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


 Syed Babar Ali
 Chairman



 Asim Jamal
 Chief Executive Officer



 Yasser Pirmuhammad
 Chief Financial Officer

sanofi-aventis Pakistan Limited
Condensed Interim Statement of Profit or Loss
For the six months period ended June 30, 2022 (Un-audited)

	Six Month Ended		Three Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Note	----- Rupees in '000 -----			
NET SALES	9,523,844	8,070,617	5,140,195	4,492,770
Cost of sales	(6,816,963)	(6,234,109)	(3,705,327)	(3,541,475)
GROSS PROFIT	2,706,881	1,836,508	1,434,868	951,295
Distribution and marketing expenses	(1,338,241)	(891,397)	(667,284)	(459,394)
Administrative expenses	(386,502)	(270,914)	(220,932)	(137,287)
Allowance for expected credit losses	(25,014)	-	(25,014)	-
Other expenses	(285,164)	(74,459)	(185,067)	(38,509)
Other income	38,928	129,872	22,022	33,781
	(1,995,993)	(1,106,898)	(1,076,275)	(601,409)
OPERATING PROFIT	710,888	729,610	358,593	349,886
Finance cost	(12,894)	(15,658)	(6,405)	(7,392)
PROFIT BEFORE TAXATION	697,994	713,952	352,188	342,494
Taxation - Current	(266,200)	(303,121)	(175,092)	(162,729)
- Prior	(187,700)	-	(187,700)	-
- Deferred	(55,237)	32,999	(15,264)	18,348
9	(509,137)	(270,122)	(378,056)	(144,381)
PROFIT/(LOSS) AFTER TAXATION	188,857	443,830	(25,868)	198,113
EARNINGS / (LOSS) PER SHARE - basic and diluted (Rupees)	19.58	46.02	(2.68)	20.54

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


Syed Babar Ali
Chairman

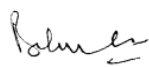

Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan Limited
 Condensed Interim Statement of Other Comprehensive Income
 For the six months period ended June 30, 2022 (Un-audited)

	Half Year Ended		Quarter Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- Rupees in '000 -----			
Profit/(loss) after taxation	188,857	443,830	(25,868)	198,113
Other comprehensive income items that will not to be reclassified to profit or loss in subsequent periods (net of tax)				
Actuarial loss on defined benefit plans	(90,067)	-	-	-
Deferred tax on actuarial loss on defined benefit plans	(28,501)	-	-	-
Total other comprehensive income	(118,568)	-	-	-
Total comprehensive income/(loss)	70,289	443,830	(25,868)	198,113

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


 Syed Babar Ali
 Chairman



 Asim Jamal
 Chief Executive Officer



 Yasser Pirmuhammad
 Chief Financial Officer


sanofi-aventis Pakistan limited
Condensed Interim Statement of Cash Flows
For the six months period ended June 30, 2022 (Un-audited)

Note	June 30, 2022	June 30, 2021
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	697,994	713,952
Adjustment for non-cash charges and other items:		
Depreciation/amortisation	140,720	175,168
Impact of lease modification	-	(1,122)
Impact of lease termination	-	(115)
Allowance for expected credit loss	25,014	-
Unrealised foreign exchange differences	124,628	13,122
Gain on sale of operating fixed assets	(95)	(1,938)
Release of deferred liabilities	(8,892)	(13,283)
Staff cost in relation to share based payment plans	8,855	9,084
Expense in relation to defined benefit plans	195,754	58,938
Interest income	(562)	(6)
Finance costs	12,894	15,658
	1,196,309	969,458
(Increase) / decrease in current assets		
Stores and spares	(12,990)	(4,094)
Stock-in-trade	(203,292)	(671,577)
Trade debts	(237,735)	20,295
Loans and advances	(7,630)	(60,924)
Trade deposits and short-term prepayments	(951,098)	(30,553)
Other receivables	(171,424)	746,906
	(1,584,169)	53
	(387,860)	969,511
Increase/(decrease) in current liabilities		
Contract Liabilities	54,862	(6,111)
Trade and other payables (excluding liabilities for employees' pension and gratuity funds)	862,788	(72,304)
Cash generated from operations	529,790	891,096
Finance costs paid	(8,350)	(19,345)
Interest on lease liability paid	(22)	(2,298)
Income tax paid	(234,993)	(181,830)
Retirement benefits paid	(76,363)	(63,851)
Long-term loans to employees	(404)	29
Long-term deposits	-	(2,340)
Net cash generated from operating activities	209,659	621,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(132,659)	(61,396)
Proceeds from sale of operating fixed assets	38,830	25,985
Interest received	562	6
Net cash used in investing activities	(93,267)	(35,405)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(288,268)	(192,022)
Repayment of lease liability	(1,585)	(11,886)
Repayment of long-term financing	(82,107)	(29,467)
Net cash used in financing activities	(371,960)	(233,375)
Net (decrease) / increase in cash and cash equivalents	(255,568)	352,681
Net foreign exchange difference	8,436	3,604
Cash and cash equivalents at the beginning of the period	784,295	(179,598)
	10	176,687
	537,163	176,687

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

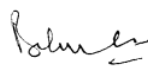

Syed Babar Ali
Chairman



Asim Jamal
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer

sanofi-aventis Pakistan Limited
 Condensed Interim Statement of Changes in Equity
 For the six months period ended June 30, 2022 (Un-audited)

	Capital Reserves			Revenue Reserves		Total	
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Difference of share capital under scheme of arrangement for amalgamation	Share based payments reserve	General reserve		Unappropriated profit
	Rupees '000-						
Balance as at January 1, 2021 (Audited)	96,448	5,935	18,000	329,372	3,535,538	576,805	4,562,098
Staff cost in relation to share-based payments	-	-	-	9,084	-	-	9,084
Final dividend @ Rs.20 per ordinary share for the year ended December 31, 2020	-	-	-	-	-	(192,895)	(192,895)
Profit after taxation	-	-	-	-	-	443,830	443,830
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	443,830	443,830
Balance as at June 30, 2021	96,448	5,935	18,000	338,456	3,535,538	827,740	4,822,117
Balance as at January 1, 2022 (Audited)	96,448	5,935	18,000	349,967	3,535,538	1,212,633	5,218,521
Staff cost in relation to share-based payments	-	-	-	8,855	-	-	8,855
Final dividend @ Rs.30 per ordinary share for the year ended December 31, 2021	-	-	-	-	-	(289,343)	(289,343)
Profit after taxation	-	-	-	-	-	188,857	188,857
Other comprehensive loss	-	-	-	-	-	(118,568)	(118,568)
Total comprehensive income for the period	-	-	-	-	-	70,289	70,289
Balance as at June 30, 2022	96,448	5,935	18,000	358,822	3,535,538	993,579	5,008,322


 Syed Babar Ali
 Chairman


 Asim Jamal
 Chief Executive Officer


 Yasser Pir Muhammad
 Chief Financial Officer

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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

During the period and with reference to note 16.1 of the annual audited financial statements for the year ended December 31, 2021, Packages Limited made a public announcement of the finalization of purchase price and terms and conditions of the Proposed Transaction between the Investor Consortium (comprising of Packages Limited, IGI Investments (Private) Limited and affiliates of Arshad Ali Gohar Group) and the Parent Company upon conclusion of due diligence. The negotiated purchase price for the Proposed Transaction is Rs. 940 / share (excluding transaction costs). On April 29, 2022, the Parent Company and Investor Consortium have executed a binding Share Purchase Agreement (SPA) for the sale of 52.87% shares held by the Parent Company. The SPA shall become binding once all required approvals are completed.

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' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Act and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act 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 Act. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2021.
- 2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months period ended June 30, 2022 and June 30, 2021 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months period ended June 30, 2022 and June 30, 2021.
- 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, 2021.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2021, except as follows:

Amendments to accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to accounting standards issued by the IASB (2018-2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

These amendments had no material impact on the condensed interim financial statements of the Company.

- 3.2 The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

sanofi-aventis Pakistan Limited
Notes to the Condensed Interim Financial Statements
For the six months period ended June 30, 2022 (Un-audited)

	Note	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
-----Rupees in '000-----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,403,170	1,489,951
Capital work-in-progress	4.2 & 4.3	208,160	164,206
		<u>1,611,330</u>	<u>1,654,157</u>
4.1 Operating fixed assets			
Opening net carrying value		1,489,951	1,586,496
Additions/transfers from capital work-in-progress	4.1.1	88,705	260,601
Transfer to investment properties		-	(14)
Disposals during the period / year	4.1.1	(38,735)	(39,015)
Write-off during the period / year		-	(184)
Depreciation charge for the period / year		(136,751)	(317,933)
Closing net carrying value		<u>1,403,170</u>	<u>1,489,951</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021
----- Rupees in '000 -----				
Buildings on leasehold land	7,525	82,153	-	-
Plant and machinery	17,834	95,734	-	-
Furniture and fixtures	2,977	-	-	1,124
Factory and office equipment	24,492	33,229	-	1,017
Motor vehicles	35,877	49,485	38,735	36,874
	<u>88,705</u>	<u>260,601</u>	<u>38,735</u>	<u>39,015</u>
4.2 Capital work-in-progress				
Buildings on leasehold land			39,330	30,185
Plant and machinery			113,522	121,435
Others			55,308	12,586
			<u>208,160</u>	<u>164,206</u>
4.3 Movement in capital work-in-progress is as follows:				
Opening balance			164,206	155,087
Additions during the period / year			108,773	136,700
Transferred to operating fixed assets			(64,819)	(127,581)
Closing balance			<u>208,160</u>	<u>164,206</u>

sanofi-aventis Pakistan Limited
Notes to the Condensed Interim Financial Statements
For the six months period ended June 30, 2022 (Un-audited)

	Note	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
-----Rupees in '000-----			
5. STOCK-IN-TRADE			
Raw and packing material			
In hand	5.3	1,216,148	1,151,419
In transit		148,264	500,717
		<u>1,364,412</u>	<u>1,652,136</u>
Provision against raw and packing material	5.1	(130,956)	(134,457)
		<u>1,233,458</u>	<u>1,517,679</u>
Work-in-process		115,485	160,160
Finished goods			
In hand	5.3	2,388,644	2,033,904
In transit		477,636	316,063
		<u>2,866,280</u>	<u>2,349,967</u>
Provision against finished goods	5.2	(92,269)	(108,146)
		<u>2,774,011</u>	<u>2,241,821</u>
		<u>4,122,952</u>	<u>3,919,660</u>

5.1 Movement of provision against raw and packing material is as follows:

Opening balance	134,457	221,054
Charge for the period/year	807	52,787
Reversal for the year	-	(47,717)
	807	5,070
Write-off during the period/year	(4,308)	(91,667)
Closing balance	<u>130,956</u>	<u>134,457</u>

5.2 Movement of provision against finished goods is as follows:

Opening balance	108,146	95,790
Charge for the period/year	80,093	69,599
Reversal for the period/year	(60,622)	(35,794)
	19,471	33,805
Write-off during the period/year	(35,348)	(21,449)
Closing balance	<u>92,269</u>	<u>108,146</u>

5.3 Includes write down of raw and packing material costing Rs. Nil million (December 31, 2021: Rs. 427.0 million), to their net realizable value of Rs. Nil (December 31, 2021: 403.9 million). Also includes write down of finished goods costing Rs. 777 million (December 31, 2021: Rs 996.8 million), to their net realizable value of Rs. 720 million (December 31, 2021: Rs 807.6 million).

6 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin against letters of credit amounting to Rs. 1,070.6 million (December 31, 2021: Rs. 149.5 million). During the period, State Bank of Pakistan, has instructed banks, to obtain 100 percent cash margin on the import of items vide BPRD Circular letter no. 9, of 2022 resulting in a significant increase in the balance as at the reporting date.

sanofi-aventis Pakistan Limited
Notes to the Condensed Interim Financial Statements
For the six months period ended June 30, 2022 (Un-audited)

7. TRADE AND OTHER PAYABLES	Note	June 30, 2022 (Un-audited)	December 31, 2021 -----Rupees in '000----- (Audited)
Trade creditors			
Related parties		1,616,968	1,164,328
Other trade creditors		<u>590,271</u>	<u>558,824</u>
		<u>2,207,239</u>	1,723,152
Other payables			
Accrued liabilities		1,251,064	846,407
Refund liabilities		49,849	27,438
Infrastructure Development Cess		534,181	445,402
Employees' Pension Fund		650,739	438,997
Workers' Profit Participation Fund		39,023	79,487
Workers' Welfare Fund		97,106	109,988
Central Research Fund		6,604	15,059
Payable to provident fund		-	13,227
Compensated absences		111,090	37,921
Security deposits		15,576	1,775
Contractors' retention money		414	3,251
Sales tax payable		-	11,415
		<u>2,755,646</u>	2,030,367
		<u>4,962,886</u>	<u>3,753,519</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

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

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

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

The Company, in consultation with its lawyer, filed an appeal before the Supreme Court of Pakistan (SCP) against the High Court of Sindh's order dated June 04, 2021 jointly with other petitioners. SCP provided leave to appeal against the orders of High Court of Sindh vide CP No. 4913/2021 dated September 01, 2021 with the directions that till the further order of SCP, the operations of impugned judgment of the High Court of Sindh dated June 04, 2021 and recovery of the impugned levy shall remain suspended. The petitioners were ordered to submit fresh bank guarantees equivalent to the amount of levy for all future consignments of imported goods. Based on the discussion with the legal advisor, the Company has booked provision amounting to Rs. 89 million from the date of SCP order.

sanofi-aventis Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (Un-audited)

- 8.1.2** The Deputy Commissioner Inland Revenue (DCIR), initiated monitoring proceedings u/s 156/161 for Tax Year 2009 vide letter dated November 12, 2010. Company filed constitutional petition before the High Court of Sindh who remanded back the matter vide order D-573/2011 dated December 24, 2012. After disposal of constitutional petition, the proceedings were reinitiated by DCIR vide his letter dated December 26, 2012 requiring Company to explain its position on advertisement and sales promotion expenses amounting to Rs. 204 million.

In the order dated April 29, 2013, issued under section 161/205 of the Ordinance, the DCIR had imposed tax under section 161 of the Ordinance amounted to Rs 11.7 million for non deduction of tax under section 156 of the Ordinance from certain payments under the head 'Advertisement and sales promotion.

The company filed constitutional petition before High Court of Sindh who restrained the tax department from any coercive recovery measure in respect of the impugned demand till disposal of petition. It is however noticed that the department, later adjusted this outstanding demand without issuance of any recovery notice to the Company, against refunds pertaining to Tax Year 2012. This petition has later been dismissed vide order CP 2309 of 2013 dated May 25, 2013 directing the petitioner to peruse departmental hierarchy.

The Company then filed appeal before CIR(A) against the impugned order. The CIR(A) disposed-off the appeal vide order dated August 25, 2015 remanding back the matter to the department. The Company filed an appeal against the CIR(A)'s order before the ATIR dated October 05, 2015. The ATIR passed an order on December 24, 2021 against the Company and dismissed the appeal. The company filed a reference before Honorable High Court of Sindh in March 2022 hearing of which is still pending. The management, based on advice from its tax and legal advisors, is confident for a favourable outcome on the above-mentioned cases, hence no provision is made in the financial statements in respect of these orders.

- 8.1.3** The Deputy Commissioner Inland Revenue (DCIR), initiated audit proceedings u/s 177 read with 214C and clause 72B of Part-IV of 2nd Schedule for Tax Year 2016 by issuing a notice dated March 06, 2019 which was responded by the Company on April 09, 2019. Upon completion of the proceedings u/s 177(6), notice u/s 122(9) was issued by DCIR on May 06, 2022 against which the Company filed constitutional petition before Honorable High Court of Sindh which has granted an interim stay order to the Company dated May 24, 2022 and has restrained the tax department from finalizing the proceedings. The management, based on advice from its tax and legal advisors, is confident for a favourable outcome on the above-mentioned cases, hence no provision is made in the financial statements in respect of these orders.

- 8.1.4** The Company's case was selected in the Parametric balloting done for selection of cases for audit for the Tax Year 2011 on February 25, 2013 by the Federal Board of Revenue (FBR) under section 214C of the Ordinance. The company filed a representation against the said selection before the review panel of FBR in terms of circular dated February 25, 2013. Without prejudice to the representation against the audit selection, the company made complete compliance to the Information Document Request (IDR) notice dated April 04, 2013. Subsequently the DCIR issued the show cause notice under section 122(9) to which the company made compliance. However, DCIR amended vide order dated June 17, 2014 and made additions of Rs. 124.1 million on various expenses. The company had filed appeal against the DCIR order before CIR-A, who vide order dated September 10, 2015 had disposed-off the appeal but upheld additions of sundry promotional expenses of Rs. 37 million. Accordingly, the company has filed appeal before ATIR which maintained the disallowance of Rs. 37 million vide there order dated July 14, 2021. Thus, for the same purpose, rectification application has been filed by the Company dated September 06, 2021. The ATIR passed order in favor of the Company and allowed the aforementioned expenses via order dated November 29, 2021. Further, the department's appeal for tax year 2011 challenging Commissioner Appeal's verdict to delete the disallowances at Rs 87.1 million has been dismissed by the Tribunal vide order dated July 06, 2022. The Department has then filed an appeal before High Court against ATIR order. The management, based on advice from its tax and legal advisors, is confident for a favourable outcome on the above-mentioned cases, hence no provision is made in the financial statements in respect of these orders.

	June 30, 2022	December 31, 2021
	-----Rupees in '000-----	
8.2 Commitments	(Un-audited)	(Audited)
Commitments for capital expenditure	<u>201,544</u>	<u>118,333</u>
Outstanding letters of credit	<u>404,258</u>	<u>271,030</u>
Outstanding bank guarantees	<u>516,991</u>	<u>523,308</u>
Outstanding bank contracts	<u>4,798,552</u>	<u>2,885,426</u>

sanofi-aventis Pakistan limited
Notes to the Condensed Interim Financial Statements
For the six months period ended June 30, 2022 (Un-audited)

9 Taxation

The increase in the taxation charge is primarily attributable to the imposition of Super Tax on Pharmaceutical Sector on profits for the tax year 2022 through Finance Act, 2022.

June 30, 2022
December 31, 2021
-----Rupees in '000-----
(Un-audited) (Audited)

10 CASH AND CASH EQUIVALENTS

Cash and bank balances 537,163 784,295

11 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds, directors and key management personnel. 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, 2022 (Un-audited)					June 30, 2021 (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	-	-	-	-	-	16,707	-	-	-	16,707
ii) Purchase of goods	3,200,147	9,415	-	-	3,209,562	3,917,327	5,801	-	-	3,923,128
iii) Purchase of services	57,137	21,511	-	-	78,648	25,768	14,159	-	-	39,927
iv) Insurance claims received	-	-	-	-	-	-	39,011	-	-	39,011
v) Contribution paid										
- Provident fund	-	-	32,177	-	32,177	-	-	31,778	-	31,778
- Gratuity fund	-	-	22,098	-	22,098	-	-	21,572	-	21,572
- Pension fund	-	-	54,266	-	54,266	-	-	42,279	-	42,279
vi) Remuneration of key management personnel	-	-	-	150,032	150,032	-	-	-	131,884	131,884

12 FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND OTHERS

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021. There have been no changes in any risk management policies since the year-end. The carrying amounts of all the financial instruments reflected in the condensed interim financial statements approximate to their fair value.

13 ENTITY WIDE INFORMATION

13.1 The Company constitutes a single reportable segment. Information about geographical areas of the Company are as follows:

	June 30, 2022 (Un-audited)	June 30, 2021 (Un-audited)
Sales to external customers- net of returns and discounts	-----Rupees in '000-----	
Pakistan	9,226,277	7,814,828
Afghanistan	297,567	239,082
Export to other countries	-	16,707
	<u>9,523,844</u>	<u>8,070,617</u>

sanofi-aventis Pakistan limited
Notes to the Condensed Interim Financial Statements
For the six months period ended June 30, 2022 (Un-audited)

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on August 25, 2022 by the Board of Directors of the Company.

15. GENERAL

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

15.2 Corresponding figures have been rearranged and reclassified, whenever 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 Pir Muhammad
Chief Financial Officer