

*sanofi-aventis Pakistan Limited*

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

FOR THE QUARTER ENDED  
MARCH 31, 2023  
(UN-AUDITED)



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# Company Information

## Board of Directors\*

Syed Babar Ali  
Asim Jamal  
Syed Hyder Ali  
Arshad Ali Gohar  
Syed Anis Ahmad Shah  
Imtiaz Ahmed Husain Laliwala  
Salman Burney  
Sajjad Iftikhar  
Saadia Naveed

Chairman  
Chief Executive Officer

## Chief Financial Officer

Yasser Pirmuhammad

## URL

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

## Company Secretary

Mir Zulfiqar Hussain Khan

## 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.

## Registered Office

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

## 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](http://www.famco.com.pk)

## Postal Address

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

## Contact

Tel: +92 21 35060221-35  
Email: [contact.pk@sapl.com.pk](mailto:contact.pk@sapl.com.pk)

\* New Board was constituted on May 25, 2023

## Directors' Report to the Shareholders

The Directors are pleased to present the un-audited interim condensed financial statements of your Company, for the three months period ended March 31, 2023. 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 requirements differ, the provisions of directives issued under the Companies Act, 2017 have been followed.

Total net sales for the three months period ended March 31, 2023, stand at Rs. 4,763 million, which grew by 9% compared to same period last year. This growth was mainly driven by Claforan<sup>®</sup>, Flagyl<sup>®</sup> and Aprovel<sup>®</sup> which grew by 23.2%, 22.9% and 43.4% respectively.

The gross margin improved to 34% from 29% as compared to the same period last year primarily on account of re-measurement inventories. Distribution and marketing expenses decreased to 14% of net sales from 15.3% last year's comparative period mainly on account of decrease in travelling and promotional activities which were arranged last year. Administrative expenses also marginally increased to 3.81% of net sales from 3.78% compared to the same period last year.

Other expenses increased significantly to 21% of net sales from 2.28% in last year's comparative period primarily on account of adverse exchange rate movement during the period.

Due to the reasons explained above, loss before tax for the three months period ended March 31, 2023, amounted to Rs. 288 million. Loss after tax amounted to Rs. 357 million. Resultantly the loss per share for the three months period ended March 31, 2023, was Rs. 37.03 as compared to earnings per share of Rs. 22.26 in the 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 the industry is "Import Dependent". 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 and robust growth of the market. Under the leadership of the Board, the management is putting all the efforts to ensure that adequate measures are taken to minimize the negative impacts on the Company.

### **Closing of Shareholder Transaction**

On April 29, 2022, Sanofi Foreign Participations B.V. and an Investment Consortium led by Packages Limited executed a binding Share Purchase Agreement for the purchase of 52.87% shares held by Sanofi Foreign Participations B.V in the Company at a negotiated purchase price of Rs. 940/share (excluding transaction costs) subject to fulfilment of certain conditions and compliance with applicable corporate and regulatory requirements (Shareholder Transaction). The Investment Consortium comprised of Packages Limited, IGI Investments (Private) Limited, and affiliates of Arshad Ali Gohar Group

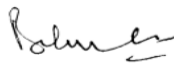
The Shareholder Transaction has been completed on April 28, 2023 upon completion of the applicable conditions and compliance with applicable laws. Upon completion of the Shareholder Transaction,

Packages Limited has acquired 35% equity stake in the Company amounting to Rs. 3,173.13 million (excluding transaction costs) in accordance with the terms of the Share Purchase Agreement.

The remaining shareholding, i.e. 17.87% has been taken up by other members of the Investor Consortium on similar terms in accordance with the Share Purchase Agreement. In addition, Packages Limited also acquired a 6.07% shareholding in the Company as a result of mandatory tender offer on August 23, 2022, in accordance with the applicable Takeover Laws.

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: May 30, 2023

## ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز کو 31 مارچ 2023 کو ختم ہونے والے تین مہینوں کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی بیانات پیش کرنے پر خوشی ہے۔ عبوری مالیاتی رپورٹنگ 'اویکنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات اور ان کی دفعات۔ ضروریات میں فرق ہونے کی صورت میں اویکنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات کی دفعات پر عمل کیا گیا ہے۔

31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے کل خالص فروخت، روپے پر کھڑی ہے۔ 4,763 ملین، جس میں گزشتہ سال کی اسی مدت کے مقابلے میں 9 فیصد اضافہ ہوا۔ سیرتی بنیادی طور پر Claforan® اور Flagyl® کے ذریعے چلائی گئی جس میں بالترتیب 23.2%، 22.9% اور 43.4% اضافہ ہوا۔

مجموعی مارجن 29% سے بہتر ہو کر 34% ہو گیا جو پچھلے سال کی اسی مدت کے مقابلے میں بنیادی طور پر دوبارہ پیمائش کے انویسٹریوں کی وجہ سے تھا۔ تقسیم اور مارکیٹنگ کے اخراجات گزشتہ سال کے تقابلی مدت کے 15.3% سے کم ہو کر خالص فروخت کے 14% ہو گئے۔ سفری اور پروموشنل سرگرمیوں میں کمی جس کا اہتمام پچھلے سال کیا گیا تھا۔ انتظامی اخراجات بھی پچھلے سال کی اسی مدت کے مقابلے میں 3.78 فیصد سے بڑھ کر خالص فروخت کا 3.81 فیصد ہو گئے۔

دیگر اخراجات گزشتہ سال کے تقابلی مدت میں 2.28% سے خالص فروخت کے 21% تک نمایاں طور پر بڑھ گئے بنیادی طور پر اس مدت کے دوران شرح مبادلہ کی منفی حرکت کی وجہ سے۔

اوپر بیان کی گئی وجوہات کی بنا پر، 31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے ٹیکس سے پہلے کا نقصان، روپے تھا۔ 288 ملین ٹیکس کے بعد خسارہ روپے کا ہے۔ 357 ملین نتیجتاً 31 مارچ 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے فی حصص کا نقصان، روپے تھا۔ 37.03 روپے فی حصص آمدنی کے مقابلے میں گزشتہ سال کی اسی مدت میں 22.26۔

امریکی ڈالر اور یورو کے مقابلے میں PKR کی قدر میں کمی اور غیر مستحکم اقتصادی اور سیاسی صورتحال کی وجہ سے مزید قدر میں کمی کی توقع عام طور پر فارماسیوٹیکل کمپنیوں کے لیے ایک اہم تشویش ہے، کیونکہ صنعت "درآمد پر منحصر" ہے۔ کرنسی کے خطرے اور غیر مستحکم اقتصادی اور سیاسی صورتحال سے درپیش چیلنجوں کے باوجود، کمپنی اپنی مضبوط پروڈکٹ لائن، پروڈکٹ کے مرکب کی مضبوطی اور مارکیٹ کی مضبوط ترقی کے پیش نظر کاروبار کے مستقبل کے نقطہ نظر کے بارے میں پر امید ہے۔ بورڈ کی قیادت میں، انتظامیہ اس بات کو یقینی بنانے کے لیے تمام تر کوششیں کر رہا ہے کہ کمپنی پر منفی اثرات کو کم کرنے کے لیے مناسب اقدامات کیے جائیں۔

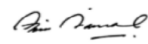
شیئر ہولڈرز انزیکشن کی بندش

29 اپریل 2022 کو، سنوئی فارن پارٹنرشپس B.V. اور بیکجولمبیڈ کی قیادت میں ایک سرمایہ کاری کنسورشیم نے کمپنی میں سنوئی فارن پارٹنرشپس B.V. کے 52.87% حصص کی خریداری کے لیے ایک بانڈنگ شیئر پر چیز ایگریمنٹ پر عمل درآمد کیا جس کی قیمت خریدی گئی ہے۔ 940/ حصص (ملین دین کے اخراجات کو چھوڑ کر) کچھ شرائط کی تکمیل اور قابل اطلاق کارپوریٹ اور ریگولیٹری ضروریات (شیئر ہولڈرز انزیکشن) کی تکمیل سے مشروط ہے۔ انویسٹمنٹ کنسورشیم بیکجولمبیڈ، آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ اور ارشد علی گوہر گروپ کے ماتحت اداروں پر مشتمل ہے۔

شیئر ہولڈرز کالین دین 28 اپریل 2023 کو قابل اطلاق شرائط کی تکمیل اور قابل اطلاق قوانین کی تکمیل پر مکمل ہو گیا ہے۔ شیئر ہولڈرز انزیکشن کی تکمیل پر، بیکجولمبیڈ نے کمپنی میں 135% کیو پی حصص حاصل کر لیا ہے جس کی رقم روپے ہے۔ 3,173.13 ملین (ملین دین کے اخراجات کو چھوڑ کر) شیئر پر چیز ایگریمنٹ کی شرائط کے مطابق۔ باقی حصہ داری، یعنی 17.87% انویسٹمنٹ کنسورشیم کے دیگر ممبران نے شیئر پر چیز ایگریمنٹ کے مطابق اسی طرح کی شرائط پر لیا ہے۔ مزید برآں، بیکجولمبیڈ نے 23 اگست 2022 کو لازمی ٹینڈر کی پیشکش کے نتیجے میں کمپنی میں 6.07 فیصد شیئر ہولڈنگ بھی حاصل کی، جو قابل اطلاق ٹیک اور قوانین کے مطابق ہے۔

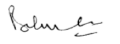
بورڈ آف ڈائریکٹرز ملازمین کی کوششوں اور عزم کا اعتراف کرنا چاہتے۔

بجکم بورڈ



عاصم جمال

چیف ایگزیکٹو آفیسر



سید باقر علی

چیئر مین

کراچی۔

30 مئی، 2023

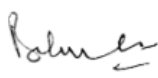
# sanofi-aventis Pakistan Limited


## Statement of Financial Position


As at March 31, 2023

		March 31, 2023	December 31, 2022
	Note	----- Rupees in '000 ----- (Un-audited)	(Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	1,834,640	1,884,260
Investment properties		32,524	32,961
Intangible assets		18,292	2,657
		<u>1,885,456</u>	<u>1,919,878</u>
Long-term loans to employees		4,679	3,623
Long-term deposits		15,983	15,983
Deferred taxation - net		178,209	147,394
		<u>198,871</u>	<u>167,000</u>
		<u>2,084,327</u>	<u>2,086,878</u>
<b>CURRENT ASSETS</b>			
Stores and spares		91,132	88,038
Stock-in-trade	5	5,824,205	4,550,693
Trade debts		635,820	857,348
Loans and advances		297,864	220,304
Trade deposits and short-term prepayments	6	1,700,123	2,499,808
Other receivables		494,649	485,566
Taxation - net		1,397,614	1,309,840
Cash and bank balances		273,930	233,196
		<u>10,715,337</u>	<u>10,244,793</u>
		<u>12,799,664</u>	<u>12,331,671</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		96,448	96,448
Reserves		4,579,398	4,933,244
		<u>4,675,846</u>	<u>5,029,692</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		23,903	9,000
Defined benefit plan - gratuity fund		45,876	32,844
		<u>69,779</u>	<u>41,844</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities		218,557	155,332
Trade and other payables	7	6,712,229	5,435,086
Current maturity of long-term financing		-	41,053
Current maturity of deferred liabilities		9,000	9,000
Accrued mark-up		75,973	17,440
Unclaimed dividend		8,263	8,286
Unpaid dividend		2,283	2,283
Bank overdraft		1,027,734	891,655
Short-term borrowings		-	700,000
		<u>8,054,039</u>	<u>7,260,135</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>12,799,664</u>	<u>12,331,671</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
Syed Babar Ali  
Chairman

  
Asim Jamal  
Chief Executive Officer

  
Yasser Pirmuhammad  
Chief Financial Officer

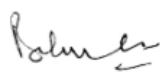
# sanofi-aventis Pakistan Limited

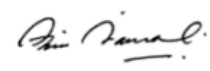
## Statement of Profit or Loss

For the period ended March 31, 2023 (Un-audited)

	Note	March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
<b>NET SALES</b>		4,762,608	4,383,649
Cost of sales		(3,121,359)	(3,111,636)
<b>GROSS PROFIT</b>		<u>1,641,249</u>	<u>1,272,013</u>
Distribution and marketing costs		(664,633)	(670,957)
Administrative expenses		(181,415)	(165,570)
Other expenses		(992,992)	(100,097)
Other income		16,951	16,906
		<u>(1,822,089)</u>	<u>(919,718)</u>
<b>OPERATING (LOSS)/ PROFIT</b>		<u>(180,840)</u>	<u>352,295</u>
Finance costs		(107,645)	(6,489)
<b>(LOSS)/ PROFIT BEFORE TAXATION</b>		<u>(288,485)</u>	<u>345,806</u>
Taxation - Current		(99,474)	(91,108)
- Deferred		30,816	(39,973)
	9	<u>(68,658)</u>	<u>(131,081)</u>
<b>(LOSS)/ PROFIT AFTER TAXATION</b>		<u><u>(357,143)</u></u>	<u><u>214,725</u></u>
<b>(LOSS)/ EARNINGS PER SHARE - basic and diluted (Rupees)</b>		<u><u>(37.03)</u></u>	<u><u>22.26</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
Syed Babar Ali  
Chairman

  
Asim Jamal  
Chief Executive Officer

  
Yasser Pir Muhammad  
Chief Financial Officer



# sanofi-aventis Pakistan Limited

## Statement of Other Comprehensive Income

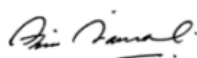
For the period ended March 31, 2023 (Un-audited)

	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
(Loss)/ Profit after taxation	(357,143)	214,725
<b>Other comprehensive income</b>	-	-
Total comprehensive (loss)/ income for the period	<u>(357,143)</u>	<u>214,725</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Syed Babar Ali  
Chairman



Asim Jamal  
Chief Executive Officer



Yasser Pir Muhammad  
Chief Financial Officer


# sanofi-aventis Pakistan Limited

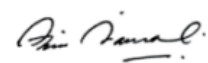
## Statement of Cash Flows

For the period ended March 31, 2023 (Un-audited)

Note	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/ Profit before taxation	(288,485)	345,806
Adjustment for non-cash and other items:		
Depreciation/ amortisation charge on operating fixed assets	76,353	71,173
Allowance for expected credit loss	2,364	-
Unrealised foreign exchange differences	773,491	63,959
Gain on disposal of operating fixed assets - net	(53)	(121)
Release of deferred liabilities	14,903	(2,510)
Staff cost in relation to share-based payments	3,297	5,041
Expense in relation to retirement benefits	36,225	37,209
Interest income	(467)	(138)
Income from investment properties	(16,432)	(15,010)
Finance costs	107,645	6,489
	<u>708,841</u>	<u>511,898</u>
(Increase) / decrease in current assets:		
Stores and spares	(3,094)	(6,194)
Stock-in-trade	(1,273,512)	(548,236)
Trade debts	219,164	(29,060)
Loans and advances	(77,560)	(2,118)
Trade deposits and short-term prepayments	799,685	(216,370)
Other receivables (excluding receivable from employees' pension fund)	3,934	(184,911)
	<u>(331,383)</u>	<u>(986,889)</u>
(Decrease) / increase in current liabilities:		
Contract liabilities	63,225	23,602
Trade and other payables (excluding liabilities for DC fund)	450,786	864,476
Cash generated from operations	<u>891,469</u>	<u>413,087</u>
Finance costs paid	(49,112)	(7,765)
Interest on lease liabilities paid	-	(22)
Interest received	467	138
Income tax paid	(187,247)	(111,167)
Long-term loans to employees - net	(1,056)	95
Net cash generated from operating activities	<u>654,521</u>	<u>294,366</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(56,854)	(48,049)
Sale proceeds from disposal of operating fixed assets	14,976	15,344
Income from investment properties	16,432	15,010
Net cash used in investing activities	<u>(25,446)</u>	<u>(17,695)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(23)	(106)
Repayment of principal portion long-term financing	(41,053)	(38,429)
Repayment of principal portion of lease liabilities	-	(643)
Net cash used in financing activities	<u>(41,076)</u>	<u>(39,178)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>587,999</u>	<u>237,493</u>
<b>NET FOREIGN EXCHANGE DIFFERENCE</b>	16,656	6,316
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	(1,358,459)	784,295
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>(753,804)</u></u>	<u><u>1,028,104</u></u>

The annexed notes 1 to 16 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


## Statement of Changes in Equity

For the period ended March 31, 2023 (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 01, 2022	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	-	-	-	5,041	-	-	5,041
Profit after taxation	-	-	-	-	-	214,725	214,725
Other comprehensive income/ (loss)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	214,725	214,725
Balance as at March 31, 2022	96,448	5,935	18,000	355,008	3,535,538	1,427,358	5,438,287
Balance as at January 01, 2023	96,448	5,935	18,000	366,704	3,535,538	1,007,067	5,029,692
Staff cost in relation to share-based payments	-	-	-	3,297	-	-	3,297
Loss after taxation	-	-	-	-	-	(357,143)	(357,143)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(357,143)	(357,143)
Balance as at March 31, 2023	96,448	5,935	18,000	370,001	3,535,538	649,924	4,675,846

The annexed notes 1 to 16 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 period ended March 31, 2023 (Un-audited)

### 1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan in 1967 as a Public Limited Company under Companies Act, 1913 [now Companies Act, 2017 (the Act)]. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.
- 1.2 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 Sanofi Foreign Participations B.V. (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. 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. On August 23, 2022, the mandatory tender offer for the acquisition of shares from the public by the Consortium under Pakistan's takeover laws was successfully completed. On October 11, 2022 an Extra-Ordinary General Meeting of the Company was held to pass Special Resolutions regarding post closing agreements, transfer of shares (from Seller to Purchaser), appointment of authorised signatories and board restructuring (Post-Acquisition). The transaction closed successfully at the end of April 2023, upon the completion of all the contractual conditions and compliance with applicable corporate and regulatory requirements, with the transfer of shares to the Consortium.

### 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 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, 2022.
- 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, 2022.

### 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, 2022, except as follows:

#### Amendments to accounting standards

IAS 1	Disclosure of Accounting Policies (Amendments)
IAS 8	Definition of Accounting Estimates (Amendments)
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)

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 period ended March 31, 2023 (Un-audited)

	Note	March 31, 2023 -----Rupees in '000----- (Un-audited)	December 31, 2022 (Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>1,565,363</b>	1,606,792
Capital work-in-progress	4.2 & 4.3	<b>269,277</b>	277,468
		<b>1,834,640</b>	1,884,260
<b>4.1 Operating fixed assets</b>			
Opening net carrying value		<b>1,606,792</b>	1,489,951
Additions/transfers from capital work-in-progress	4.1.1	<b>47,014</b>	458,302
Disposals during the period / year	4.1.1	<b>(14,923)</b>	(60,991)
Depreciation charge for the period / year		<b>(73,520)</b>	(280,470)
<b>Closing net carrying value</b>		<b>1,565,363</b>	1,606,792

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----			
Buildings on leasehold land	-	15,619	-	-
Plant and machinery	<b>12,354</b>	221,247	-	(503)
Furniture and fixtures	-	2,977	-	-
Factory and office equipment	<b>3,974</b>	57,537	-	(53)
Motor vehicles	<b>30,686</b>	160,922	<b>14,923</b>	(60,435)
	<b>47,014</b>	458,302	<b>14,923</b>	(60,991)

	March 31, 2023 -----Rupees in '000----- (Un-audited)	December 31, 2022 (Audited)
<b>4.2 Capital work-in-progress</b>		
Buildings on leasehold land	<b>69,243</b>	69,243
Plant and machinery	<b>165,939</b>	165,879
Others	<b>34,095</b>	42,346
	<b>269,277</b>	277,468

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

Opening balance	<b>277,468</b>	164,206
Additions during the period / year	<b>37,777</b>	298,926
Transferred to operating fixed assets	<b>(45,968)</b>	(185,664)
Closing balance	<b>269,277</b>	277,468

## 5. STOCK-IN-TRADE

### Raw and packing material

In hand	5.3	<b>2,077,207</b>	1,492,608
In transit		<b>252,736</b>	317,729
		<b>2,329,943</b>	1,810,337
Provision against raw and packing material	5.1	<b>(123,782)</b>	(103,521)
		<b>2,206,161</b>	1,706,816
Work-in-process		<b>158,713</b>	120,918

### Finished goods

In hand	5.3	<b>2,519,676</b>	2,637,692
In transit		<b>1,193,420</b>	256,436
		<b>3,713,096</b>	2,894,128
Provision against finished goods	5.2	<b>(253,765)</b>	(171,169)
		<b>3,459,331</b>	2,722,959
		<b>5,824,205</b>	4,550,693

# sanofi-aventis Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the period ended March 31, 2023 (Un-audited)

	March 31, 2023 -----Rupees in '000----- (Un-audited)	December 31, 2022 (Audited)
<b>5.1</b> Movement of provision against raw and packing material is as follows:		
Opening balance	103,521	134,457
Charge for the period/year	47,199	61,476
Reversal for the year	(12,662)	(20,285)
	34,537	41,191
Write-off during the period/year	(14,276)	(72,127)
Closing balance	<u>123,782</u>	<u>103,521</u>

<b>5.2</b> Movement of provision against finished goods is as follows:		
Opening balance	171,169	108,146
Charge for the period/year	102,018	108,457
Reversal for the period/year	(17,150)	(8,386)
	84,868	100,071
Write-off during the period/year	(2,272)	(37,048)
Closing balance	<u>253,765</u>	<u>171,169</u>

**5.3** Includes write down of finished goods costing Rs. 273.9 million (December 31, 2022: Rs 182.3 million), to their net realizable value of Rs. 254 million (December 31, 2022: Rs 157.3 million).

### 6. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin against letters of credit amounting to Rs. 1,532.338 million (December 31, 2022: Rs. 2,330.192 million). During 2022, State Bank of Pakistan 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 margins. However, this condition of 100 percent margin was relaxed vide BPRD Circular letter no. 25, of 2022.

	March 31, 2023 -----Rupees in '000----- (Un-audited)	December 31, 2022 (Audited)
<b>7. TRADE AND OTHER PAYABLES</b>		
<b>Trade creditors</b>		
Related parties	3,717,975	2,207,657
Other trade creditors	741,443	825,486
	<u>4,459,418</u>	<u>3,033,143</u>
<b>Other payables</b>		
Accrued liabilities	1,284,534	1,477,507
Refund liabilities	28,092	31,400
Infrastructure Development Cess	622,575	589,833
Workers' Profit Participation Fund	79,817	43,253
Workers' Welfare Fund	69,261	96,813
Central Research Fund	14,606	7,868
DC Fund	23,193	-
Compensated absences	111,069	116,938
Security deposits	15,576	15,576
Contractors' retention money	-	8,223
Sales tax payable	4,088	14,532
	<u>2,252,811</u>	<u>2,401,943</u>
	<u>6,712,229</u>	<u>5,435,086</u>

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

There are no changes in the status of contingencies, as set out in note 23.1 to the annual financial statements of the Company for the year ended December 31, 2022 except for the following:

**8.1.1** The Deputy Commissioner Inland Revenue (DCIR), issued a notice dated March 06, 2019 under section 177 read with 214C and clause 72B of part IV of Second Schedule for tax year 2018 in lieu exemption granted to the company for collection of tax at import stage. The Company had initially responded to the notice through various letters that the subject audit proceedings were time barred and hence without jurisdiction. Instead of replying to these jurisdictional objections, the DCIR again issued a notice dated 16 February 2023. The company then filed a suit on legal grounds before High Court of Sindh who issued favorable order on 30 March 2023 and restrained the tax department from proceedings further on the notices till disposal of case. The suit has yet to be decided.

sanofi-aventis Pakistan Limited  
Notes to the Condensed Interim Financial Statements

For the period ended March 31, 2023 (Un-audited)

	<b>March 31, 2023</b>	December 31, 2022
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
<b>8.2 Commitments</b>		
Commitments for capital expenditure	<u>540,955</u>	<u>119,048</u>
Outstanding letters of credit	<u>191,777</u>	<u>304,305</u>
Outstanding bank guarantees	<u>613,743</u>	<u>616,261</u>
Outstanding bank contracts	<u>2,856,794</u>	<u>2,594,854</u>

**9. TAXATION**

During the period, provision for current taxation is based on minimum and final tax regime.

	<b>March 31, 2023</b>	December 31, 2022
	-----Rupees in '000-----	
	(Un-audited)	(Audited)
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>273,930</u>	233,196
Bank Overdraft	<u>(1,027,734)</u>	(891,655)
Short-term borrowings	<u>-</u>	<u>(700,000)</u>
	<u>(753,804)</u>	<u>(1,358,459)</u>

**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:

	March 31, 2023 (Un-audited)				March 31, 2022 (Un-audited)					
	Group Companie s	Associated undertakings	Retirement benefits plans	Key Management personnel	Total	Group Companies	Associated undertaking s	Retirement benefits plans	Key Management personnel	Total
----- Rupees in '000 -----										
Purchase of goods	2,232,001	3,087	-	-	2,235,088	1,865,668	1,677	-	-	1,867,345
Purchase of services	-	-	-	-	-	16,297	12,065	-	-	28,362
Insurance claims received	-	15,891	-	-	15,891	-	-	-	-	-
Subscription fee paid	-	50	-	-	50	-	90	-	-	90
Contribution paid	-	-	16,782	-	16,782	-	-	15,879	-	15,879
- Provident fund	-	-	-	-	-	-	-	-	-	-
Remuneration of key management personnel	-	-	-	81,826	81,826	-	-	-	70,388	70,388

# sanofi-aventis Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the period ended March 31, 2023 (Un-audited)

### 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, 2022. 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:

	March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
	-----Rupees in '000-----	
<b>Sales to external customers- net of returns and discounts</b>		
Pakistan	4,472,204	4,383,649
Afghanistan	290,404	-
	<u>4,762,608</u>	<u>4,383,649</u>

### 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **May 30, 2023** by the Board of Directors of the Company.


### 15. SUBSEQUENT EVENT


Subsequent to March 31, 2023 and with reference to Note 1.2, the Transaction was executed on April 28, 2023. Packages Limited has acquired an approx. 35% equity stake in the Company at a negotiated purchase price of Rs. 940 per share amounting to approx. Rs. 3,173.13 million (excluding transaction costs) in accordance with the terms of the Share Purchase Agreement. The remaining shareholding i.e. approx. 17.87% has been taken up by other members of the Investor Consortium on similar terms in accordance with the Share Purchase Agreement. In addition, Packages Limited also acquired a 6.07% shareholding in the Company at such price and subject to such terms and conditions as are applicable under the mandatory tender offer in accordance with the applicable Takeover Laws. Following completion of the Transaction, Packages Limited now holds approx. 41.07% of the issued ordinary share capital of the Company and the remaining members of the Investor Consortium now hold approx. 52.86% of the issued ordinary share capital of the Company.

### 16. GENERAL

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

16.2 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 Pirmuhammad  
Chief Financial Officer